

2014/15

SUPPLY CHAIN MANAGEMENT POLICY

“management” in relation to an enterprise or business, means an activity inclusive of control and performed on a daily basis, by any person who is a principal executive officer of the company, by whatever name that person may be designated, whether or not that person is a director;

“material breach” means a breach of contract that is so substantial that it defeats the purpose of the parties in making the contract and gives the non-breaching party the right to cancel the contract and sue for damages;

“media bulk buying” means the purchase, at a reduced price, of a variety of media services;

“non-material breach” means a partial or immaterial breach, or where there has been substantial satisfactory performance;

“organ of state” means an organ of state as defined in section 239 of the Constitution;

“other applicable legislation” means any other legislation applicable to supply chain management by the GCIS, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000); and
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);

“person” includes a reference to a juristic person;

“policy” means this Supply Chain Management Policy as amended from time to time;

“Preferential Procurement Policy Framework Act” means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and includes the regulations thereto; (Procurement Regulations, 2011 Published in Government Notice No 502 of June 2011

Non-Performance

- 318 Where an official responsible for the performance management of a contract is of the view that the performance of a service provider is not in accordance with the terms and conditions of the contract, the official must in accordance with the contractual provisions provide an official notice of breach in writing (with a registered letter) that action will be taken against the service provider unless he/she complies with the contract and delivers satisfactorily within a specified reasonable period.
- 319 The form of notice shall depend on the nature of the breach of contract. The official responsible for the performance management of a contract shall issue a notice to the party in breach of contract, in the case of an immaterial breach of contract, requesting that the party in breach rectify the breach of contract within a reasonable time.
- 320 If the service provider still does not perform satisfactorily despite the notice, a recommendation may be made to the Bid Adjudication Committee, the CEO or his delegate, where applicable, to cancel the contract.
- 321 Material breaches of contract shall depending on the terms and conditions of the contract lead to an automatic cancellation of the contract. Where the contract does not expressly provide for the automatic cancellation of contract, the party in breach shall be required to remedy the breach within seven (7) days failure to which a notice of cancellation shall be issued by the relevant Directorate.
- 322 If during the guarantee period, a supplier does not comply with the requirements due to faulty material or otherwise, the supplier must be requested to repair or replace the faulty material at his or her cost without delay, and that it must be guaranteed for the same period as the original supplies.
- 323 Officials shall continuously communicate with service providers with respect to non-performance in writing, compelling the service provider to

perform according to the contract and thus to rectify or to restrain from unacceptable actions.

- 324 When correspondence is addressed to the service provider, reference must be made to the contract number, the item number and the number and date of any relevant invoice, statement or letter received from the service provider. Otherwise the number and date of the order, a short description of the supply or service and details of the destination if applicable, must be supplied.
- 325 Where the GCIS has to satisfy its requirements through the procurement of another provider, all steps should be taken to minimise the loss incurred and recover the loss where same was incurred through an omission of the service provider.
- 326 Record must be kept by the SCM Unit of details of all cases of non-performance by contractors and updated on the database of suppliers.

Combating of abuse of supply chain management system

327 The Accounting Officer must provide measures for the combating of abuse of the supply chain management system. For purposes of this function the measures must enable the accounting officer: To take all reasonable steps to prevent abuse of the supply chain management system;

327.2 To investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this policy, and when justified:

327.2.1 take appropriate steps against such official or other role player; or

327.2.2 report any alleged criminal conduct to the South African Police Service;

327.3 To check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its

directors, is listed as a person prohibited from doing business with the public sector;;

327.4 To cancel a contract awarded to a person if –

327.4.1 the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or

327.4.2 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; and

327.5 To reject the bid of any bidder if that bidder or any of its directors:

327.5.1 has abused the supply chain management system of the GCIS or has committed any improper conduct in relation to such system;

327.5.2 has been convicted for fraud or corruption during the past five years;

327.5.3 has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

327.5.4 has been listed in the Register for Bid Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004) or has been listed on national treasury's database as a person prohibited from doing business with the public sector.

328 The Accounting Officer must inform the National Treasury in writing of any actions taken in terms of paragraph 327.

Code of Conduct

329 An official or other role player involved in the implementation of the supply chain management policy –Must treat all providers and potential providers equitably;

329.2 May not use his or her position for private gain or to improperly benefit another person;

329.3 May not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person;

329.4 Notwithstanding paragraph 329.3 above, must declare to the Accounting Officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;

329.5 Must declare to the Accounting Officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the GCIS;

329.6 Must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;

329.7 Must be scrupulous in his or her use of property belonging to the GCIS;

329.8 Must assist the Accounting Officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and

329.9 Must report to the Accounting Officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –

329.9.1 any alleged fraud, corruption, favouritism or unfair conduct;

329.9.2 any alleged breach of the GCIS's Code of Conduct.

330 The GCIS shall ensure that:

330.1 All declarations made to the Accounting Officer or authority must be recorded in a register which the Accounting Officer must keep for this purpose;

330.2 All declarations by the CEO must be made to the BAC which must ensure that such declarations are recorded in the register; and

330.3 Appropriate action is taken against any official or other role player who commits a breach of the code of ethical standards.

RISK MANAGEMENT

331 The CEO must establish an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system.

332 Risk management shall be an integral part of effective supply chain management practice. Risk management must facilitate:

332.1 The identification of risks on a case-by-case basis;

332.2 The allocation of risks to the party best suited to manage such risks;

332.3 Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;

332.4 The management of risks in a pro-active manner and the provision of adequate cover for residual risks; and

332.5 The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Key principles

333 The following key principles of managing risk in supply chain management that inform the risk management function shall apply:

334.1 Early and systematic identification of risk on a case-by-case basis, analysis and assessment of risk, including conflicts of interest and the development of plans for handling them;

334.2 Allocation and acceptance of responsibility to the party best placed to manage such risk;

334.3 Management of risk in a pro-active manner and the provision of adequate cover for residual risks;

334.4 Assignment of relative risks to the contracting parties through clear and unambiguous contract documentation;

334.5 Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it; and

334.6 Ensuring that the costs incurred in managing risks are commensurate with the importance of the purchase and the risks to the GCIS's operations.

335 Risk management shall be undertaken in terms of a toolkit prepared providing guidelines for:

336.1 The risk management framework;

336.2 Risk identification;

336.3 Risk analysis

336.4 Risk assessment;

336.5 Mitigation of risk; and

336.6 Monitoring and review.

Approved

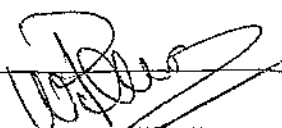


Ms Phumla Williams
Acting CEO

Date: 2/10/14

SUPPLY CHAIN MANAGEMENT DELEGATIONS

A. General delegations				
NO.	Description of the authority	Delegate	Reference	Conditions applicable
1.1	Approve the procurement of supplies or services, the hiring or letting of anything, the acquisition or granting of any right or the disposal of movable state property, resulting from the invitation and acceptance of price quotations.	<p>Directors: R80 000 within SCM process.</p> <p>Chief directors: R150 000 within the SCM.</p>	National Treasury Practice Note 8 of 2007/2008	<ul style="list-style-type: none"> • Price quotations must be accepted before expiry of validity by means of a facsimile followed by an order. • For all procurement in excess of R30 000, the preferential Procurement Regulations, 2011 Published in Government Notice No 502 of June 2011 will be applied • Quotations should be requested in writing from the suppliers. • When quotations are obtained from suppliers who are not listed on the departmental database, the new supplier should be requested to complete the application form by the requesting section. • Those who fail to submit their application will be considered to have not claimed preferences in accordance with the said regulations. • Preferably the list of prospective service-providers on the departmental database must be used.


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1.2	Approve that supplies and/or services may be procured in urgent cases where early delivery is of critical importance and the invitation of comparative bids are either impossible or impracticable.	Chief Director: relevant section and CFO: R150 000.00 Above: R150 000, the request will be ratified by the CEO on recommendation by the BAC	Treasury Regulation 16A6.4	<ul style="list-style-type: none"> • Approval will be granted upon receipt of written motivation, indicating the reason for the urgency and the losses or consequences that will follow if action is not taken. • Motivation to be signed at director level and approved by the relevant Chief Director and CFO. Request will be tabled at the next BAC. • Request above R150 000.00 to be tabled at the BAC. • Motivation to be signed at director's level and supported by the relevant Chief Director.
1.3	Approve, in emergency cases, that supplies and/or services may be procured where immediate action is necessary to avoid a dangerous or risky situation, misery or want. The principle of competition should, however, be adhered to as far as possible.	Departmental Bid Adjudication Committee: R900 000. Above R900 000: recommendation by the Departmental Bid Adjudication Committee. Approval: CEO	Treasury Regulation 16A6.4	<ul style="list-style-type: none"> • Approval will be granted upon receipt of written motivation, indicating the reason for the emergency and the losses or consequences that will follow if action is not taken. • Motivation to be signed at director's level and supported by the relevant Chief Director.
1.4	Acquisition of conference facilities Approval thereof	Director: relevant section: R500 000.00 Chief Director:	Treasury Regulation 16A6.4 16A8.3 (a-f) 16A9.1 (a)	<ul style="list-style-type: none"> • There must be a letter of engagement between GCIS and the venue finder • There must be an original valid tax clearance certificate • Quotations must reflect service fee / commission separately from the cost of the service itself

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	Approval thereof	<p>relevant section and CFO: R500 000.00</p> <p>Above R500 000.00, Bid Adjudication Committee recommendation to CEO</p>		<ul style="list-style-type: none"> Closed bid process. Detailed motivation indicating, purpose background, timelines as well as service providers that will be approached.
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B. Consideration and acceptance of bids

NO.	Description of the authority	Delegate	Reference	Conditions applicable
1.5	Determine contract period.	Director: end-user: not exceeding the MTEF period (three years).		<ul style="list-style-type: none"> For rental of equipment, the rental period should not exceed a maximum of three years.
1.6	Compile the specification or terms of reference that will be used for inviting competitive bids or request for quotes.	Director: relevant section Bid Specification Committee.		

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“privileged or confidential information” means any information:

- (a) determined by the bid specification, evaluation or adjudication committee to be privileged or confidential;
- (b) discussed in close sessions by any of the bid committees;
- (c) disclosure of which would violate a person's right to privacy;
- (d) declared to be privileged, confidential or secret in terms of any legislative framework;

“proponent” means any person, whether natural or juristic, that submits an unsolicited proposal to an institution;

“quotation or quote” means a written or electronic offer made to the GCIS in response to an invitation to submit a quotation;

“rand value” means the total estimated value of a contract in Rand denomination which is calculated at the time of bid invitations and includes all applicable taxes and excise duties;

“Republic” means the Republic of South Africa, and **“RSA”** shall have a corresponding meaning;

“SARS” means the South African Revenue Services;

“service providers” includes:

- (a) “Professional Service Provider” which means any person or body corporate that is under contract to the GCIS for the provision of Professional Services;
- (b) “General Service Provider” which means any person or body that is under contract to the GCIS for the provision of any type of service;


“SMMEs” means a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one owner or

	Approval of the terms of reference / specification. Approval of the terms of reference / specification.	Chief Director: relevant section under R500 000. DCEO: relevant section above R500 000.		
1.7	Co-ordination of the collection of all relevant documents, including specifications / TOR, bid and contract conditions, and the allocation of bid numbers. This includes checking that specifications / TOR are compliant to the SCM framework. Approval thereof. Approval thereof.	Senior SCM clerk / officer. Unlimited Assistant Director: SCM R500 000. Above R500 000 Deputy Director: SCM.	Treasury Regulation 16A6.3 16A6.4	• Only for bids where specification / TOR has been received and signed off by the relevant DCEO or Chief Director.
1.8	Determine the validity period of	Assistant Director: SCM.		• Activities of the organisation, e.g. GCF, State of the Nation Address, etc. should be considered when allocating validity

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	bids.			period. • Validity period of all bids should not exceed 90 days.
1.9	Determine the period for the submission of bids. Approval thereof	ASD: SCM. Deputy Director: SCM.	Treasury Regulation 16A6.3 (C)	
1.10	Shorten the closing date.	Departmental Bid Adjudication Committee	Treasury Regulation 16A6.3 (C) Treasury Regulation 16.A.6.4	<ul style="list-style-type: none"> • If in a specific case, if it is impractical to invite bids for a longer period. • A detailed motivation indicating the implications should the bid be advertised for the full period should be presented to the Bid Adjudication Committee. • In specific cases where a panel of service-providers were screened through the bidding process
1.11	Approve the notification (advertising) of bid invitations and the issuing of bid documents.	Deputy Director: SCM.		Upon receipt of a signed terms of reference / specification by a delegated official
1.12(a) (b)	Approve the invitation of bids / quotes from selected or sole service-providers for specific brand or trade mark only. Approve that services be sourced	Director: relevant section: R500 000. Director: relevant section: R500 000. Director: relevant section: R500 000.	Treasury Regulation 16A6.4 16A8.3 (a-f) 16A9.1 (a)	<ul style="list-style-type: none"> • If in a specific case, it is impractical to invite bids. • A detailed motivation indicating the implications, signed at director level and approved by the relevant Chief Director should be provided. The motivation should also be signed by the CFO. • In cases where the amount exceeds R500 000, a presentation on the deviation should be made to the Bid Adjudication Committee. • Motivation should be submitted to the Head: SCM with the rest of the documents.

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(c)	<p>from a single or sole service- providers. E.g. training, workshops, conference facilities, translation, research, seminars, etc.</p> <p>Grant approval in instances where it is considered essential that requirements are obtained from one source of supply, e.g. where design, colouring, compatibility or continuity, is a critical factor</p> <p>Approval thereof.</p>	<p>Chief Director: relevant section and CFO R500 000.</p> <p>Accounting Officer: to approve any amount exceeding R500 000.01 on recommendation from the Bid Adjudication Committee.</p>		<ul style="list-style-type: none"> Provisions of Treasury Regulation 16A6.4, 16A8.3 (a-f) and 16A9.1 (a) should be observed. Media services are addressed under specific delegations
1.13	<p>Extend the closing dates of bids.</p> <p>Approval thereof.</p>	<p>Deputy Director: SCM.</p> <p>Director: SCM</p>	<p>Treasury Regulation 16A.8.3</p> <p>Treasury Regulation 16A3.2 (a)</p>	<p>In a specific case where there are minor adjustment to the specification.</p> <ul style="list-style-type: none"> Amended documents should be sent to service-providers who might have collected the bid documents. The extension will be applicable in cases where there is enough time left before the bid closes to allow service-providers to see the amendments.

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1.14	Grant approval that, in the event of serious mistakes and amendments to the bid documents, fresh bids are invited or amendments to the bid invitation are issued.	DCEO: relevant section: unlimited.	<ul style="list-style-type: none"> • Treasury Regulation 16A.8.3 • Treasury Regulation 16A.32 (a) 	<ul style="list-style-type: none"> • In a specific case where it is not possible to extend the closing period of the bid. • A detailed motivation indicating the implications, should the bid not be withdrawn, should be provided by all relevant parties involved. • In cases where the bid was already closed, the bidders who submitted proposals should be informed.
1.15	Approve that early delivery of goods or services be requested from a service-provider after the bid has been awarded. Approval thereof.	Director: end-user: unlimited. Relevant Chief Director.		<ul style="list-style-type: none"> • Clear timelines must be provided and the end-user must adhere to timelines that are relevant to the department. • The capacity of the service-provider to deliver on the specified timelines should be considered. • The timelines must be reasonable. • Financial implications due to request of early delivery should be taken into account. • Supplier performance should be monitored. In the event of non-performance, deviations should be documented and provided to the service-provider to respond. Information should also be forwarded to SCM.
1.16	Supervise the receiving and processing of bids. Relevant section. Internal Audit.	Assistant Director: SCM: unlimited.	Treasury Regulation 16A9.1(d)	<ul style="list-style-type: none"> • All bids are to be recorded. • Late bids should be recorded, indicating the time they were received.
1.17	Consider bids for admission (or non-admission (late bids)).	Deputy Director: SCM: unlimited.	Treasury Regulation 16A8.3 (a-f)	<ul style="list-style-type: none"> • Bids will be classified as late if they are received at the address given in the bid documents, after the closing time specified.

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			Treasury Regulation 16A9.1(d)	<ul style="list-style-type: none"> Late bids will be considered where no acceptable bids were received. Late bids will be filed unopened until it has been determined whether acceptable bids have been received.
				<ul style="list-style-type: none"> In cases where acceptable bids were received, the late bids are to be returned unopened to the service- providers.
1.18	Approve that communication with bidders may take place in cases where information is incomplete or where a lack of clarity exists about technical aspects of the offer.	Assistant Director: SCM: unlimited.		<ul style="list-style-type: none"> The following provisions should be observed: Treasury Regulation 16A3.2 (a) Treasury Regulation 16A8.3 (a-f).
1.19	Approve that contact with bidders may be made to obtain confirmation of prices or preference claims, in cases where it is obvious that a written, typed or transcription error or an error in the unit price has been made.	Director: SCM in consultation with the CFO.		<ul style="list-style-type: none"> Provisions of Treasury Regulation 16A3.2 (a) and Treasury Regulation 16A8.3 (a-f).
1.20	Approval that contact with bidders may be made with regard to the increase / decrease of	Director: 15% of original contract quantity/value.	Instruction Note Dated 31 May 2011 Treasury Regulation	<ul style="list-style-type: none"> A detailed motivation signed by a Director and approved at Chief Director level and the CFO should be submitted to SCM.

