

2016/17

SUPPLY CHAIN MANAGEMENT POLICY

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

“privileged or confidential information” means any information:

- (a) determined by the bid specification, evaluation or adjudication

- 266.5 Evaluation criteria.
- 266.6 Awarded contracts.
- 266.7 Non/under-performing service providers.
- 266.8 Contracts.
- 266.9 SCM deviations.
- 266.10 Complaints received from prospective providers.
- 266.11 Declaration of interest.
- 266.12 Sponsorships, gifts and donations received & made.
- 266.13 Fraud and corruption cases.
- 266.14 Irregular, fruitless and wasteful expenditure.
- 266.15 SCM Circulars and memorandums issued by the GCIS.

267 Information contained in the bidding documents

- 267.1 Bid number.
- 267.2 Description of the requirement.
- 267.3 Names of prospective providers received.
- 267.4 Particulars of end user, contact person and telephone number.
- 267.5 Date of advertisement.
- 267.6 Date of advertisement for the extension of the closing date.
- 267.7 Closing date.
- 267.8 Extended closing date.
- 267.9 Validity period.
- 267.10 Extended validity period.

- 267.11 Total number of bids received.
- 267.12 Late bids received, where applicable.
- 267.13 Name of successful bidder.
- 267.14 Tax clearance certificate.
- 267.15 Price of successful bid.
- 267.16 Points of the successful, bid received for price, functionality, equity and goals are to be indicated separately.
- 267.17 Total points scored by the successful bidder .
- 267.18 Date of approval and the name of the body that granted the approval.
- 267.19 Date contract form is signed.
- 267.20 Satisfactory/non satisfactory completion of service or delivery of the goods.
- 267.21 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.
- 267.22 All inscriptions must be numbered.

268 Specific Information to be included in the Contracts

- 268.1 Bid number.
- 268.2 Description of the requirement.
- 268.3 Names of prospective providers received.
- 268.4 Contract term.
- 268.5 Particulars of end user, contact person and telephone number.

- 268.6 Date of advertisement .
- 268.7 Date of advertisement for the extension of the closing date.
- 268.8 Closing date.
- 268.9 Extended closing date.
- 268.10 Validity period.
- 268.11 Extended validity period.
- 268.12 Total bids received.
- 268.13 Late bids received, where applicable.
- 268.14 Name of successful bidder.
- 268.15 Tax clearance certificate.
- 268.16 Price of successful bid.
- 268.17 Points of the successful, bid received for price, functionality, equity and goals are to be indicated separately.
- 268.18 BBEE categorisation status
- 268.19 Total points scored by the successful bidder .
- 268.20 Date of approval and the name of the body that granted the approval.
- 268.21 Delegation number.
- 268.22 Date contract form is signed.
- 268.23 Satisfactory/non satisfactory completion of service or delivery of the goods.
- 268.24 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.

268.25 All inscriptions must be numbered.

269 Specific information to be included for SCM deviations Urgency and emergency procurement.

269.2 Reference number.

269.3 Description.

269.4 Nature and the details of the urgency or emergency processes followed.

269.5 Particulars of person or body that granted the approval.

269.6 Date of approval.

269.7 Delegation number.

269.8 Financial Implication. .

269.9 All other deviations processes.

269.10 Details of the deviation.

269.11 Reasons therefore.

Specific information to be included for declaration of interest

270.1 Name of official or member that has an interest to declare.

270.2 Nature of the interest declared.

270.3 Sponsorship, gift and donation.

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

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

270.6 Description of the sponsorship, gift and donation.

270.7 Estimated value of the sponsorship, gift and donation.

270.8 Assets must be numbered.

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

271 **Specific information to be inclined for instances of fraud or corruption** 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.

272 **Specific information to be included for irregular, fruitless and wasteful expenditure. (See also policy on irregular expenditure)** Date of request received.

272.2 Description.

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

272.4 Details of irregular , fruitless and wasteful expenditure.

272.5 Action taken.

272.6 Date finalised.

272.7 Financial Implication.

272.8 All inscriptions must be numbered.

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

273.2 Description.

273.3 Name of the approving official.

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

273.5 Date of confirmation of receipt of circular.

273.6 All inscriptions must be numbered.

274 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 7

PERFORMANCE AND RISK MANAGEMENT

- 275 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.
- 276 Performance management shall accordingly be characterised by a monitoring process and retrospective analysis to determine whether:
- 276.1 Proper processes have been followed;
 - 276.2 Value for money has been attained;
 - 276.3 Desired objectives have been achieved;
 - 276.4 There is an opportunity to improve the processes;
 - 276.5 Suppliers have been assessed and what that assessment is; and
 - 276.6 There has been a deviation from procedures and, if so, what the reasons for that deviation are.