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	quantities. Approval thereof.	Relevant Chief Director and CFO.	16A9.1 (a)	
1.21	Approve the extension of the validity of bids in the prescribed manner, in cases where it is expected that contracts cannot be awarded prior to the expiry of the initial validity period.	Deputy Director: SCM: unlimited.		<ul style="list-style-type: none"> • Provisions of Treasury Regulation 16A3.2 (a) and Treasury Regulation 16A8.3 (a-f) should be observed. • There should also be a review of the timelines if any were specified in the task directive.
1.22	Consider the escalation of prices when the validity period is extended.	Departmental Bid Adjudication Committee: unlimited.		<ul style="list-style-type: none"> • Availability of the budget to fund the project should be taken into consideration.
1.23	Accept quantities other than those specified in the task directive. Approval thereof.	Relevant director: 15% of original contract quantity/value. Relevant Chief Director and CFO		<ul style="list-style-type: none"> • The capacity of the service- provider to deliver on the specified timelines should be considered. • The timelines must be reasonable. • The total cost of the service/goods should be considered. • The items being provided/proposed should not be of inferior quality. • Should the quantities be less than what was specified in the task directive/specification, the relevant Responsibility Manager must ascertain or evaluate value for money for the organisation.

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				<ul style="list-style-type: none"> Supplier performance should be monitored. In the event of non-performance, deviations should be documented and provided to the service-provider to respond. Information should also be forwarded to SCM.
1.24	Approval or rejection of a bidders own conditions.	Departmental Bid Adjudication Committee: unlimited.		<ul style="list-style-type: none"> If it contradicts the regulations. If it contradicts the task directive and special conditions indicated in the bid documents.
1.25	Verify the ability of a bidder to carry out a contract successfully. Approval thereof.	Departmental Bid Evaluation Committee: unlimited. Departmental Bid Adjudication Committee: unlimited.		<ul style="list-style-type: none"> The size of the contract should be considered. Bidder's financial position should be considered. Previous contracts carried out by the bidder should be considered. Availability of skills or knowledge and resources should be considered. References may be sought from previous clients. However, the circumstances should be fully motivated to the Bid Adjudication Committee.
1.26	Recommend the acceptance of a bid with acceptable deviation from the specification / TOR or alternative offers.	CEO on recommendation of the Departmental Bid Evaluation Committee: unlimited.	Treasury Regulation 16A3.2(a)	<ul style="list-style-type: none"> In specific cases where the bid offers an improvement to the specification / terms of reference. The improvements should be recorded.
	Approval thereof.	CEO on recommendation of the Departmental		<ul style="list-style-type: none"> Provisions of Treasury Regulation 16A3.2 (a) and Treasury Regulation 16A8.3 (a-f) should be observed.

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		Bid Adjudication Committee: unlimited.		
1.27	Finalise all bids up to an unlimited amount by accepting the bid, which is in accordance with the specification/task directive / TOR and has the highest points.	CEO on recommendation of the Departmental Bid Adjudication Committee: unlimited.	SCM 4 of 2003 SCM 2 of 2005	
1.28	Sign a letter of acceptance after the CEO has granted approval that the bid be awarded.	Director: FM	Treasury Regulation 16A9.1 (c) and 16A9.1(e)	<ul style="list-style-type: none"> Letter of acceptance to be sent together with the order to the service-provider (if possible).
1.29	Cancel bids in cases where: <ul style="list-style-type: none"> no offer is received the items are no longer required there are errors in the bid invitation documents the bid price is certified as being exorbitant the bids were accidentally not 	Relevant Chief Director or CFO: unlimited	SCM 4 of 2003	<ul style="list-style-type: none"> A motivation indicating why bids are to be cancelled, signed by the relevant director, should be submitted. Service-providers who submitted the bids should be informed. Should service-providers require debriefing on the action from the department, SCM will facilitate the meeting between the service-provider and the relevant section.

	advertised in the Government Tender Bulletin • funds are not available.			
1.30	Cancellation of bids after award Recommendation thereof Approval thereof	Relevant Director Chief Director Bid Adjudication Committee		<ul style="list-style-type: none"> • If the supplier committed any corrupt or fraudulent act during the bidding process or execution of the contract • If any official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of that contract that benefited the supplier • The service provider failed to perform on any previous contract, and there is documented proof where the supplier was requested to remedy the non-performance and there was no improvement • A detailed motivation signed by delegated officials and attached proof should be submitted.
1.31	Cancellation of RFQ after award Approval thereof Where fraud is involved, Approval thereof	Relevant Director Relevant Chief Director and CFO Bid Adjudication Committee		<ul style="list-style-type: none"> • If the supplier committed any corrupt or fraudulent act during the bidding process or execution of the contract • If any official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of that contract that benefited the supplier • The service provider failed to perform on any previous contract, and there is documented proof where the supplier was requested to remedy the non-performance and there was no improvement • A detailed motivation signed by delegated officials and attached proof should be submitted.

C. Administration of contracts

NO.	Description of the authority	Delegate	Reference	Conditions applicable
1.32	Approve requests received from contractors for the extension of delivery periods, provided the price remains unchanged.	Director: relevant section and Deputy Director: SCM.		<ul style="list-style-type: none"> • Supplier should make the request in writing. • End-user should be informed of the decision. • Extension should be made in writing. • The 0-9 file should be updated accordingly with the new delivery date. • In case of projects, the implications of the extension should be taken into consideration and reported. • Provisions of Treasury Regulation 16A3.2 (a) and Treasury Regulation 16A8.3 (a-f) should be observed.
1.33	Approve that contract payments may be transferred under certain circumstances.	CFO: unlimited.		<ul style="list-style-type: none"> • This should be upon receipt of a written letter signed by the transferor, the transferee and two witnesses. • The parties must complete the entity maintenance form. • For amounts exceeding R30 000 per case, both parties are to arrange a meeting with the department.
1.34	Approve amendments to the specifications/deliverables.	Departmental Bid Adjudication Committee: unlimited.		<ul style="list-style-type: none"> • If a binding contract has been concluded but only after negotiation between the contractor and the department and at no additional cost. • Should additional cost be involved, this should be dealt with in accordance with delegations 1.21 and 1.22.

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more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy;

“sponsorship” means paying for or contributing towards the cost of an event;

“sub-contracting” means the primary service provider assigning or leasing or making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of the contract;

“supply chain management unit” means a unit established by the Accounting Officer to fulfil a vital role in the implementation, the monitoring and the continued application of this Policy;

“bid”/“bidder” means a bid or bidder in the context of construction works procurement;

“the Act” or “PFMA” means the Public Finance Management Act 1 of 1999 As amended from time to time;

the Constitution” means the Constitution of the Republic of South Africa Act;

“treasury regulations” means regulations on supply chain management issued by the National Treasury in terms of section 76(4) of the PFMA;


“unauthorised expenditure” holds the meaning this term is given in the Public Finance Management Act, as amended from time to time and which at the date of implementation of this policy bears the meaning:

- (a) overspending of a vote or a main division within a vote;
- (b) expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division;

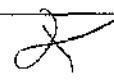
“urgent procurement” means procurement that cannot be processed in the time-frames provided for by the policy but is nonetheless required to be processed on an urgent basis by the SCM unit;

D. Administration Subsistence				
1.35	Approve the accomodation costs that exceed the amount of R1300.00 per night per person (Breakfast, Dinner & Parking)	Relevant Chief Director or CFO: unlimited	National Treasury Instruction Note 1 of 2014 Par 4.16.	<ul style="list-style-type: none"> • During peak holiday period • When South Africa is hosting an event in the country or in particular geographical area that results in an abnormal increase in the number of local and or international guests in the country or in that particular geographical area
2. Procurement and Asset Management				
2.1	Approve that an order number may be given, telephonically, to the supplier.	Senior SCM Officer: R10 000. Assistant Director: SCM: R30 000 Deputy Director: SCM: R200 000		<ul style="list-style-type: none"> • When supplies or services are urgently required and system problems are experienced. • The official order form must then be forwarded to the service-provider as soon as possible (48 hours). • The documents must have already been submitted to SCM.
2.2	Approve that equipment or furniture may be transferred to another department/institution.	CFO	Departmental Asset Policy	<ul style="list-style-type: none"> • Approval will be granted upon receipt of a written motivation. • Although the CFO will serve as a confirming authority, he/she will be part of the disposal meeting to avoid rubber stamping.

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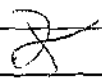
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2.3	Approve that any movable property be loaned to another institution (private or public).	DCEO: Corporate Services.		<ul style="list-style-type: none"> Approval will be granted upon receipt of a written motivation from a senior manager of the relevant department.
2.4	Approve that a stock item be loaned to another department.	Director: FM.		<ul style="list-style-type: none"> PAS Manual, paragraph 9.1.2.7 and SCM policy
2.5	Approve that a stock item be loaned from another department.	Director: FM		<ul style="list-style-type: none"> PAS Manual, paragraph 9.1.2.7 and SCM policy
2.6	Appoint asset holders and sub-asset holders.	Relevant Chief Director in conjunction with Deputy Director: SCM.		
2.7	Remove (from the Asset Register) losses or damage to departmental property arising from, among other things, criminal acts or omissions if, after a thorough investigation, it is found that the loss or damage is irrecoverable or written off, etc.	Asset Officer after approval by the Theft and Loss Committee. Authorisation thereof: DD: FM	Treasury Regulation 12.5.2 SCM 4 of 2003: 3.4	<ul style="list-style-type: none"> Removal of items from the register will occur upon receipt of a written motivation/approval from the Loss Control Committee.

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2.8	Approve disposal of obsolete, unserviceable or redundant equipment. Confirming authority.	Disposal Committee. CFO.	Treasury Regulation 10.2.1 PAS Manual, Chapter 18	<ul style="list-style-type: none"> Approval will be granted upon receipt of a submission signed by the Responsibility Manager on request form. All requests to be submitted to the Disposal Committee.
2.9	Approve the disposal of obsolete, redundant stock items. Confirming authority.	Disposal Committee CFO.	PAS Manual, Paragraph 22.11.3 Departmental Asset Policy	<ul style="list-style-type: none"> Approval will be granted upon receipt of a submission signed by the Responsibility Manager on request form. All requests to be submitted to the Disposal Committee.
2.10	Approve the storing/usage/keeping of departmental assets at a private property (Minister, Deputy Minister and CEO exempted).	DCEO: CS.		<ul style="list-style-type: none"> Approval will be granted upon receipt of a written motivation.
2.11	Approve that an advance payment for goods or services may be made.	Director: relevant section. CD: relevant section and CFO.		<ul style="list-style-type: none"> Approval will be granted upon receipt of a written motivation from the relevant director signed at Chief Director level.
	Approval thereof.	CD: relevant section and CFO.		<ul style="list-style-type: none"> The motivation should indicate the risk factors taken into consideration.
2.12(a)	Sign contracts on behalf of the department.	CFO: financial commitment. Relevant CD:		

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2.12(b)	Sign property lease agreements on behalf of the department.	<p>functional aspects.</p> <p>CFO: financial commitment, R5 million per case.</p> <p>Relevant Chief Director: functional aspects.</p> <p>Accounting Officer, above R5 million.</p>		
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3. Authorisation of orders and payments

3.1	Pre-authorisation of payments on Procurement Integration and BAS.	SCM Clerk: R3 million. SCM Officer: R5 million. Assistant Director: SCM: R7million. Deputy Director: SCM: above R10 million. Director: SCM above R10 million in consultation with the CFO		<ul style="list-style-type: none">• Delegations limited to SCM officials.• All relevant documents must be attached to the order/payment batch:<ul style="list-style-type: none">• quotations• motivations.• Tax Clearance Certificates• SBD Forms• The invoice, simultaneous receipts and issue or receipt vouchers must be signed/ authorised by the end-user, that the service is satisfactorily rendered before payment can be effected on the Procurement Integration or BAS System.• In instances where the invoice is signed and the Responsibility Manager is not available to sign the invoice, the following words should be written on the voucher "see attached invoice for signature".• All amounts from the value of R1 million and above should be processed via the clearing centre.• The option "transfer payments" should be selected on the Logis Integration system.• All international payments should be channelled through Financial Administration.
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3.2	Final authorisation of payments on Procurement Integration and BAS system.	<p>SCM Clerk: R3 million.</p> <p>SCM Officer: R5 million.</p> <p>Assistant Director: SCM: R7 million.</p> <p>Deputy Director: SCM: R10 million.</p> <p>Director SCM: above R10 in consultation with the CFO</p>		<ul style="list-style-type: none"> • Delegations limited to SCM officials. • All relevant documents must be attached to the order/payment batch: <ul style="list-style-type: none"> • o quotations • motivations. • Tax Clearance Certificates • SBD Forms • The invoice, simultaneous receipts and issue or receipt vouchers must be signed/authorised by the end-user, that the service is satisfactorily rendered before payment can be effected on the Procurement Integration or BAS System. • In instances where the invoice is signed and the Responsibility Manager is not available to sign the invoice, the following words should be written on the voucher "see attached invoice for signature". • All amounts from the value of R1 million and above should be processed via the clearing centre. • The option "transfer payments" should be selected on the Logis Integration. • All international payments should be channelled through Financial Administration.
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3.3	Payments to overseas institutions.	<p>CFO: unlimited.</p> <p>Director: Finance: R200 000</p> <p>Director: SCM: R200 000.</p> <p>Deputy Director: Finance Administration: R100 000.</p> <p>Deputy Director: SCM: R100 000.</p> <p>Assistant Director: SCM: R100 000.</p> <p>SCM Officer: R50 000.</p>		<p>A BAS payment advice approved by the relevant Responsibility Manager should be submitted to SCM.</p> <ul style="list-style-type: none"> • All the relevant information, including banking details are to be provided by the relevant section.
3.4	Authorisation of orders on Procurement Integration.	<p>SCM: Clerk: R2 million.</p> <p>Senior SCM Officer: R7 million.</p> <p>Assistant Director: SCM: R10 million</p> <p>above R10 million. DD: Above R10 million in</p>		<ul style="list-style-type: none"> • All relevant documents must be attached to the VAS 2 or request for order: <ul style="list-style-type: none"> o quotations o motivations o approved submissions. • Relevant documents to be verified for compliance against departmental policy before request for orders is captured or processed.

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		consultation with the D: SCM and CFO Provincial administrator/-manager: R80 000.		
4. SPECIFIC DELEGATIONS (ACQUISITION OF MEDIA SPACE)				
4.1	Engagement of Media Owner	CD: CSA CFO	Treasury Regulation 16A3.2 (a) 16A6.4, 16A8.3, 4 and 16A9.1(a) (d)	<ul style="list-style-type: none"> o There must be a letter of agreement indicating; o Account limit o How invoicing will be handled o How relationship will be managed including escalation of issues o Details of accounts officials on the GCIS and service provider's side
4.2	Acquisition of commercial print Media directly with service providers or sole appointed agent (e.g. Sowetan, Cape Argus, etc) Approval thereof	Director Media Buying and the Relevant Chief Director	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> o The following documents should be attached to the requisitions <ul style="list-style-type: none"> o Standard bidding documents o Approved discounted rates negotiated o Tax clearance certificate o Quotation

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4.3	Acquisition of commercial Radio Space directly with service providers or sole appointed agent (e.g. SABC Stations) Approval thereof	Director Media Buying and the Relevant Chief Director	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> o The following documents should be attached to the requisitions <ul style="list-style-type: none"> o Standard bidding documents o Approved discounted rates negotiated o Tax clearance certificate o Quotation
4.4	Acquisition of commercial TV Space directly with service providers or sole appointed agent (e.g. SABC, ETV, etc.) Approval thereof	Director Media Buying and the Relevant Chief Director	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> o The following documents should be attached to the requisitions <ul style="list-style-type: none"> o Standard bidding documents o Approved discounted rates negotiated o Tax clearance certificate o Quotation
4.5	Acquisition of outdoor (Static Billboards) advertisement directly with service providers or sole appointed agent Approval thereof	Director: R30 000.00 - R2.5 million per campaign CD: CSA and CFO Above R 2.5 million per campaign. CEO on recommendation of the BAC	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> o A detailed motivation indicating; o Purpose of the memo and relevant delegations o What resulted in the need o Why this procurement model was followed as well as why other service providers cannot be utilized for the service o What are the benefits for the department / state with this model

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4.6	Acquisition of Social advertisement directly with service providers or sole appointed agent	Director Media Buying and the Relevant Chief Director	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> ○ The following documents should be attached to the requisitions <ul style="list-style-type: none"> ○ Standard bidding documents ○ Approved discounted rates negotiated ○ Tax clearance certificate ○ Quotation
4.7	Acquisition of New Media directly with service providers or sole appointed agent	Director Media Buying and the Relevant Chief Director	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> ○ The following documents should be attached to the requisitions <ul style="list-style-type: none"> ○ Standard bidding documents ○ Approved discounted rates negotiated ○ Tax clearance certificate ○ Quotation
4.8	Acquisition of Activations directly with service providers or sole appointed agent	Director: R30 000.00 - R1 million per campaign CD: CSA and CFO Above R 1 million per campaign. CEO on advice of Chairperson of the BAC	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> ○ Until such time that the panel of advertising and production companies is in place, the following will apply. ○ A detailed motivation indicating; ○ Purpose of the memo and relevant delegations ○ What resulted in the need ○ Why this procurement model was followed as well as why other service providers cannot be utilized for the service ○ What are the benefits for the department / state with this model

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“**variation order**” means unforeseen costs pertaining to uncertain circumstances in projects; and

“**written or verbal quotations**” means quotations referred to in paragraph **Error! Reference source not found.** of this policy.

Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include females and words importing persons shall include companies, closed corporations and firms, unless the context clearly indicates otherwise.

LEGISLATIVE FRAMEWORK

1. The establishment of any government policy should find its footing in the Constitutional dispensation of the country and the legislative and regulatory framework that gives meaning to the principles enshrined in the Constitution.
2. As such we provide an outline of the Constitutional and legislative procurement framework in this Policy in order to provide the background to the procurement processes through which the GCIS implements supply chain management.

CONSTITUTION

3. Section 217(1) of the Constitution Act 108 of 1996 requires that when an organ of state in the national, provincial and local sphere of government, or any other institution identified in national legislation, contracts for goods and service, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.
4. Subsection (2) gives organs of states the leeway to implement a procurement policy providing for:-
 - 4.1 Categories of preference in allocation of contracts; and

4.9	Acquisition of Electronic Bill boards directly with service providers or sole appointed agent	Director: R30 000.00 - R1 million per campaign CD: CSA and CFO Above R 1 million per campaign. CEO on advice of Chairperson of the BAC	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> o A detailed motivation indicating; o Purpose of the memo and relevant delegations o What resulted in the need o Why this procurement model was followed as well as why other service providers cannot be utilized for the service o What are the benefits for the department / state with this model
4.10	Acquisition of Wall Murals, Street Poles and Containers directly with service providers or sole appointed agent	Director: R30 000.00 - R1 million per campaign CD: CSA and CFO Above R 1 million per campaign. CEO on advice of Chairperson of the BAC	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> o A detailed motivation indicating; o Purpose of the memo and relevant delegations o What resulted in the need o Why this procurement model was followed as well as why other service providers cannot be utilized for the service o What are the benefits for the department / state with this model
4.11	Acquisition of Bus, Taxi, trucks, Cars, Station and Carwash Branding directly with service providers or sole appointed agent	Director: R30 000.00 - R1 million per campaign CD: CSA and CFO Above R 1 million	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> o A detailed motivation indicating; o Purpose of the memo and relevant delegations o What resulted in the need o Why this procurement model was followed as well as why other service providers cannot be utilized for the service o What are the benefits for the department / state with this model

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		per campaign. CEO on advice of Chairperson of the BAC		
4.12	Acquisition of Community Print media directly with sole service providers or service providers appointed by community print media as the representatives	Director Media Buying and the Relevant Chief Director	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> o GCIS will procure community radio space from sole providers o GCIS will amongst others utilise the segmentation software to identify mediums to be procured to reach the target market o GCIS will where possible utilise discounted rates negotiated to support the pricing structure o The following documents should be attached to the requisitions <ul style="list-style-type: none"> o Standard bidding documents o Tax clearance certificate o Quotation
4.13	Acquisition of Community Radio Space directly with media owners	Director Media Buying and the Relevant Chief Director	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> o GCIS will procure community radio space from sole providers o GCIS will amongst others utilise the segmentation software to identify mediums to be procured to reach the target market o GCIS will where possible utilise discounted rates negotiated to support the pricing structure o The following documents should be attached to the requisitions


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				<ul style="list-style-type: none"> ○ Standard bidding documents ○ Tax clearance certificate ○ Quotation
4.14	Acquisition of Community TV space directly with media owners	Director Media Buying and the Relevant Chief Director	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> ○ GCIS will procure community radio space from sole providers ○ GCIS will amongst others utilise the segmentation software to identify mediums to be procured to reach the target market ○ GCIS will where possible utilise discounted rates negotiated to support the pricing structure ○ The following documents should be attached to the requisitions <ul style="list-style-type: none"> ○ Standard bidding documents ○ Tax clearance certificate ○ Quotation ○

NB: Where powers have been delegated to a holder of a specific rank, that power may be executed by the acting official or the holder of an equivalent or higher rank. The person pre-authorising the payment should at all times not be the final authoriser of the same payment.

The CEO reserves the right to withdraw the delegations given to an official(s), should he/she be of the view that the delegations have been abused and disciplinary proceedings may be instituted against that particular official(s). These delegations will be reviewed on an annual basis.

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- 4.2 The protection or advancement of persons or categories of persons, disadvantaged by unfair discrimination.
5. Subsection (3) requires that national legislation prescribe a framework within which a policy referred to in subsection (2) must be implemented. The legislation contemplated in this section is the Preferential Procurement Policy Framework Act 5 of 2000.

Preferential Procurement Policy Framework Act No. 5 of 2000

6. In terms of Preferential Procurement Policy Framework Act of 2000, each organ of the state must determine its preferential procurement policy and only the Minister of Finance can exempt an organ of the state from the provisions of this Act. In giving effect to Section 217(2) of the Constitution, the Act provides a framework for the implementation of procurement policies by:
 - 6.1 Creating categories of preference; and
 - 6.2 Providing for the protection or advancement of persons disadvantaged by unfair discrimination.
7. Organs of State are required to determine their policy and to implement it within a framework requiring a preference point system, namely:
 - 7.1 Contracts above R1 000 000.00, maximum of 10 points for specific goals, lowest acceptable bid scores 90 points for price;
 - 7.2 Contracts equal or below R1 000 000.00, maximum of 20 points for specific goals, lowest acceptable bid scores 80 points for price;
 - 7.3 Other acceptable bids which are higher in price score fewer points on a pro rata basis, calculated on their bid prices in relation to the lowest acceptable bid in accordance with a prescribed formula.
8. Specific goals for which points may be awarded must be clearly specified in the invitation to submit a bid and must be measurable and quantifiable and monitored for compliance.

9. It is the role of the Accounting Officer of the organ of state to implement a procurement system that facilitates the implementation of these goals in terms of the Public Finance Management Act 1 of 1999.

Public Finance Management Act 1 of 1999 ("PFMA")

10. In terms of Section 38(1)(a)(iii) of the PFMA, "the Accounting Officer for a Department must ensure that the Department maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective".
11. Regulations are provided by the National Treasury in terms of Section 76(4) (c) of the PFMA. These guidelines assist in the determination of a framework for an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.
12. Section 76(4) (c) is given effect by the Treasury Regulation 16A which provides for the establishment of the Supply Chain Management ("SCM") system. The SCM is an integrated system that bridges the gap between traditional methods of procurement (or Acquisition management) and the balance of the SCM. It is an integral part of financial management that seeks to introduce internationally accepted best practice principles, whilst at the same time addressing government's preferential procurement policy objectives.
13. SCM incorporates four main activities, namely: Demand Management; Acquisition Management; Logistics Management and Disposal Management. These are therefore clearly articulated in this policy in chapters 3,4,5 and 6.
14. Support is given to the procurement legislative framework by legislation that provides for fair administrative action and transparency. There is additional legislation that provides strategies for the empowerment of historical disadvantaged individuals. These include:

15:1 The Promotion of Administrative Justice Act 3 of 2000;

15.2 The Promotion of Access to Information Act 2 of 2000; and

15.3 The Broad Based Black Economic Empowerment Act 53 of 2003.

Promotion of Administrative Justice Act 3 of 2000

15. The Act aims to give effect to the right of administrative action that is lawful, reasonable and procedurally fair and the right to written reasons for administrative action as contemplated in section 33 of the Constitution of the Republic of South Africa, 1996 and to provide for matters incidental thereto.
16. The actions of officials with respect to the procurement of goods and services within government needs to be lawful, procedurally fair and recorded. As such the principles of administrative justice outlined in this legislation need to be mirrored in the policy and the actions of officials involved in procurement, need to be outlined.

Promotion of Access to Information Act 2 of 2000

17. The Act aims to give effect to the Constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights, and to provide for matters connected therewith.

Broad Based Black Economic Empowerment Act (No. 53 of 2003)

18. Broad Based Black Economic Empowerment ("BBBEE") is an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa. The successful implementation of the BEE strategy through the policy can be measured from the achievement of the following objectives:

18.1 A substantial increase in the number of Black people who have ownership and control of existing and new enterprises;

18.2 A substantial increase in the number of Black people who have ownership and control of existing and new enterprises in the priority

sectors of the economy that government has identified in its microeconomic reform strategy;

- 18.3 A significant increase in the number of new Black enterprises, Black-empowered enterprises and Black-engendered enterprises;
- 18.4 A significant increase in the number of Black people in executive and senior management enterprises;
- 18.5 An increasing proportion of the ownership and management of economic activities vested in community and broad-based enterprises (such as trade unions, employee trusts and other collective enterprises) and co-operatives;
- 18.6 Accelerated and shared economic growth; and
- 18.7 Increased income levels of black persons and a reduction of income inequalities between and within race groups.

CHAPTER 2

ESTABLISHMENT OF A SUPPLY CHAIN MANAGEMENT SYSTEM

19. This chapter provides an outline of the procurement process, and details the components of supply chain management, detailing the establishment, composition and functioning of relevant key role players; the process for setting bid specifications, evaluation of bids, adjudication of bids, and the establishment, composition and functioning of all committees involved in the supply chain management process.

Supply chain management policy

20. In terms of Section 38(1) of the Public Finance Management Act 1 of 1999 this supply chain management policy establishes a system that –
- 20.1 Gives effect to –
 - 20.1.1 Section 217 of the Constitution; and
 - 20.1.2 Treasury Regulations 16A of the PFMA; and
 - 20.2 Complies with –
 - 20.2.1 The supply chain management practice notes and Instruction Notes prescribed by National Treasury; and
 - 20.2.2 Any minimum norms and standards issued by the National Treasury.
 - 20.3 Is consistent with other applicable legislation;
 - 20.4 Does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

20.5 Is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

21. This supply chain management policy provides systems for –

21.1 Demand management;

21.2 Acquisition management;

21.3 Logistics management;

21.4 Disposal management;

21.5 Risk management; and

21.6 Performance management.

Demand Management

22. The objective of the implementation of a demand management system by the GCIS is to ensure that the resources required to fulfil the needs identified in the strategic plan of the GCIS are delivered at the right time, price and place and that the quantity and quality will satisfy the needs of the end user.

23. The Heads of the different Directorates within the GCIS are required to ensure that they put in place sound planning, implementation and control systems for the determination of the needs of their directorates, and the procurement of resources that facilitate the fulfilment of these needs.

24. The Heads of the different Directorates shall be responsible for carrying out of needs assessments for their directorates and for the preparation of demand management and procurement plans for their specific directorates.

25. These plans should be prepared with the help of the Finance Directorate, which directorate should advise on the budgetary allocations available to the GCIS and specifically to the Directorate in question. The plans should be informed by the SCM unit's sourcing strategies.

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39. Risk management must therefore involve:
 - 39.1 The identification of risks on a case-by-case basis;
 - 39.2 The allocation of risks to the party best suited to manage such risks;
 - 39.3 Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 - 39.4 The management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
 - 39.5 The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.
40. Officials involved in the implementation of SCM must ensure that any SCM process instigated by an official provides a system for the identification, consideration and mitigation of risks.
41. The risk management function is a function that should be proactively carried out through the lifecycle of the SCM process.

Performance Management

42. The performance management of SCM processes will where possible and appropriate involve two monitoring processes: one undertaken during the life cycle of the procurement processes and the other undertaken in the form of a retrospective analysis to determine whether the proper processes have been followed and whether the desired objectives were achieved. Issues that will be reviewed during performance management are:
 - 42.1 Whether the procurement processes outlined in the policy are adhered to;
 - 42.2 The performance of the service provider during the life cycle of the contract;
 - 42.3 The payment of moneys owed to service providers;

- 42.4 Compliance to norms and standards;
- 42.5 Cost efficiency of procurement process (i.e. the cost of the process itself); and
- 42.6 Whether supply chain practices are consistent with Government's broader policy focus.

SUPPLY CHAIN MANAGEMENT STRUCTURES

- 43. The implementation of the SCM systems involves the interaction of various structures within the organisation. Role definition is therefore critical to ensure that there is a clear demarcation of responsibility and accountability.
- 44. The key structures in the implementation of the system, include:
 - 44.1 The Accounting Officer
 - 44.2 The Chief Financial Officer ("CFO");
 - 44.3 The Supply Chain Management Unit ("SCM Unit"); and
 - 44.4 The Directorates.

Accounting Officer

- 45. The roles of the Accounting Officer with respect to the implementation of the supply chain management systems are specifically defined in the PFMA. As highlighted earlier in terms of section 38(1) (a) (iii) of the PFMA the Accounting Officer is required to establish a procurement system that is fair, equitable, transparent, competitive and cost-effective.
- 46. In terms of treasury regulation 16A the Accounting Officer has several responsibilities with respect to the implementation of the SCM system. These are:
 - 46.1 Establishment of the SCM system – 16A3.1;

47. These roles may however be delegated by the Accounting Officer in terms of section 44 of the PFMA and as stipulated in this policy, as specifically provided for in terms of 'the delegation of powers and duties by the CEO to other employees in the GCIS and as provided in paragraphs 81 and 82

Chief Financial Officer

48. The CFO is primarily responsible for managing the financial risks of an organisation. The CFO is also responsible for financial planning and record-keeping, as well as financial reporting to the accounting officer. As such the functions of the CFO with respect to this policy include:

48.1 Financial management;

48.2 Assisting and guiding officials with respect to:

48.2.1 budget planning and management;

48.2.2 financial administration which involves the issuance of order numbers and making payments; and

48.2.3 participating in the procurement processes through the award of contracts delegated by the Accounting Officer, adjudication of bids and ensuring that contracts signed are within the budgetary limits of the department.

Supply Chain Management Unit

49. In terms of the PFMA the Accounting Officer is required to establish a SCM unit within the Office of the Chief financial Officer to implement the institution's SCM system. The unit is headed by an official appointed by the Accounting Officer to facilitate the implementation and management of the SCM systems.
50. The role of the SCM unit shall be that of developing, coordinating and implementation of acquisition management policies and procedures.

51. In addition the SCM unit is responsible for:
 - 51.1 The procurement of goods and services within the precepts of the procurement regulatory framework and this policy;
 - 51.2 The maintenance and update of a list of prospective suppliers;
 - 51.3 The management and administration of transversal contracts issued by the National Treasury;
 - 51.4 Development of procurement plans in conjunction with a relevant directorates;
 - 51.5 Identifying sourcing strategies for the procurement of specific goods or services;
 - 51.6 Facilitating the convening of bid committees and participating in the development of bid specifications, evaluation of bids and adjudication of bids;
 - 51.7 Ensuring that bid documents are in compliance with the procurement regulatory framework;
 - 51.8 Ensuring that bidders have the requisite documents, that is, tax clearance certificates, registration documents amongst others; and
 - 51.9 Ensure that service level agreements and contracts are signed upon the award of bids.

52. The SCM unit is also responsible for the management of contracts executed upon the appointment of a supplier/contractor/service provider. This responsibility entails:
 - 52.1 Establishing a contract management system;
 - 52.2 Custodianship of signed contracts;
 - 52.3 Capturing of requests;

- 52.4 Issuing of orders;
- 52.5 Creditor Management;
- 52.6 Batch control;
- 52.7 Processing of creditor and sundry payments.

Directorate

- 53. A Directorate is essentially a functional unit that is responsible for a specific function in the organisation. In terms of the GCIS structure directorates are headed by a Chief Director who is deputised by a Director.
- 54. The role of the Chief Director is essentially that of managing the affairs of the Directorate. In terms of this policy therefore the role of the Chief Director shall be that of managing the role of the directorate with respect to its functions in the SCM system. Additionally the role shall entail the responsibility to take decisions where such powers are delegated by the Accounting Officer.
- 55. With respect to the procurement of goods and services a Directorate is essentially responsible for the determination of its needs, which determination should culminate in the development of a procurement plan. This responsibility shall lay with the Director of the Directorate who shall report to the Chief Director for the approval of the procurement plan.
- 56. Directorates are required to communicate these needs to the SCM unit to facilitate the instigation of the procurement process. The Director shall be responsible for the co-ordination of the procurement process by participating in the development of specifications together with the SCM unit. As such Directors shall be responsible for the request for proposals/quotations for procurement below R 500 000.

57. Officials who are appointed to bid evaluation committees and adjudication committees shall perform the functions assigned to the respective committees.
58. Where provided through a delegation, the Chief Director shall be responsible for the approval of deviations within the identified thresholds.
59. Other roles that are the responsibility of the Director together with his or her assignee include:
 - 59.1 Requisitioning for order numbers;
 - 59.2 Submission of supporting documents with the requisition;
 - 59.3 Ensuring that budgets are available for the procurement;
 - 59.4 Facilitating the utilisation of database of suppliers on a rotational basis;
 - 59.5 Facilitating the execution of service level agreements and contracts upon the award of a bid;
 - 59.6 Monitoring the performance of suppliers/service providers and certifying their performance and delivery for payment purposes;
 - 59.7 Communicating any requests for variation of time frames or costs;
 - 59.8 Documenting poor performance; and
 - 59.9 Communicating the cancellation of orders to the SCM and any unused services that attract a refund timeously.

Directorate: Provincial Liaison

60. There are GCIS offices in each of the nine provinces. The offices work closely with provincial governments, in particular the Premier's Offices, to ensure that the message of government is disseminated to the public in a seamless manner. It is therefore necessary to highlight the responsibility of

the provincial liaison directorate with respect to the procurement of communication suppliers and service providers.

61. The functions of the provincial offices are:

61.1 Promoting an effective government communication system at provincial and local level by developing better alliances in the communication environment;

61.2 Developing a clear understanding of the public's information needs and government's communication needs;

61.3 Developing and implementing communication campaigns in response to the needs identified;

61.4 Managing the corporate and operational function of the GCIS provincial offices; and

61.5 Providing leadership in government communication through strengthening and integrating the Government Communication System with provincial structures.

62. In this regard the role of each provincial director with respect to the procurement of goods and services within the province includes:

62.1 The needs analysis of the provincial government;

62.2 The development of the campaign strategy;

62.3 The development of procurement plans with the assistance of the GCIS SCM unit;

62.4 The request for proposals/quotations for services to the provincial government;

62.5 The requisition of orders for those services; and

62.6 The performance management of services rendered.

CHAPTER 3

DEMAND MANAGEMENT

63. The SCM unit could engage each Directorate on an annual basis (corresponding with the budgeting cycle) to identify new demand for goods and services and to review existing / known demand for goods and services above the fresh hold value of R500 000.00.
64. The Directorates have the obligation to participate in the demand identification process by providing the SCM unit with the relevant information. The directorate's mandate shall therefore impact on the identification of the directorate's demands. Activities involved include:
 - 65.1 Understanding future needs;
 - 65.2 Identifying critical delivery dates;
 - 65.3 Identifying the frequency of need;
 - 65.4 Linking the requirement to the budget;
 - 65.5 Conducting an expenditure analysis (based on past expenditures);
 - 65.6 Determining the specifications;
 - 65.7 Conducting a commodity analysis (checking for alternatives); and
 - 65.8 Conducting an industry analysis.
65. A report on the needs assessment should be submitted to the SCM unit to facilitate the preparation of a procurement plan for the financial year in focus. The SCM unit shall be responsible for the analysis of the goods, works or services required by the directorate. Activities involved shall include:

80. The Accounting Officer may in writing –

80.1 In exception of paragraph 79.6, lower, but not increase, the different threshold values specified in paragraph 79.

80.2 Direct that:

80.2.1 written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2000;

80.2.2 formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or

80.2.3 a competitive bidding process be followed for any specific procurement of a transaction value lower than R500 001.

81 Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

Lists of accredited prospective providers

82. The GCIS must –Keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the GCIS through written or verbal quotations and formal written price quotations;

82.2 Use the list to effectively promote black economic empowerment through the participation of black owned enterprises, black empowered enterprises, black women-owned enterprises (as defined in the strategy for Broad-Based Black Economic Empowerment issued by the Department of Trade and Industry)

- 82.3 At least once a year through newspapers commonly circulating locally, the website or by any other means, invite prospective providers of goods or services to apply for evaluation and listing as prospective providers;
- 82.4 Disallow the listing of any prospective provider whose name appears on the national treasury's database as a person prohibited from doing business with the public sector.
- 83 The objectives of the establishment of the list of suppliers are to:
- Assess the profile of suppliers available in the market;
- 83.2 Maintain an approved list of suppliers to aid the quotation method of acquisition;
- 83.3 Reduce administrative and bidding/quotation costs for both the GCIS and the supplier;
- 83.4 Support the GCIS preference policy;
- 83.5 Support the promotion of emerging suppliers and supplier development programmes;
- 83.6 Monitor supplier performance by establishing a track record for suppliers;
- 83.7 Target supply side support resources to emerging suppliers;
- 83.8 Reduce risks relating to the selection of suppliers; and
- 83.9 Report on the implementation of preference, black economic empowerment and budget spending.
- 84 The following key principles will apply to the supplier register: 84.1 The use of the register will be mandatory for the acquisition through the

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- 66.1 Analysis of the list of functions to be executed by the institution;
 - 66.2 Analysis of the past expenditure of the directorate; and
 - 66.3 Compilation of a list of goods, works and services required.
66. The directorate shall, with the assistance of the SCM unit, determine the sourcing strategy by:
- 67.1 Conducting an industry and market analysis of the goods, works or services to be obtained;
 - 67.2 Confirming that sufficient funds have been allocated for the procurement of goods, works or services required;
 - 67.3 Considering the optimum method to satisfy the need of the directorate;
 - 67.4 Determining how frequent the goods, works or services are required;
 - 67.5 Establishing whether it would be cost-effective to have the goods available as a store item within the institution; and
 - 67.6 Establishing the lead time required by the potential supplier to deliver the required goods, works or services.
67. The above process should culminate in the development of a procurement plan for the directorate. The procurement plan must –

- 68.1 Include timely planning of management processes to ensure that all goods and services required by the department are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost; Take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
- 68.3 Provide for the compilation of the required specifications to ensure that its needs are met.

Sourcing Process Initiators

- 68. The actual sourcing of goods, works or services provided for in the procurement plan shall be undertaken when one of the following occurs: The Directorate indicates the need for an item/service which is not covered on an existing contract;
- 69.2 On the expiry of an existing contract;
- 69.3 Contract Review (changes in the market place);
- 69.4 Cancellation or termination of a current contract;
- 69.5 Where there is a need for the provision of goods or services;
- 69.6 A new project; and
- 69.7 Information from suppliers.

Choice of Sourcing Strategies

- 69. Sourcing strategies are institutional procurement strategies that determine the best way to source for goods, works and services.
- 70. The following strategies will be implemented by the SCM Unit together with the relevant directorate where a need for goods, works or services has arisen:

Negotiated Procedure – a procedure where the services are bided from a single source;

71.2 Nominated Procedure – a procedure where service providers are sourced from a database established by the GCIS;

71.3 Open Procedure – a procedure where goods, works or services are sourced through an open bid;

71.4 Qualified Procedure – a procedure that involves a call for expressions of interest and thereafter only those bidders who have expressed interest, satisfy objective criteria and who are selected to submit bid offers, are invited to do so;

71.5 Quotation Procedure – a procedure where bid offers are solicited from no less than three bidders in any manner the organisation chooses, subject to the procedures being fair, equitable, transparent, competitive and cost-effective;

71.6 Proposal Procedure (using the two-envelope system) – a procedure where bidders submit technical and financial proposals in two envelopes. The financial proposal is only opened should the technical proposal be found to be acceptable; and

71.7 Proposal Procedure using the two-stage System – a procedure where non-financial proposals are called for. Bid offers are then invited from those bidders that submit acceptable proposals based on revised procurement documents. Alternatively, a contract is negotiated with the bidder scoring the highest number of evaluation points.

CHAPTER 4

ACQUISITION MANAGEMENT

Introduction

72. The GCIS shall, in terms of this policy, maintain a fair, competitive and transparent procurement system, which facilitates the fulfilment of the five pillars of procurement. Taking cognisance of the unique services offered by the GCIS and, the procurement of services through different forms of emergency procurement shall be undertaken within the framework provided herein.
73. The objective of the acquisition management is to ensure that:
- 73.1 That the goods and services, including consultant services are procured by the GCIS in accordance with the authorised procedures incorporated herein;
 - 73.2 Expenditure is incurred as per the approved budget;
 - 73.3 Threshold values are complied with;
 - 73.4 That bid documentation, evaluation and adjudication criteria and general conditions of contract are in accordance with requirements of relevant legislation including PPPFA and any other applicable law; and
 - 73.5 That procurement guidelines issued by the National Treasury are taken into account.

74. The following thresholds shall apply to the procurement of goods and services:

Requesting Quotations

In terms of Practice Note 8 of 2007/2008 paragraph 3.3.1, 3.3.2 and 5.3 the following must be noted:

*“3.3.1 Accounting officers/ authorities should invite and accept written price quotations for requirements up to an estimated value of R500 000 from **as many suppliers as possible**, that are registered on the **list of prospective suppliers (database)**.”*

3.3.2 Where no suitable suppliers are available from the list of prospective suppliers, written price quotations may be obtained from other possible suppliers.”

Documentation must be provided indicating that the department was unable to obtain three quotations from suppliers listed on the prospective suppliers.

Approved Supply Chain Management Thresholds

THRESHOLD AMOUNT	WHO REQUESTS	WHO AUTHORISES	ACCOMPANYING DOCUMENTS	ORDER NUMBER REQUIRED
0 – 2 000	Official	Director	On written quotation	N/A
2001 – 10 000	Official	Director	At least 2 verbal quotations with 1 written Quotation	Requisition for Order No
10 001 – 30 000	Official	Director	As many quotations as possible from the database	Requisition for Order No
30 001 – 500 000	Director	Chief Director & Chief Financial Officer	RFQ/RFP & Successful Bid	Requisition for Order No
500 001 +	Chief Director	BAC & Accounting Officer	Published Bid, Successful Bid	Requisition for Order No

Price variations

THRESHOLD AMOUNT	WHO REQUESTS	WHO AUTHORISES	ACCOMPANYING DOCUMENTS	ORDER NUMBER REQUIRED
0 – 2 000	Official	Director	Receipt	N/A
2001 – 10 000	Responsible Manager	Director	Price quotation variation	Written variation
10 001 – 30 000	Responsible Manager	Director	Price quotation variation	Written variation
30 001 – 500 000	Director	Up to 80 000 – Director 80 000–150 000 - Chief Director 150 000- 500 000 Head SCM, Chief Director & Chief Financial Officer	RFQ/RFP & Successful Bid	Variation Agreement
500 001 +	Chief Director	SCM, BAC & Accounting Officer	Published Bid, Successful Bid	Variation Agreement

DELEGATION

75. To effectively manage the supply chain management system the delegation of authority from the Chief Executive Officer to officials in the GCIS is necessary. The PFMA gives the CEO, in terms of section 44, the powers to, in writing, delegate any of the powers entrusted or delegated in terms of the PFMA to an official in that organ of state.
76. The Delegation of the powers and duties of the CEO shall be in writing in terms of the 'Delegation of Powers and Duties by the CEO to other Employees in the GCIS' "Delegation Document" amended from time to time by the office of the CEO.

Deviations

77. In terms of Practice Note 8 of 2007/8, the Accounting Authority must approve and record the reasons for deviating from the procurement process. This authority of the Accounting Officer may however be delegated, as provided for in that Practice Note.
78. Accordingly, in terms of the CEO's authority to delegate, deviations in respect of normal procurement shall be in accordance with the Table below:

THRESHOLD	WHO AUTHORISES
30 000 – 500 000	Chief Director and CFO/Deputy CEO
500 000 +	CEO (recommended by BAC)

PROCUREMENT

79. The procurement of goods and services through this policy is provided by way of –
- Petty cash purchases, up to a transaction value of R2 000 (VAT included);
- 79.2 At least three (3) written or verbal quotations for procurements of a transaction value over R2 001 up to R10 000 (VAT included);
- 79.3 As many price quotations as possible (at least 3) from suppliers listed on the database for procurements of a transaction value over R10 001 up to R30 000 (VAT included);
- 79.4 Request for Quotation/Request for Proposal for procurement for a transaction value over R 30 001 up to R 500 000; and
- 79.5 A competitive bidding process for–

79.5.1 procurement above a transaction value of R500 001 (VAT included); and

79.5.2 Procurement of long term contracts

79.6 The procurement of outdoor media services through this policy will in the interim be provided by way of Treasury regulation 16A.6.4.

FORM OF PROCUREMENT	THRESHOLD	DELEGATE	WHO AUTHORISES
Acquisition of Outdoor Advertisement Static Billboards	30 000 – 1 000 000	Director	Chief Director: CSA and CFO
Acquisition of Outdoor Advertisement Static Billboards	Above 1 000 001 –	Director & Chief Director	CEO on Recommendation of the BAC
Acquisition of Outdoor Advertisement Digital / Electronic Billboards	30 000 - 1 000 000	Director	Chief Director: CSA and CFO
Acquisition of Outdoor Advertisement Digital / Electronic Billboards	Above 1 000 001	Director & Chief Director	CEO on Recommendation of the BAC
Acquisition of Activations	30 000 – 1 000 000	Director	Chief Director: CSA and CFO
Acquisition of Activations	Above 1 000 001	Director & Chief Director	CEO on Recommendation of the BAC
Acquisition of Wall Murals, Street Poles and Containers	30 000 – 1 000 000	Director	Chief Director: CSA and CFO
Acquisition of Wall Murals, Street Poles and Containers	Above 1 000 001	Director & Chief Director	CEO on Recommendation of the BAC
Acquisition of Bus, Taxi, Mall, Station, and Carwash branding	30 000 – 1 000 000	Director	Chief Director: CSA and CFO
Acquisition of Bus, Taxi, Mall, Station, and Carwash branding	Above 1 000 001	Director & Chief Director	CEO on Recommendation of the BAC

- request for proposal/quotation procedure for goods, works and services;
- 84.2 The list of suppliers may be used for the procurement of goods, works or services in emergencies and urgent situations;
- 84.3 Registration of a supplier on the supplier register does not guarantee that the supplier will receive any work or contract from the GCIS;
- 84.4 The register will categorise the different service sectors and register suppliers for the respective service category or categories applied for;
- 84.5 Suppliers registered with the GCIS must be compliant with all relevant legal and statutory requirements;
- 84.6 The register will facilitate access by the small and emerging enterprises to work and develop skills; and
- 84.7 Suppliers who do not meet the criteria stipulated in the invitation to register will not be registered.
- 85 The list must be compiled per commodity and per type of service. Three databases shall be established, namely: General Services;
- 85.2 Professional Services; and
- 85.3 Media services and Outdoor Advertising services.
- 86 Where services are required on a recurring basis, a panel of consultants/list of approved service providers for the rendering of these services may be established for each category of services required. The following principles shall apply to the establishment of the list:
- The panels should be determined after a competitive bidding process in compliance with the provisions of this policy;

- 86.2 The budget for each panel and period for each panel is to be determined by the CEO or delegated official on establishment of the panel;
- 86.3 The GCIS is not obliged to access the panel for provision of the services and may choose to procure services from any other service provider on the database;
- 86.4 Once the panel of service providers has been approved, the successful bidders will receive an order number for their services – the order number should facilitate the procurement of services in a short time period;
- 86.5 The GCIS may either require a service provider on the panel to carry out an instruction on a hourly rate as provided for in the bid submitted an application for inclusion on the panel, or to obtain fixed price quotations from the service providers for the carrying out of the instruction; and
- 86.6 The GCIS may vary the budget for the panel in compliance with the provisions of this policy.
- 87 In order to be considered for listing on any of the two databases and on the panel of consultants, a service provider, supplier or consultant must produce proof of compliance with the following prerequisites:
- Possess a current original certificate of good standing in terms of VAT/Income Tax;
- 87.2 Company registration with the registrar of businesses in terms of the Companies Act, 1973 (Act No. 61 of 1973); and,
- 87.3 Registration with a professional body, where relevant;
- 87.4 Food caterers must comply with the regulations governing general hygiene compliance for food premises and the transport of food, and

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be in possession of a certificate of acceptability, as required by Regulation GNR 918 of 30 July 1991, made by the Minister of Health in terms of section 35, read with section 40, of the Health Act, 1977 (Act No. 63 of 1977);

- 87.5 Evidence of a proven performance track record and list of previous projects; and
- 87.6 Where applicable ensure, in respect of the preferred bidder, that the bidder's municipal rates and taxes and municipal service charges are not in arrears, where applicable.
- 88 The database and the panel of consultants shall be managed in terms of the following: A mandatory obligation should be placed on the suppliers listed on the database to ensure that they remain compliant with the terms of their listing, that is, maintain a tax clearance certificate and other requisite documents;
- 88.2 An obligation on the SCM unit to monitor compliance and provide warnings where suppliers fail to maintain their compliance status;
- 88.3 The categorisation of suppliers in respect of their performance, that is, coding the performance in three colours, green for good performance, red for bad performance and black for suppliers that commit fraud, are corrupt and who have performed major breaches of contract;
- 88.4 With specific reference to the database, depending on the circumstances, goods or services may be procured, either by obtaining quotes on a rotation basis, or according to the bid procedure when services are required. Where a supplier has been selected from the list, the supplier shall be placed on the bottom of the list of suppliers to give an opportunity to other suppliers on the list. Services will however be procured from suppliers who receive a green coding over time. The coding system shall be applied to weed

out non-performing suppliers from the list and facilitate the rotational appointment of good performing suppliers; and

- 88.5 The list must be updated at least quarterly to include any additional prospective providers/consultants and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

General pre-conditions for consideration of written quotations or bids

- 89 A written quotation or bid may not be awarded unless the provider who submitted the quotation or bid –

Has furnished that provider's –

89.1.1 full name;

89.1.2 identification number or company or other registration number; and

89.1.3 a tax clearance certificate from the South African Revenue Services.

- 89.2 Has indicated –

89.2.1 whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;

89.2.2 if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or

89.2.3 whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in paragraph 89.2.2 is in the service of the state, or has been in the service of the state in the previous twelve months.

Petty cash purchases

90 In certain cases, where it is not possible or economically viable to procure goods and services through written or competitive bidding processes. This situation will arise where the total costs of engaging in written quotations or competitive bidding far outweigh the value of the items or services being sought. This situation is envisaged for items or services below R2 000.00 VAT inclusive.

91 The CFO must determine the conditions for the procurement of goods, works and services through petty cash, that is: –

91.1 The terms on which a manager may delegate responsibility for petty cash to an official reporting to the manager;

91.2 Excluding any types of expenditure from petty cash purchases, where this is considered as necessary.

Written or verbal quotations

92 The conditions for the procurement of goods, works or services through written or verbal quotations, are that–

92.1 Quotations must be obtained by an officer of the directorate procuring goods, from at least three different accredited providers registered in the GCIS database, where applicable;

- 92.2 Providers not registered on the database will only be considered if no technically suitable suppliers are registered on the data base and/or if it would be in the best interests of GCIS that such suppliers be considered, provided that such providers meet the listing criteria required in this policy;
- 92.3 As far as is reasonably possible all suppliers must be afforded an opportunity to quote on a rotational basis;
- 92.4 To the extent feasible, providers must be requested to submit such quotations in writing;
- 92.5 If a quotation was submitted verbally, then the order may be placed only against written confirmation by the selected provider; and
- 92.6 Splitting of requirements with the sole intention of circumventing any of the procurement mechanism listed, is not allowed.

Formal written price quotations

- 93 The conditions for the procurement of goods or services through formal written price quotations, are that–
 - 93.1 Quotations must be obtained by an official of the directorate procuring goods, works or services in writing from as many suppliers as possible (at least 3)
 - 93.2 whose names appear on the list of accredited prospective providers of the GCIS;
 - 93.3 Providers not registered on the data base will only be considered if no technically suitable suppliers are registered on the data base and/or if it would be in the best interests of the GCIS that such suppliers be considered, provided that such providers meet the listing criteria required by this policy;

- 93.4 Where a decision is taken to procure suppliers outside the database, quotations must be obtained by an official of the directorate procuring goods, works or services in writing from at least three different providers. If it is not possible to obtain at least three written quotations, then the reasons must be recorded and approved by the delegated official(s) and/or committee as per the delegations of authority in paragraph 78 above; and
- 93.5 Splitting of requirements with the sole intention of circumventing any of the procurement mechanism listed is not allowed.

Procedures for procuring goods or services through written or verbal quotations and formal written price quotations between R30 000.01 to R500 000.00

- 94 The operational procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, must meet the following requirements:

When using the list of accredited prospective providers the Accounting Officer or his or her delegate must promote ongoing competition amongst providers, including the invitation of providers to submit quotations on a rotation basis;

- 94.1 The Accounting Officer must take all reasonable steps to ensure that the procurement of goods and services through written price quotations is not abused;
- 94.2 Proper record keeping must be maintained, including the requirements thereof;
- 94.3 Splitting of requirements with the sole intention of circumventing any of the procurement mechanism listed is not allowed.
- 94.4 The relevant Request for Quotation documents should be sent to service-providers for completion with the request for quotations.

These are to be obtained from SCM together with a quotation number. The Specifications/ Terms of Reference must be approved at Chief Directors level

- 94.5 The written request for quotes should indicate the closing date of submitting quotations
- 94.6 The quotations will be evaluated by the relevant section/cross-functional evaluation teams where possible, with SCM as observers
- 94.7 The relevant section must draw a submission for the appointment of the successful bidder/service-provider
- 94.8 Awarding of the quote/selection of bidder is to be approved by the relevant Chief Director and the CFO, after ensuring that the correct processes were followed

Competitive bidding process

- 95 As a general rule, goods or services above a transaction value of R500 000.01 (VAT included) and long term contracts may only be procured through a competitive bidding process.
- 96 No requirement for goods or services above an estimated transaction value of R500 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.
- 97 The Specifications/ Terms of Reference must be approved at DCEO level. The relevant bid documents must be completed by bid unit. These are to be obtained from SCM together with a bid number.

Process for competitive bidding

- 98 The process for competitive bidding comprises of the following processes:
Needs analysis and market research;

- 98.1 The compilation of bidding documentation;
- 98.2 The public invitation of bids;
- 98.3 Site meetings or briefing sessions, if applicable;
- 98.4 The handling of bids submitted in response to public invitation;
- 98.5 The evaluation of bids;
- 98.6 The award of contracts;
- 98.7 The administration of contracts; and
- 99.9 Proper record keeping.

Bid Specification Committee

Appointment of Bid Specification Committee

- 99 The Relevant Directorate must appoint members of the specification committee in writing. The specification committee should be appointed as and when the need arises.
- 100 The Committee shall comprise of at least three officials and may where appropriate, invite an external technical expert. A charter providing for the establishment of the specification committee shall expressly provide for the qualifications of members of the committee.
- 101 The composition must constitute a minimum of the following officials:
 - 101.1 Officials from the directorate procuring the services;
 - 101.1 An official from the supply chain management unit; advisor
 - 101.2 An official responsible from corporate services who may, where applicable, be the risk manager.

Functions of the Specification Committee

- 102 The Specification Committee shall be responsible for:
- 102.1 Compilation of specifications/terms of reference for each bid/quotation for the procurement of goods or services by the GCIS and to ensure that;
 - 102.2 A proper and unbiased specification is compiled for the specific requirement;
 - 102.3 Proper terms of reference are drawn up for the service required clearly indicating the scope of the requirement. Specifications/ Terms of Reference must be approved by the Chief Director (500 000.00 and DCEO if above R500 000.00
 - 102.4 Strategic sourcing is applied and that the market is properly researched and analysed;
 - 102.5 The necessary funds are available;
 - 102.5.1 in addition to the general conditions of contract, appropriate special conditions of contract are specified, where applicable; and
 - 102.5.2 in terms of the PPPFA and BBBEE, the correct preference point system is prescribed
 - 102.6 It is recommended that specifications should be approved by the Head of the SCM unit or his or her delegate in consultation with the CFO and the Accounting Officer.

Bid documentation for competitive bids

- 103 A Bid Specification Committee together with the SCM unit shall in terms of the report provided post the need analysis, compile bid documents. The

bid documentation must provide –That the bid must be submitted in the official bid document;

103.2 That the bid is subject to the general conditions of contract;

103.3 For the preferential procurement point system applicable;

103.4 For the particulars of the bidder required;

103.5 For the tax clearance certification requirements;

103.6 For the requirements with respect to the scoring of the bid, that is, price and functionally;

103.7 That negotiations will be conducted in finalising the award;

103.8 In the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure, the requirements of the Construction Industry Development Board;

103.9 The evaluation and adjudication criteria, including any criteria required by other applicable legislation; and

103.10 The requirement to declare any conflict of interest they may have in the transaction for which the bid is submitted.

Public invitation for competitive bids

104 Any invitation to prospective providers to submit bids must be by means of advertisement in the Government Bid Bulletin. Adverts can also be placed in newspapers commonly circulating locally, the website of the GCIS or any other appropriate ways (which may include an); and

The information contained in a public advertisement, must include The closure date for the submission of bids, which may not be less than 21 days

104.2 A statement that bids may only be submitted on the bid documentation provided by the GCIS.

105 The Accounting Officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

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

Procedure for handling, opening and recording of bids

107 No bids shall be received after the closing date provided for in the bid documentation. Bids upon receipt:

107.1 Must be opened only in public; and

107.2 Must be opened at the same time and as soon as possible after the period for the submission of bids has expired;

108 Any bidder or member of the public shall have the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price.

109 The Head SCM shall:

109.1 Record in a register all bids received in time;

109.2 Make the register available for public inspection; and

109.3 Publish the entries in the register and the bid results on the website.

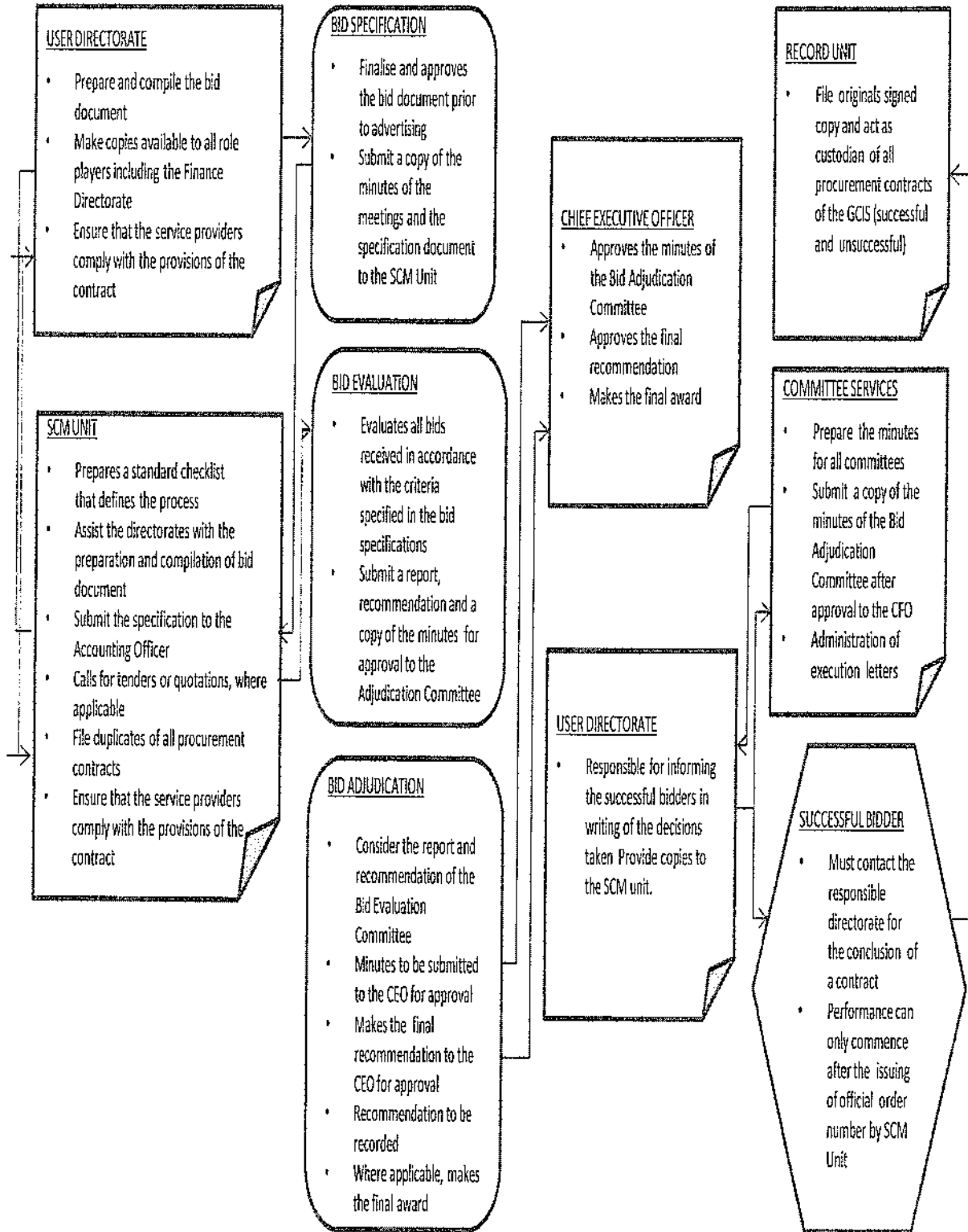
Negotiations

110 The negotiation process may be used when:

110.1 Procuring goods and services from single or sole suppliers;

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THE PROCESS FLOW OF THE BID EVALUATION/ADJUDICATION



Bid Evaluation Committee

Appointment of Bid Evaluation Committee

- 121 The Relevant official shall appoint members of the Bid Evaluation Committee in writing before the closing of the bid.
- 122 Members of the Committee should declare any conflict of interest in the bid under consideration and any member with such interest must automatically recuse himself/herself from participating in the evaluation process.

Composition of the Bid Evaluation Committee

- 123 The Committee must in so far as it may be possible, be cross functional.
- 124 The Committee shall comprise of at least three officials from the GCIS and shall be chaired by an expert from the SCM Unit. RFQ will be chaired by the Chief Director of the relevant section. Bids will be chaired by the DCEO.
- 125 The Relevant Official may appoint an external technical expert to serve in the committee for a specific bid.
- 126 At the minimum the following officials should serve in the Bid Evaluation Committee:
- 126.1 The relevant end-user;
- 126.2 An expert from the SCM unit whom shall be the chairperson; and
- 126.3 An official from the relevant Directorate.

Functions of the Bid Evaluation Committee

- 127 The bid evaluation committee shall be responsible for two main functions: the evaluation of the administrative and the subjective compliance of bids. With respect to administrative compliance, the chairperson of the committee shall be responsible for the establishment of a secretariat to carry out the following functions:

- 128.1 Undertake a compliance check to ensure that all required forms and information have been submitted, legibly written and completed in full;
- 128.2 Verify that the bid documents have been properly signed in ink in the original; and
- 128.3 Verify that the provider's name does not appear on the list of restricted providers or a database of persons prohibited from doing business with the public sector in terms of the Prevention and Combating of Corrupt Activities Act.
- 129 In respect of substantive compliance, this committee is responsible for the evaluation of bids received, which includes:
- 129.1 Verification of administrative compliance of the bid documents;
- 129.2 Tax clearance certificates issued by the SARS;
- 129.3 Evaluation of bids in accordance with the criteria specified in the bid documents and the PPPFA regulations;
- 129.4 Evaluation of each bidder's capacity to execute the contract; and
- 129.5 Submission of evaluation report and recommendations regarding the award of the bid to the Adjudication Committee.
- 130 The Committee may only evaluate the bid in accordance with the bid documentation and Preferential Procurement Policy Framework Act No. 5 of 2000 preference point system. The Committee should submit a report and recommendation(s) regarding the award of the bid(s) to the Adjudication Committee.
- 131 In all its proceedings it must comply with the directives and procedures issued by the National Treasury and the GCIS's delegation, policies and procedures and must ensure compliance there with.

Bid Adjudication Committees

Appointment of the Bid Adjudication Committee

- 132 The CEO working together with SCM shall constitute three Bid Adjudication Committees whose members shall constitute officials from each of the three branches of the GCIS namely: Communication and Content Management, Corporate Services and Government and Stakeholder Engagement.
- 133 The distribution of the bid adjudication task between the three committees shall be determined based who chairs the committee. A bid originating from the same branch as the chairperson of a committee shall be adjudicated by either of the other two committees. The same principles will apply to cases where a bid originates from any of the other two branches.
- 134 Bid Adjudication Committees are appointed in writing by the Accounting Officer.
- 135 Members of the Adjudication Committee cannot be appointed as members of the evaluation committee.
- 136 The Accounting Officer shall determine the term of office for members.
- 137 The period of tenure may be renewed, should the Accounting Officer deem it necessary.
- 138 All members as well as the secretary of the Committee should be cleared at the level of "Secret" by SSA and should be required to declare their financial interest annually.
- 139 Committee members should be required to sign the Code of Conduct upon their appointment.

Composition of the Bid Adjudication Committee

- 140 The Committee must consist of at least four senior officials, constituted as follows:

A chairperson who should be on Chief Director level from any directorate other than the directorate responsible for the request for bids that are subject of adjudication;

140.2 A vice chairperson who should be on at least director level from the directorate responsible for the request for bids; and

140.3 Other members - the Committee should be composed of cross-functional teams comprising senior officials of whom at least one must be a supply chain practitioner, and, where considered necessary, additional officials or advisors may be co-opted on account of their specialised knowledge.

141 An official from the SCM unit must be made available to act as secretary.

142 The Committee should only consider recommendations/reports if at least sixty percent (60%) of its members are present.

143 For the purpose of continuity and not to delay meetings, the Accounting Officer may also appoint alternative members to temporarily replace members that are absent from meetings due to illness, leave or any other unavoidable circumstances. The Accounting Officer will also decide whether or not such replacements will have the same powers as members.

Functions of the Bid Adjudication Committee

144 The Committee must consider the recommendations/reports of the Bid Evaluation Committee and, depending on the delegated powers, make:

144.1 A recommendation to the CEO

144.2 Make a recommendation to the CEO or his/her delegate on how to proceed with the relevant procurement where an award is not recommended.

- 145 Where the powers to make a final award are delegated to the Deputy CEOs, a final award by a Deputy CEO shall be made depending on the Committee that adjudicated on the bid. Recommendations shall be made to either of the two Deputy CEOs that are not from the same branch as the chairperson of the Committee recommending the bid.
- 146 The Committee must ensure that:
- 146.1 All necessary bid documents have been submitted;
 - 146.2 Disqualifications are justified and that valid and accountable reasons/motivations were furnished for the passing over of bids;
 - 146.3 Scoring has been fair, consistent and correctly calculated and applied; and
 - 146.4 The bidder's declaration of interests has been taken cognisance of.
- 147 The Committee must also consider and rule on all recommendations/reports regarding the amendment, variation, extension, cancellation or transfer of contracts awarded.
- 148 The Committee may also, if and when required to do so, consider for approval the recommendations of the Bid Specification Committee in order to ensure that:
- 148.1 A proper and unbiased specification is compiled for the specific requirement;
 - 148.2 Proper terms of reference are drawn up for the service required clearly indicating the scope of the requirement, the ratio between price and functional, the evaluation criteria as well as their weights and values;
 - 148.3 Strategic sourcing principles were applied and that the market was properly researched and analysed;

- 148.4 The necessary funds are available;
- 148.5 If and when applicable, in addition to the General Conditions of Contract, that appropriate Special Requirements and Conditions of Contract are specified;
- 148.6 Where appropriate, ranges have been set, indicating breakdown of the points/percentages as provided for in the relevant sliding scales for the selected specified goals.
- 149 The Accounting Officer or his or her delegate may at any stage refer any recommendation made by the Bid Evaluation Committee or the Bid Adjudication Committee back to the Committee for reconsideration.
- 150 Committee members must be familiar with and adhere to all relevant SCM legislation, policy, guides, practise notes and circulars.
- 151 The integrity of supply chain practitioners must never be compromised and the highest level of professional competence must be maintained. Furthermore, courteous conduct is expected of all committee members.
- 152 Each member as well as all officials rendering administrative support must sign a declaration form at each Committee meeting. Members are to declare that they will:
- 152.1 Accept the confidentiality of the meeting;
- 152.2 Not make known anything regarding the meeting, unless officially authorised; and
- 152.3 Not purposefully favour or prejudice anybody.
- 153 Decisions taken by the Committees should be recorded in writing detailing:
- 153.1 The nature of the decision;
- 153.2 The reasons behind the decision;

153.3 The dissenting views held by officials not agreeable with the decisions; and

153.4 Officials present at the meeting.

154 The Committees shall sit as and when required following submissions from the Bid Evaluation Committee for the adjudication of bids. Where circumstances precipitate the convening of the Committee to adjudicate on urgent procurement, the Committee shall be required to convene within 48 hours.

Evaluation Panel

155 In respect of functionality assessments, the CEO may instruct that a bid be evaluated using an evaluation panel consisting of three or more specialists in their field of expertise appointed as such by the CEO. For the sake of impartiality, members of the bid committees in respect of the bid under consideration should not be part of the evaluation panel.

156 Should specialists in the field in question not exist internally, external specialists may be appointed. An SCM official appointed by the Head SCM must be present at each functionality assessment to ensure that the process is fair.

157 Preference points system, evaluation of bids, awarding of bids not scoring highest points, cancellation and re-invitation of bids

158 The 80/20 preference point system

158.1 The following formula must be used to calculate the points for price in respect of bids/procurement with a Rand value equal to, or above R30 000 and up to a Rand value of R1 000 000.00:

$$P_s = 80 \left[1 - \frac{P_t - P_{min}}{P_{min}} \right]$$

Where

P_s = Points scored for comparative price of bid or offer under consideration

P_t = comparative price of bid or offer under consideration

P_{min} = comparative price of lowest acceptable bid or offer

158.2 The points scored by a bidder in respect of the goals specified in terms of the PPPFA must be added to the points scored for price.

158.3 Only the bid with the highest number of points scored may be selected. In exceptional circumstances a bid that did not score the highest number of points may, on reasonable and justifiable grounds, be selected. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in a court of law.

159 The 90/10 preference point system

159.1 The following formula must be used to calculate the points for price in respect of bids/procurement with a Rand value above R1 000 000:

$$P_s = 90 \left[\frac{P_t - P_{min}}{1 - \frac{P_t - P_{min}}{P_{min}}} \right]$$

where

P_s = Points scored for comparative price of bid or offer under consideration

P_t = comparative price of bid or offer under consideration

P_{min} = comparative price of lowest acceptable bid or offer

159.2 A maximum of 10 points may be awarded to BBBEE

159.3 The points scored by a bidder in respect of the goals specified in terms of the PPPFA must be added to the points scored for price.

159.4 Only the bid with the highest number of points scored may be selected. In exceptional circumstances a bid that did not score the highest number of points may, on reasonable and justifiable grounds, be selected. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in a court of law.

160 The 80/20 preference point system for the sale and letting of assets

160.1 The following formula must be used to calculate the points for price in respect of bids with a Rand value equal to, or above R30 000.00 and up to a Rand value of R1 000 000 and which relate to the sale and letting of assets.

$$P_s = 80 \left(1 + \frac{P_t - P_h}{P_h} \right)$$

Where

P_s = Points scored for price of bid under consideration

P_t = Rand value of bid under consideration

P_h = Rand value of highest acceptable bid

160.2 A maximum of 20 points may be awarded to BBBEE.

160.3 The points scored by a bidder in respect of the goals specified in terms of the PPPFA must be added to the points scored for price.

160.4 Only the bid with the highest number of points scored may be selected. In exceptional circumstances a bid that did not score the highest number of points may, on reasonable and justifiable grounds, be selected. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in a court of law.

CHAPTER 1

INTRODUCTION

PREAMBLE

Bearing in mind the Government Communication and Information System (“GCIS”) mandate of providing strategic communication leadership and support to all of government and the vision to facilitate government communication that empowers and encourages citizens to participate in democracy and improve the lives of all.

This policy is formulated to provide a concise framework within which the procurement of government communication, goods and services is undertaken and to facilitate the utilisation of resources within the GCIS to promote the overall government objective of improving the lives of the citizens of the Republic of South Africa.

OBJECTIVE

The objectives of this Policy are to:

- give effect to section 217 of the Constitution of the Republic of South Africa, in particular, with respect to the implementation of a policy that is fair, equitable, transparent, competitive and cost effective;
- comply with all applicable provisions of the Public Finance Management Act 1 of 1999 and the regulations and guidelines issued in respect thereof;
- ensure consistency with all other applicable legislation, including:
 - the Preferential Procurement Policy Framework Act 5 of 2000;
 - the Broad-Based Black Economic Empowerment Act 53 of 2003;

161 The 90/10 preference point system for the sale and letting of assets

161.1 The following formula must be used to calculate the points for price in respect of bids with a Rand value above R1 000 000 and which relate to the sale and letting of assets:

$$P_s = 90 \left(1 + \frac{P_t - P_h}{P_h} \right)$$

Where

P_s = Points scored for price of bid under consideration

P_t = Rand value of bid under consideration

P_h = Rand value of highest acceptable bid

161.2 A maximum of 10 points may be awarded to BBBEE.

161.3 The points scored by a bidder in respect of the goals specified in terms of the PPPFA must be added to the points scored for price.

161.4 Only the bid with the highest number of points scored may be selected. In exceptional circumstances a bid that did not score the highest number of points may, on reasonable and justifiable grounds, be selected. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in a court of law.

Evaluation of bids on functionality and price

162 The GCIS must, in the bid documents, indicate if, in respect of a particular bid invitation, bids will be evaluated on functionality and price.

163 When evaluating the bid on functionality, the:

163.1 Evaluation criteria for measuring functionality;

163.2 Weight of each criterion;

163.3 Applicable values; and

163.4 Minimum qualifying score for functionality'

Must be clearly specified in the invitation to submit a bid.

- 164 The total combined points allowed for BBBEE and price may, in respect of bids with an estimated Rand value equal to, or below, R1000 000, not exceed 80 points.
- 165 The total combined points allowed for BBBEE and price may, in respect of bids with an estimated Rand value above R1000 000, not exceed 90 points.
- 166 When evaluating the bids contemplated in this item, the points for functionality must be calculated for each individual bidder.
- 167 The conditions of bid may stipulate that a bidder must score a specified minimum number of points for functionality to qualify for further adjudication.
- 168 The bid with the highest number of points scored may be selected, subject to paragraphs 162 and 163.

Award of contract to bidder not scoring the highest number of points

- 169 Notwithstanding the requirement that an award should be made to the bidder with the highest score, a contract may, on reasonable and justifiable grounds, be awarded by the BAC to a bidder that did not score the highest number of points.

Cancellation and re-invitation of bids

- 170 In the event that, in the application of the 80/20 preference point system as stipulated in the bid documents, all bids received exceed the estimated Rand value of R 1 000 000, the bid invitation must be cancelled.

- 171 In the event that, in the application of the 90/10 preference point system as stipulated in the bid documents, all bids received are equal to, or below R1 000 000, the bid must be cancelled.
- 172 The GCIS may, prior to the award of a bid, cancel a bid if:
- 172.1 Due to changed circumstances, there is no longer need for the goods or services; or
- 172.2 Funds are no longer available to cover the total envisaged expenditure; or
- 172.3 No acceptable bids are received.
- 173 The Head SCM shall notify in writing bidders of the cancellation of a bid.
- 174 When the GCIS cancels a bid invitation as stated above, a re-invitation of bids will be published and the bid document must stipulate the preference point system to be applied.

Declarations

- 175 A bidder must, in the stipulated manner, declare that-
- 175.1 The information provided is true and correct;
- 175.2 The signatory to the bid document is duly authorized; and
- 175.3 Documentary proof regarding any bid will, when required, be submitted to the satisfaction of the GCIS.

Tax Clearance Certificate

- 176 As proof that there are no outstanding taxes obligations, a valid Tax Clearance Certificate must be submitted in the original bid documentation.
- 177 The GCIS must reject any bid from a SA provider failing to provide written proof from SARS that the provider either has no outstanding tax obligations or has made arrangements to meet such or whose tax affairs are not confirmed by SARS to be in order.
- 178 No contracts may, however, be awarded to SA prospective providers who failed to submit the original Tax Clearance Certificate within the relevant period.
- 179 Where a Request for Information ("RFI") was advertised, it is unnecessary for tax clearance certificates to be presented. However, should it not be included in the RFI, it must be included as a bid condition in the documents distributed to the prospective qualifying providers and thus taken into consideration at that stage.
- 180 All databases reflecting contracting activities must be made accessible to SARS officials.

DEVIATIONS FROM THE NORMAL PROCUREMENT PROCESS

- 181 In terms of Treasury Regulation 16A6.4 and Practice Note 8 of 2007/2008, if in a specific case it is impractical to invite competitive bids, for example, in urgent or emergency cases or in case of a sole supplier, the Accounting Officer may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the Accounting Officer or his delegated authority.
- 182 Irrespective of the monetary value, urgent cases will only apply where early delivery is of critical importance and the utilisation of the standard procurement process is either impossible or impractical.

183 Emergency cases are cases where immediate action is necessary in order to avoid a dangerous or risky situation or misery. Conditions warranting an emergency dispensation must include the existence of one or more of the following:

183.1 The real and imminent risk of human injury or death;

183.2 The prevalence of human suffering and deprivation of fundamental human rights;

183.3 The real and imminent risk of substantial damage to property;

183.4 The significant interruption of essential services, including transportation, communication or other support services critical to the effective functioning of the GCIS as a whole;

183.5 The real and imminent risk of serious damage occurring to the natural environment.

184 The reasons for the appointment of a sole service provider and for dispensing of competitive bids, should be clearly recorded and approved by the CEO or his/her delegate. A motivation highlighting the reasons for deviation from the normal procurement process shall be prepared by the following officials in terms of the above specified thresholds:

190.1 001 – 10 000 – Director;

190.2 10 001 – 30 000 – Director;

190.3 30 001 – 500 000 – Director; and

190.4 500 0001 + - Director.

191 The motivation shall be submitted to the CEO or his delegate as stipulated in paragraph 78, by the relevant official as stipulated in paragraph 184 for authorisation. At the same time, the official shall be required to requisition

an order number from the SCM Unit. The requisition must meet the conditions laid out by the SCM Unit which include:

- 191.1 Compliance – the memorandum must provide the reasons for the deviation, identify the financial implications, have the requisite signatures and must have the requisite supporting documents;
 - 213.1 Verification – verification that the requisition amount corresponds with the goods, works or services to be procured; and
 - 213.2 Capturing – capturing of the order requisition on the SCM unit's system;
- 192 The procurement of the services shall commence notwithstanding the fact that the order number has not been issued. In this regard, the procurement of the goods or service shall commence upon the approval of the motivation by the CEO. Officials must ensure that an order number is issued retrospectively.

Media Bulk Buying, Media Production and Outdoor Advertising

- 193 By nature media bulk buying, media production and outdoor advertising procurement is impacted by time pressures occasioned by the sensitivity and urgent nature of government communication. Additionally, by and large media and outdoor advertising services are provided through sole service providers.
- 194 Objective systems and processes shall be used to determine providers of these services. The process of the procurement of sole providers shall involve the use of industry recognised software systems. The relevant official responsible for the procurement of these services shall apply the necessary objective and justifiable discretion and expertise to make a final determination on the sole provider to be procured. The official shall also be responsible for the negotiation of favourable, reasonable and market related prices with the sole service provider.

195 GCIS will procure media space from sole service providers in line with the objectives of the campaign and the target market. GCIS will amongst others, utilise the segmentation software to identify the mediums to be procured to reach the target market. The thresholds indicated in paragraph 79.6 will apply per media type:

195.1 Social Media, Online and New Media

195.1.1 GCIS will procure media space from sole service providers in line with the objectives of the campaign and the target market. GCIS will amongst others, utilise the segmentation software to identify the mediums to be procured to reach the target market.

195.1.2 GCIS will utilise the discounted rates negotiated to support the pricing structure submitted by service providers for the project. The rate cuts will be submitted to the Bid Adjudication Committee for recommendation the Accounting Officer for approval annually / bi annually.

195.1.3 Service providers will be required to submit their standard bidding documents annually. For audit purposes this should be attached to every requisition.

195.1.4 As per Treasury Instruction note no. 3 of 2014/2015 tax compliance checks will be done at the following stages:

- (a) before a quotations is accepted from a service provider
- (b) before the payment is made to the service provider

195.2. Outdoor Media (Transit Media, Static Bill Boards, Electronic Boards and other out of home media)

195.2.1 In the medium term (2 years) GCIS will establish a panel of outdoor media owners for transit, static, electronic (digital) and other out of home media. The panel may as far as possible be composed per province. Depending on the complexity, turnaround time of the campaign and availability of advertising space, GCIS

will also consider national service providers where relevant. GCIS will review this model at the end of the period.

195.2.2 Once the panel of Outdoor Media is put in place and approved by the Accounting Officer, the panel will be utilised based on the reach and target market of the campaign. The panel may also be utilised on a rotational basis based on the target market.

195.2.3 In the interim, all outdoor media, per category that exceeds the thresholds indicated above on paragraph 79.6 must be submitted to the Bid Adjudication Committee for recommendation to the Chief Executive Officer for approval.

195.2.4 GCIS will utilise the discounted rates negotiated to support the pricing structure submitted by service providers for the project. The discounted rates negotiated will be submitted to the Bid Adjudication Committee for recommendation to the Accounting Officer for approval annually and or bi annually.

195.2.5 Service providers will be required to submit their standard bidding documents annually. For audit purposes this should be attached to every requisition.

195.6 As per Treasury Instruction note no. 3 of 2014/2015 tax compliance checks will be done at the following stages:

- (a) before a quotations is accepted from a service provider
- (b) before the payment is made to the service provider

195.3 Television

195.3.1 GCIS will procure television space from sole service providers in line with the objectives of the campaign and the target market. GCIS will amongst others, utilise the segmentation software to identify the mediums to be procured to reach the target market.

195.3.2 GCIS will utilise the discounted rates negotiated to support the pricing structure submitted by service providers for the project. The rate cuts will be submitted to the Bid Adjudication Committee for recommendation to the Accounting Officer for approval annually / bi annually.

195.3.3 Service providers will be required to submit their standard bidding documents annually. For audit purposes this should be attached to every requisition.

195.3.4 As per Treasury Instruction note no. 3 of 2014/2015 tax compliance checks will be done at the following stages:

- (a) before a quotations is accepted from a service provider
- (b) before the payment is made to the service provider

195.4 Commercial Radio

195.4.1 GCIS will procure radio space from sole service providers in line with the objectives of the campaign and the target market. GCIS will amongst others, utilise the segmentation software to identify the mediums to be procured to reach the target market.

195.4.2 GCIS will utilise the discounted rates negotiated to support the pricing structure submitted by service providers for the project. The discounted rates will be submitted to the Bid Adjudication Committee for recommendation to the Accounting Officer for approval annually / bi annually.

195.4.3 Service providers will be required to submit their standard bidding documents annually. For audit purposes this should be attached to every requisition.

195.4.4 As per Treasury Instruction note no. 3 of 2014/2015 tax compliance checks will be done at the following stages:

- (a) before a quotations is accepted from a service provider
- (b) before the payment is made to the service provider

195.5 Print

195.5.1 GCIS will procure print media space from sole service providers in line with the objectives of the campaign and the target market. GCIS will amongst others, utilise the segmentation software to identify the mediums to be procured to reach the target market.

195.4.2 GCIS will utilise the discounted rates negotiated to support the pricing structure submitted by service providers for the project. The rate card will be submitted to the Bid Adjudication Committee for recommendation to the Accounting Officer for approval annually / bi annually.

195.4.3 Service providers will be required to submit their standard bidding documents annually. For audit purposes this should be attached to every requisition.

195.4.4 As per Treasury Instruction note no. 3 of 2014/2015 tax compliance checks will be done at the following stages:

- (a) before a quotations is accepted from a service provider
- (b) before the payment is made to the service provider

195.6 Community Radio

195.6.1 GCIS will procure community radio media space from sole service providers in line with the objectives of the campaign and the target market. GCIS will amongst others, utilise the segmentation software to identify the mediums to be procured to reach the target market.

195.6.2 GCIS will where available, utilise the discounted rates negotiated to support the pricing structure submitted by service providers for the project. The discounted rates negotiated will be submitted to the Bid Adjudication Committee for recommendation to the Accounting Officer for approval annually / bi annually.

- the Promotion of Access to Information Act 2 of 2000; and
 - the Promotion of Administrative Justice Act 3 of 2000.
- This policy strives to ensure that the objectives for uniformity in supply chain management systems between organs of state in all spheres is not undermined, and that consistency with national economic policy on the promotion of investments and doing business with the public sector is maintained.

DEFINITIONS

In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Public Finance Management Act 1 of 1999 has the same meaning as in the Act, and –

“Accounting Officer” means the head of department of the Government Communication and Information System, that is, the Chief Executive Officer;

“agent” means a person mandated by another person (“the principal”) to do business for and on behalf of, or to represent in a business transaction, the principal, and thereby acquire rights for the principal against an organ of state and incur obligations binding the principal in favour of an organ of state;

“bid” means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services or goods;

“bidder” means any person submitting a bid;

“client department” means departments on behalf of which the GCIS procures services;

“closing time” means the time and day specified in the bid documents for the receipt of bids;

“comparative price” means the price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration;

- 204.3 A statement describing how the proposal is demonstrably innovative and supported by evidence that the proponent is the sole provider of the innovation;
- 204.4 A statement of the anticipated benefits or cost advantages to the institution including the proposed price or total estimated cost for providing the product or service in sufficient detail to allow a meaningful evaluation by the institution;
- 204.5 A statement showing how the proposed project supports the institution's strategic growth and development plan and its other objectives; and
- 204.6 The period of time for which the proposal is valid for consideration, which may not be less than six months.
- 205 The acceptance, rejection and evaluation of unsolicited bids shall be done in accordance with the provisions of Practice Note 11 of 2008/2009 as amended from time to time.

Transversal Contracts

- 206 The CEO shall, where appropriate, in terms of a competitive bidding process (in consultation with the National Treasury) procure the services of service providers through transversal term contracts on behalf of provincial communication departments.
- 207 Upon the appointment of service providers, transversal contracts shall be executed by the CEO or his delegate, with the preferred service providers. Any engagement with these services providers shall be in the form prescribed through pro forma service level agreements prepared by the GCIS. and submitted to the relevant provincial departments.
- 208 It shall be the obligation of the Directors: Provincial Liaison to ensure that service level agreements are signed and that order numbers are issued

before the engagement of a service provider appointed in terms of a transversal term contract.

Appointment of Consultants

209 The term consultants includes consulting firms, engineering firms, construction managers, law firms, management firms, procurement agents, inspection agents, auditors, other multinational organisations, investment and merchant banks, universities, research agencies, government agencies, non-governmental organisations (NGO's), and individuals.

210 The GCIS may use the organisations listed in paragraph 209 above as consultants to help in a wide range of activities such as policy advice, accounting officer's/authority's reform management, engineering services, construction supervision, financial services, legal services, procurement services, social and environmental studies, and identification, preparation, and implementation of projects to complement accounting officers' capabilities in these areas.

Need for appointment

211 Consultants should only be engaged when –The necessary skills and/or resources to perform a project/duty/study are not available; and

211.2 The GCIS cannot be reasonably expected either to train or to recruit people in the time available.

Nature of appointment

212 Appointment by means of a formal contract should be concluded in terms of the following principles:

212.1 The relationship between the GCIS and the consultant should be one of purchaser/provider and not employer/employee.

212.2 The work undertaken for the GCIS by a consultant should be regulated by a contract and or a letter of appointment.

212.3 In procuring consulting services the GCIS should satisfy himself/herself that:

212.3.1 the procedures to be used will result in the selection of consultants who have the necessary professional qualifications;

212.3.2 with specific reference to the training of government officials, that consultants appointed understand the workings of government and the ideological position of government;

212.3.3 the selected consultant will carry out the assignment in accordance with the agreed schedule; and

212.3.4 the scope of the services is consistent with the needs of the project.

213 Selection methods for the appointment of consultants

213.1 The CEO or his or her delegated authority should be responsible for preparing and implementing the project, for selecting the consultant, awarding and subsequently administering the contract, as well as for the payment of consulting services under the project.

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

213.2.1 the need for high-quality services;

213.2.2 the need for economy and efficiency;

Procurement of Accommodation and Conference Facilities

- 219 Accommodation and/or facilities for conferences, seminars, workshops, "lekgotlas" etc. should, whenever possible, be obtained by means of written price quotations.
- 220 If the procurement is under R500 000, 00 vat inclusive, the approval must be made by the CEO or the delegated authority.
- 221 If the procurement is above R500 000, 00, the approval must be made by the CEO on recommendation of the BAC.

Procurement of goods and services under contracts secured by other organs of state

- 222 The CEO may procure goods or services under a contract secured by another organ of state, only if –

The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state and the CEO has been provided with a copy of the contract awarded to the supplier or service provider;

222.2 There is no reason to believe that such contract was not validly procured;

222.3 There are demonstrable discounts or benefits to do so; and

222.4 That other organ of state and the provider have consented to such procurement in writing.

Contract Award

- 223 The relevant Chief Directorate shall upon the award of a bid to a preferred bidder provide the preferred bidder with a draft service level agreement/contract or an appropriately detailed letter of appointment prepared in terms of the general conditions of contract and the specific terms of reference issued with the bid documents.

- 224 Contracts below the R 30 000 threshold may be executed by the Director of the Directorate procuring the services. The powers to execute contracts above the R 30 000 threshold and below the R 500 000 threshold may be delegated to the Chief Director of the directorate together with the CFO.
- 225 A hand over meeting shall be held between the preferred bidder, the SCM Unit and the Directorate implementing the project at which point the contract negotiations should be finalised.
- 226 A copy of the signed contract shall be kept by both the SCM Unit and the Directorate for performance monitoring, payments and record keeping.

Extension of Contracts

- 227 Requests for extension of contracts must be handled in terms of National Treasury Instruction Note dated 31 May 2011 paragraph 3.9.3 .
- 228 Any extension of a contract must be done in accordance with the provisions of the contract itself and in compliance with the GCIS's delegation policy, provided that:
- 228.1 The extension compliance with the general provisions of the PFMA and in particular that the requirements of section 66 of the PFMA are met; and
- 228.2 The extension of the contract does not amount to the provision of new goods or services, such that the purposes of this policy are defeated.
- 228.3 GCIS officials must as far as possible refrain from extending/expanding contracts and/or allowing variation orders as it increases the risks, reflects possible flaws in the planning process and it creates an uncompetitive environment, possibly unfairly prejudicing other possible vendors.
- 228.4 The extension of a contract must be finalised before the current expiry date of the contract.

Unauthorised and Irregular Expenditure

229 Officials responsible for the procurement of goods and services must refrain from unauthorised expenditure and irregular procurement practises as defined in the PFMA Section 45.

230 Unauthorised expenditure is defined in section (1) one of the PFMA to mean:

“overspending of a vote or main division within a vote; expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.”

231 The CEO shall have an obligation to report unauthorised expenditure to the National Treasury on discovery of same.

232 Irregular expenditure is defined “as expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

The PFMA; or

232.1 Any requisite legislation;

232.2 Expenditure resulting from non-adherence to an institution’s delegations of authority.

233 A distinction shall be made between irregular expenditure that is in violation of the legislative and regulatory framework and that which is in violation of the GCIS policies. A detailed submission should be forwarded to the National Treasury for the former and to the Accounting Officer for the latter to request for condonation for non-compliance with the PFMA or other legislation and the GCIS’s policies respectively.

234 Where irregular expenditure is not considered relevant for condonation or where National Treasury or the accounting officer does not condone the

irregular expenditure, immediate steps must be taken to recover the irregular expenditure from the responsible employee, if he or she is liable in law.

235 The following are examples of irregular expenditure and the relevant/applicable authority that is empowered to condone such expenditure:

235.1 Irregular expenditure incurred as a result of non-compliance with a Treasury Regulation which required cognisance to be taken of a National Treasury determination, e.g. procurement of goods and services by means of price quotations where the value exceeded the threshold values determined by National Treasury- condonation should be sought from the National Treasury;

235.2 Irregular expenditure incurred as a result of non-compliance with a requirement of the institution's delegations of authority issued in terms of the PFMA - condonation should be sought from the Accounting Officer or Delegated Authority;

236 A register should be kept of all irregular expenditure incurred by the GCIS. This should also be accounted for in terms of the guidelines provided for in National Treasury Practice Note 4 of 2008 as amended from time to time.

CHAPTER 5

LOGISTICS MANAGEMENT

237 The SCM head must establish and implement an effective system of Logistics Management, which must include

237.1 The monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number. The following must be considered:

237.1.1 which items and quantities are kept in stock;

237.1.2 minimum/maximum levels to be kept in stock based on consumption figures or inputs from users; and

237.1.3 allowing for a safety margin ($\pm 20\%$) to be added to the minimum level to cover unforeseen circumstances.

237.2 The setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;

237.3 The placing of manual or electronic orders for all acquisitions other than those from petty cash;

237.4 Before payment is approved, certification by 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;

237.5 Appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;

237.6 Regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and

237.7 Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Requisitions of Order Numbers

- 238 All requisitions must be authorised by the authorised official in the Directorate before SCM will issue an Order. In the case of a requisition by Director the relevant Chief Director shall be responsible for the authorisation of the requisition before it is submitted to the SCM unit.
- 239 No order may be placed or contract entered into without the correct authorisation.
- 240 SCM may not refuse to issue an order number for any compliant requisition form.
- 241 All ancillary items or services must be sourced through the designated approved supplier. Employees may only procure items and services from approved suppliers who have been selected using the approved sourcing process, and who are on the approved list of preferred suppliers.
- 242 The SCM and the applicable delegate or authority will be responsible for making sourcing and supplier selection decisions. In the case where there is no pre-determined supplier for an item or service, the sourcing selection will be dependent on the value and nature of the category.
- 243 All orders must be sent to the suppliers from delivery of goods, works or services. The SCM Unit will issue all order numbers, via the system in use. All orders must be in an electronic format. All orders must be substantiated by a hard copy quote, with the appropriate approvals. This provision shall be amended accordingly where a decision is taken by the Auditor General to accept electronic records.

- 244 A system that ranks the provision of order numbers in terms of the priority of services shall be implemented by the SCM Unit. The SCM Unit shall process requisitions for order numbers based on the date on which procurement is to take place ensuring that the procurement process meets the needs of Directorates and does not operate on a first-come-first serve basis.
- 245 As far as possible there shall be a 48 (forty eight) hours turn-around time for the submission of requisition and the issuance of order numbers.
- 246 In cases of procurement in emergency situations priority shall be given to the issuance of order numbers for these specific cases within reasonable time.

Order Processing

- 247 Orders shall be placed upon the receipt of the appropriate SCM documents and may be placed under the following circumstances:
- Contract purchase - Where a contract exists, orders should be placed for the item from the contract.
- 247.2 Price quotation/ Competitive Bidding Method - Where there is no contract, the price quotation or competitive bidding method of ordering should be applied within the requisite Delegated Authority.
- 248 The following steps are to be followed in placing orders:Receipt of the appropriate and duly approved procurement documents;
- 248.2 Capturing of the information on the SCM Unit's system;
- 248.3 Printing of the order in triplicate;
- 248.4 Approval of the order;
- 248.5 Control of orders.

“competitive bidding process” means open tendering process;

“consortium or joint venture” means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity necessary for the execution of a contract;

“consultant” means a person or entity providing services requiring knowledge based expertise;

“contract” means the agreement that results from the acceptance of a bid by the GCIS and awarded to the successful bidder;

“contract value” means the monetary value of the contract;

“control” means the possession and exercise of legal authority and power to manage the assets, goodwill and daily operations of a business and the active and continuous expertise of appropriate managerial authority and power in determining the policies and directing the operations of the business;

“day(s)” means calendar days unless the context indicates otherwise;

“delegated authority” means any person or committee delegated with authority by the Accounting Officer in terms of the provisions of the relevant legislation;

“disability” means, in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted or lack of ability to perform an activity in the manner or within the range considered normal for a human being;

“end user” means a person responsible for requesting the procurement of goods, works or services;

“extension of contracts” means the extension of the contractual period of a contract specifically providing for the provision of goods, works or services at a given time period;

Approval of the order

- 249 An approved Order should contain the following details: An approved supplier name and details;
- 249.2 An approved listed item;
- 249.3 A contract reference number;
- 249.4 ;VAS 2 number of the directorate
- 249.5 Approval by Responsibility Manager;
- 249.6 Exact delivery address;
- 249.7 Buyer's name;
- 249.8 Quantity;
- 249.9 Price;
- 249.10 Value;
- 249.11 Required date of delivery;
- 249.12 Order placement date; and
- 249.13 System generated purchase order number.
- 250 Amendments may be done directly on the order forms. Only the relevant official who has been duly authorised thereto in writing may sign orders.

Distribution of orders

- 251 Each Directorate must maintain a register of those orders to satisfy its needs. The copies of each order must be distributed as follows;
- 251.1 Original copy to the provider; and
- 251.2 SCM Unit

Variation of an order

- 252 Circumstances may arise necessitating the need to amend an order.
- 253 These circumstances may affect the specific items order, the specification of the item, the order quantity, the delivery period, the points of delivery, the packaging or even the delivery intervals in the case where partial deliveries have been specified.
- 254 Each case must be dealt with on its own merit and in terms of the applicable contracts/ terms of reference.
- 255 Amendments to an order may be initiated by either the provider or the relevant Directorate.

Cancellation of an order

- 256 Under certain circumstances it may be necessary to cancel an order and this must be dealt with in terms of the applicable contract/terms of reference and all the relevant parties must be involved,

Drawing up of Contracts

- 257 It is recommended to enter into a formal written contract for the procurement of all goods and services of transactions over R 500 000, under the following minimum conditions, and subject to an assessment of the SCM unit:

257.1 Terms of contract must be clearly stated;

257.2 Payment terms and conditions;

257.3 Volume underpins;

257.4 Service levels;

257.5 Detailed signed off specification requirements; and

257.6 The price and price firm period.

258 Examples of circumstances under which contracts/service level agreements maybe be executed include:

258.1 Acquisition of expensive equipment/infrastructure that is subject to a warranty;

258.2 Rental of equipment or a service;

258.3 Subscription to a service or a product/data delivery;

258.4 Development and implementation of application software or a system;

258.5 Acquisition of licensed software;

258.6 Contracting human resources;

258.7 Consulting and professional services;

258.8 Confidentiality and non-disclosure;

258.9 Changes to or modification of an application or system;

258.10 Configuration and/or deployment of infrastructure;

258.11 Recurring acquisition of the same/similar/related items from the same supplier; and

258.12 Precedence to be stated.

Vendor Management

259 The reliability of the supplier should be monitored in terms of, among others. Delivery periods;

259.2 Quality; and

259.3 Quantity.

- 260 Should problems be encountered, they should be followed up with the vendor and, if it is a contract item, it should also be reported to the Directorate that arranged the contract and recorded on the database.

Payments

- 261 Upon the receipt of an invoice from the supplier and before payment is approved, the director responsible for the procurement of the goods and services must ensure that the right quality/quantity of 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.
- 262 Payment must only be effected when the responsible director has certified that the correct goods and services have been rendered.
- 263 Payments must adhere to paragraph 8.2.3 of the PFMA and must be paid within 30 days

Stores / Warehouse Management

- 264 *Expediting of orders:* If the delivery conditions reflected on the order form are not complied with, it should be followed up with the supplier immediately.
- 265 *Receiving of items:* All goods received should be verified for quality and quantity against the ordering documentation. It is recommended that a receipt voucher be generated for payment purposes.
- 266 *Storage:* The GCIS' legal stipulations and safety regulations should be complied with when items are being stored, e.g. flammables, poison, explosives, ammunition, weapons, etc. An effective item location system should be utilised. Shelf-life of stock should be taken into consideration.
- 267 Stock and equipment should be stored properly and arranged in such a manner that the checking and handling thereof are being facilitated and the

possibility of damage, exposure, deterioration and perishing thereof be limited or eliminated.

- 268 A proper record of all the applicable assets, or groups of assets of the GCIS should be maintained by the accounting officer.

Stocktaking

- 269 Stocktaking of all inventory and capital assets shall be conducted at least once a year.
- 270 This procedure entails the comparison of assets counted with official records. Any deficiencies should then be accounted for.

CHAPTER 6

DISPOSAL MANAGEMENT

271 This policy must be read in conjunction with the Asset Management Policy. The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, shall be executed as follows: Assets may be disposed of by:

Transferring the asset to another organ of state in terms of section 42 of the PFMA enabling the transfer of assets;

271.1 Transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

271.2 Selling the asset; or

271.3 Destroying the asset.

272 The CEO must ensure that –

Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;

272.1 Movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;

272.2 Immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;

272.3 All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;

272.4 Where assets are traded in for other assets, the highest possible trade-in price is negotiated.

- 273 For purposes of the disposal management process, the CEO must ensure that the following steps are undertaken in respect of movable assets:Obsolescence planning must be effected, alternatively depreciation rates per item must be calculated;
- 273.2 A database of all redundant assets must be compiled and maintained;
- 273.3 Assets identified for disposal must first be inspected for potential re-use;
- 273.4 A strategy must be determined for the disposal of assets; and,
- 273.5 The actual disposal of assets must be effected in compliance with this chapter.

CHAPTER 7

CONTRACT MANAGEMENT AND RECORDING KEEPING

274 The Head SCM or his or her delegate shall ensure that all responsible steps are taken to properly manage contracts.

275 The responsibility for the day to day management of contracts shall be that of the Directorate. This shall entail ensuring:

The service provider performances according to the terms and conditions of the contract;

275.1 Goods and services are delivered on time; and

275.2 The correct quantity is delivered in terms of the required standards.

276 Additionally the responsibility for receiving invoices from service providers shall be undertaken by the relevant Directorate. The Directorate must ensure that requests for payments are in line with the contractual agreement and that payments made cover what has been delivered.

Contract Database

277 The Head SCM must maintain a database of all signed contracts within the SCM Unit in terms of the GCIS filing system. Copies of signed copies must also be filed with the relevant Directorate.

Contract Variations/Amendments

278 Contracts may be amended according to matrix of authority outline in paragraph 76 to achieve the original objective of the contract.

279 Amendments may not materially alter the original terms of reference provided in terms of the bid documents.

- 280 All contractual variations and amendments shall be in writing and executed by all the parties to the contract. Contractual amendments shall only be undertaken in terms of the conditions in the contract providing for the variation and amendment of the contract.
- 281 Any extension/variation/amendment of the contract will be done in accordance with the delegations provided under paragraph **Error! Reference source not found.** With regard to the appointment of consultants any granting of a substantial extension of the stipulated time for performance of the contract, agreeing to any substantial amendment of the scope of services, substitution of key staff, waiving the conditions of a contract, or making any changes in the contract that would in aggregate increase the original amount of the contract by more than 20% or R20 million (including all applicable taxes) for construction related goods, works and/or services and 15% or R15 million (including all applicable taxes) for all other goods and/or service, will be subject to the approval of the CEO or his delegate. Any price changes that exceed the acceptable variation must not be allowed.
- 282 Variations by the GCIS must be communicated by the relevant Director to the Head of SCM or his or her representative. Where an authorisation is granted for the amendment, the Director must communicate in writing with the service provider of the proposed amendment.
- 283 The Head SCM must facilitate the signing of the amendments by all parties and must ensure that an original copy of the signed amendment is filed.
- 284 Applications for the amendment of conditions received from the service provider from time to time may be considered on their merits bearing in mind the GCIS's interests.

Price Adjustments

- 285 The contractual conditions should stipulate the circumstances under which adjustments shall be considered, the intervals for adjustment, the base

date for adjustments as well as the price adjustment formula and the process to be followed in such circumstances.

- 286 A request from the service provider for price adjustments should be in writing and submitted to the relevant Director. Price adjustments shall be considered by the Head SCM and the CFO and must be approved by the CEO or his delegate.
- 287 Contracts may be varied by not more than 20% or R20 million (including all applicable taxes) for construction related goods, works and/or services and 15% or R15 million (including all applicable taxes) for all other goods and/or services of the original value of the contract, whichever is the lower amount as provided in the National Treasury's instruction note (2011) on enhancing compliance monitoring and improving transparency and accountability in SCM, as amended from time to time.
- 288 Price adjustments shall be agreed to in writing and must be filed by the SCM Unit with the original contract.

Contract Termination

- 289 The performance of a service provider shall be monitored in terms of Chapter 8 which deals with performance and risk management.
- 290 The GCIS must terminate a contract awarded to a service provider:
- 290.1 If the service provider committed any proven corrupt or fraudulent act during the bidding process or the execution of that contract; and
- 290.2 If any official or other role player committed any proven corrupt or fraudulent act during the bidding process or the execution of that contract that benefitted the provider.
- 291 The termination of contracts for non-performance shall be initiated in terms of Chapter 8 of this policy as well as the Basic Conditions of Contract. Notwithstanding the foregoing, the termination of a contract must be considered carefully given its detrimental effect. Clarity must be reached

“final award”, in relation to bids or quotations submitted for a bid, means the final decision taken by the GCIS for the award of the bid;

“firm price” is the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy or tax which in terms of a law or regulation is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract;

“formal written price quotation” means quotations referred to in paragraph **Error! Reference source not found.** of this policy;

“fruitless and wasteful expenditure” holds the meaning this term is given in the Public Finance Management Act, as amended from time to time and which at the date of implementation of this policy bears the meaning: expenditure that was made in vain and would have been avoided had reasonable care been exercised;

“GCIS” means the Government Communication and Information Systems;

“irregular expenditure” holds the meaning this term is given in the Public Finance Management Act, as amended from time to time and which at the date of implementation of this policy bears the meaning: expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- (a) The PFMA; or
- (b) Any requisite legislation;

“long term contract” means a contract with a duration exceeding one year;

“list of accredited prospective providers” means the list of accredited prospective providers which the GCIS must keep in terms of paragraph **Error! Reference source not found.** of this policy;

beforehand on the question of whether the service provider will have a claim against the GCIS or not, and if so, whether termination can be justified. If termination is decided upon, the matter must be explained fully in a memorandum to the CEO or the delegated authority addressing:

291.1 The arrangements to be made for completing the contract; and

291.2 Whether additional costs will be recovered from the service provider.

292 A notice of termination shall be forwarded to the service provider by the relevant Directorate and communicated to the Head SCM.

293 If a dispute arises as to the termination of the contract, the relevant Directorate must seek legal advice.

Transfer of Contracts

294 Contract payments may be transferred on the recommendation of the GCIS and with the CEO's approval only. Transfer of payments may be considered in cases where a client department makes an application in an official letter signed by the Head of Department of the client department, and where the requisite budget to meet the contractual payments is transferred to the GCIS.

295 The approval shall be committed to the relevant Directorate and the CFO in respect of the new payment requirements.

PROPER RECORD KEEPING

General

296 In order to maintain a proper audit trail, all SCM documents must be filed in line with the GCIS's filing system.

297 Both policies and procedures, manually and electronically generated documents are to be filed in line with the relevant policies e.g IT; and in an orderly manner.

298 A register of all standard documents must be kept by the SCM unit.

Types of records to be kept

299 Record of verbal and written quotations and formal written quotations:

REQUESTED INFORMATION	WRITTEN QUOTATIONS	FORMAL WRITTEN PRICE QUOTATIONS
1. Date of the request received by the SCM Unit	X	X
2. Particulars of end-user , contact person and telephone number	X	X
3. Requisition Number		X
4. Description of the requirement		X
5. Estimated value of the requirement		X
6. Registration number of the provider where applicable	X	X
7. Name and contact details of accredited prospective providers contacted	X	X
8. Price Quotes Received	X	X
9. Total Points scored		X
10. Name of the successful provider	X	X
11. Tax clearance certificate		X
12. Date of approval and the name and rank of the persons that granted the approval	X	X
13. Satisfactory/non satisfactory completion of the service or delivery of the goods	X	X
14. Rotation indicator on database of accredited prospective providers	X	X
15. All inscriptions must be numbered	X	X

- 300 List of bid documents issued: Bid reference number;
 - 300.2 Type of services or goods required;
 - 300.3 Names and addresses of prospective providers that requested documentation; and
 - 300.4 All inscriptions must be numbered.

- 301 **Registers /Lists Advertisements.**
 - 301.2 Accredited Service Providers.
 - 301.3 Attendance register.
 - 301.4 Bid receipts.
 - 301.5 Evaluation criteria.
 - 301.6 Awarded contracts.
 - 301.7 Non/under-performing service providers.
 - 301.8 Contracts.
 - 301.9 SCM deviations.
 - 301.10 Complaints received from prospective providers.
 - 301.11 Declaration of interest.
 - 301.12 Sponsorships, gifts and donations received & made.
 - 301.13 Fraud and corruption cases.
 - 301.14 Irregular, fruitless and wasteful expenditure.
 - 301.15 SCM Circulars and memorandums issued by the GCIS.

302 Information contained in the bidding documents Bid number.

302.2 Description of the requirement.

302.3 Names of prospective providers received.

302.4 Particulars of end user, contact person and telephone number.

302.5 Date of advertisement.

302.6 Date of advertisement for the extension of the closing date.

302.7 Closing date.

302.8 Extended closing date.

302.9 Validity period.

302.10 Extended validity period.

302.11 Total number of bids received.

302.12 Late bids received, where applicable.

302.13 Name of successful bidder.

302.14 Tax clearance certificate.

302.15 Price of successful bid.

302.16 Points of the successful, bid received for price, functionality, equity and goals are to be indicated separately.

302.17 Total points scored by the successful bidder .

302.18 Date of approval and the name of the body that granted the approval.

302.19 Date contract form is signed.

302.20 Satisfactory/non satisfactory completion of service or delivery of the goods.

302.21 Cancellation of bid or the cancellation of contracts, where applicable. Particulars must include the reason for the cancellation, the date of approval, the name and rank of the person that granted the approval and the delegation number.

302.22 All inscriptions must be numbered.

303 Specific Information to be included in the Contracts Bid number.

303.2 Description of the requirement.

303.3 Names of prospective providers received.

303.4 Contract term.

303.5 Particulars of end user, contact person and telephone number.

303.6 Date of advertisement .

303.7 Date of advertisement for the extension of the closing date.

303.8 Closing date.

303.9 Extended closing date.

303.10 Validity period.

303.11 Extended validity period.

303.12 Total bids received.

303.13 Late bids received, where applicable.

303.14 Name of successful bidder.

303.15 Tax clearance certificate.

- 303.16 Price of successful bid.
 - 303.17 Points of the successful, bid received for price, functionality, equity and goals are to be indicated separately.
 - 303.18 BBBEE categorisation status
 - 303.19 Total points scored by the successful bidder .
 - 303.20 Date of approval and the name of the body that granted the approval.
 - 303.21 Delegation number.
 - 303.22 Date contract form is signed.
 - 303.23 Satisfactory/non satisfactory completion of service or delivery of the goods.
 - 303.24 Cancellation of bid or the cancellation of contracts, where applicable. Particulars must include the reason for the cancellation, the date of approval, the name and rank of the person that granted the approval and the delegation number.
 - 303.25 All inscriptions must be numbered.
- 304 **Specific information to be included for SCM deviations** Urgency and emergency procurement.
- 304.2 Reference number.
 - 304.3 Description.
 - 304.4 Nature and the details of the urgency or emergency processes followed.
 - 304.5 Particulars of person or body that granted the approval.
 - 304.6 Date of approval.

304.7 Delegation number.

304.8 Financial Implication. .

304.9 All other deviations processes.

304.10 Details of the deviation.

304.11 Reasons therefore.

305 Specific information to be included for declaration of interest Name of official or member that has an interest to declare.

305.2 Nature of the interest declared.

305.3 Sponsorship, gift and donation.

305.4 Name of official that received the sponsorship, gift and donation.

305.5 Name of organisation/person who made the sponsorship, gift and donation.

305.6 Description of the sponsorship, gift and donation.

305.7 Estimated value of the sponsorship, gift and donation.

305.8 Assets must be numbered.

305.9 This record must be prepared be in hard copy format.

306 Specific information to be inclined for instances of fraud or corruption

307.1 This record reflects the instances of fraud or corruption that occurred including fraud or corruption by government officials prospective providers, contractors or any other legal person/entity. This record will reflect all actions taken in this regard which may include the involvement of the South African Police Service.

308 **Specific information to be included for irregular fruit and wasteful expenditure** Date of request received.

308.2 Description.

308.3 Particulars of end- user, contact person and telephone number.

308.4 Details of irregular , fruitless and wasteful expenditure.

308.5 Action taken.

308.6 Date finalised.

308.7 Financial Implication.

308.8 All inscriptions must be numbered.

309 **SCM circulars and memorandums issued by the GCIS**Circular/Memorandum number.

309.2 Description.

309.3 Name of the approving official.

309.4 Date on which the circular was distributed to end-user.

309.5 Date of confirmation of receipt of circular.

309.6 All inscriptions must be numbered.

310 Where possible standard documents containing the aforementioned information; should be prepared in order to ensure that the keeping of records is not a cumbersome process. Thus a standard document should be designed in such a way that it consolidates several information in one document.

CHAPTER 8

PERFORMANCE AND RISK MANAGEMENT

- 311 The Accounting Officer must establish an effective internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes are being followed and whether the desired objectives are being achieved.
- 312 Performance management shall accordingly be characterised by a monitoring process and retrospective analysis to determine whether:
- 312.1 Proper processes have been followed;
 - 312.2 Value for money has been attained;
 - 312.3 Desired objectives have been achieved;
 - 312.4 There is an opportunity to improve the processes;
 - 312.5 Suppliers have been assessed and what that assessment is; and
 - 312.6 There has been a deviation from procedures and, if so, what the reasons for that deviation are.

System of supply chain performance

- 313 For purposes of internal monitoring, at least the following may be considered:
- Achievement of objectives;
 - 313.2 Compliance with norms and standards;
 - 313.3 Savings generated;
 - 313.4 Stores efficiency;
 - 313.5 Cost variance per item;

313.6 Possible breaches of contract;

313.7 Cost of the procurement process itself;

313.8 Whether supply chain objectives are consistent with national government's policies;

313.9 Observance of principles of co-operative governance; and

313.10 Reduction of regional economic disparities is promoted.

Performance evaluation of the services provided by the service provider / supplier contracted by the GCIS

314 Performance targets should be identified as part of the initial planning for a contract, and set out in the request for bid documentation. Targets shall be generally associated with cost, timeliness and the quality of products and services to be purchased as the outputs of the contract.

315 Officials shall be expected to monitor and evaluate the service provider's performance with respect to services procured through their Directorate. Contractors shall be required to report to the project manager/responsible official on progress in accordance with the agreed timeframes and review schedules. The project manager/official must inform the service provider in writing where there is evidence that the service provider's performance is inadequate or behind schedule. If there is continuing concern that obligations are not being met, advice should be sought immediately from the CEO or his delegate.

316 Disputes must be resolved promptly and not be allowed to escalate into costly legal battles.

317 A copy of all performance reports and reports on contract outcomes should be forwarded to the SCM Unit. The SCM Unit must ensure that these reports are available for reference purposes to staff inquiring about a service provider's performance and that information about the performance of suppliers is recorded on the database of suppliers.