System of supply chain performance

- 277 For purposes of internal monitoring, at least the following may be considered: Achievement of objectives;
- 277.2 Compliance with norms and standards;
 - 277.3 Savings generated;
 - 277.4 Stores efficiency;
 - 277.5 Cost variance per item;
 - 277.6 Possible breaches of contract;
 - 277.7 Cost of the procurement process itself;

- 277.8 Whether supply chain objectives are consistent with national government's policies;
- 277.9 Observance of principles of co-operative governance; and
- 277.10 Reduction of regional economic disparities is promoted.

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

- 278 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.
- 279 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 DG or his delegate.
- 280 Disputes must be resolved promptly and not be allowed to escalate into costly legal battles.
- 281 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.

Non-Performance

- 282 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.

- 283 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.
- 284 If the service provider still does not perform satisfactorily despite the notice, a recommendation may be made to the Bid Adjudication Committee, the Accounting Officer or his delegate, where applicable, to cancel the contract.
- 285 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.
- 286 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.
- 287 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.
- 288 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.

- 289 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.
- 290 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

- 291 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;
- 291.2 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:
- 291.2.1 take appropriate steps against such official or other role player; or
- 291.2.2 report any alleged criminal conduct to the South African Police Service;
- 291.3 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;;
- 291.4 To cancel a contract awarded to a person if --
- 291.4.1 the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
- 291.4.2 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
- 291.5 To reject the bid of any bidder if that bidder or any of its directors:

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

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

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

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

291.5.4 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.

292 The Accounting Officer must inform the National Treasury in writing of any actions taken in terms of paragraph 291.

Code of Conduct

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

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

293.3 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;

293.4 Notwithstanding paragraph 293.3 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;

- 293.5 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;
- 293.6 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;
- 293.7 Must be scrupulous in his or her use of property belonging to the GCIS;
- 293.8 Must assist the Accounting Officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- 293.9 Must report to the Accounting Officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
- 293.9.1 any alleged fraud, corruption, favouritism or unfair conduct;
 - 293.9.2 any alleged breach of the GCIS's Code of Conduct.
- 294 The GCIS shall ensure that:
- 294.1 All declarations made to the Accounting Officer or authority must be recorded in a register which the Accounting Officer must keep for this purpose;
 - 294.2 All declarations by the Accounting Officer (DG) must be made to the CFO who must ensure that such declarations are recorded in the register; and
 - 294.3 Appropriate action is taken against any official or other role player who commits a breach of the code of ethical standards.

RISK MANAGEMENT

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

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

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

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

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

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

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

Key principles

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

297.1 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;

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

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

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

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

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

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

298.1 The risk management framework;

298.2 Risk identification;

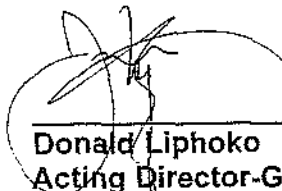
298.3 Risk analysis

298.4 Risk assessment;

298.5 Mitigation of risk; and

298.6 Monitoring and review.

Approved

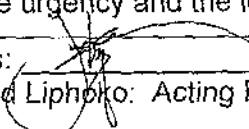


Donald Liphoko
Acting Director-General
Date: 12 July 2016

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.	Directors: R80 000 within SCM process. Chief directors: R150 000 within the SCM.	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.
1.2	Approve that supplies and/or services may	Chief Director: relevant section	Treasury Regulation	<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

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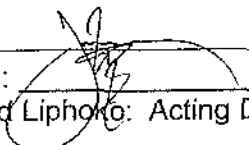
	be procured in urgent cases where early delivery is of critical importance and the invitation of comparative bids are either impossible or impracticable.	and CFO: R500 000.00 Above: R500 000, the request will be ratified by the Director General on recommendation by the BAC	16A6.4	consequences that will follow if action is not taken. <ul style="list-style-type: none"> • 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 and CFO.
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. Approval thereof	Relevant Director: Supported by Relevant Chief Director and CFO Above R500 000. Director General On recommendation by the Chairperson of Bid Adjudication Committee	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 and CFO.

B. Consideration and acceptance of bids

NO.	Description of the authority	Delegate	Reference	Conditions applicable
1.4	Determine contract period.	Director: end-user:		<ul style="list-style-type: none"> • Cost benefit analysis should be taken into consideration when determining the period of the contract
1.5	<p>Compile the specification or terms of reference that will be used for inviting competitive bids or request for quotes.</p> <p>Approval of the terms of reference / specification.</p> <p>Approval of the terms of reference / specification.</p>	<p>Director: relevant section Bid Specification Committee.</p> <p>Chief Director: relevant section for transactions up to R500 000.</p> <p>Deputy Director General: relevant section for transactions above R500 000.</p>		
1.6	Co-ordination of the collection of all relevant documents, including specifications / TOR,	Senior SCM Clerk / officer. Unlimited	Treasury Regulation 16A6.3 16A6.4	<ul style="list-style-type: none"> • Only for bids where specification / TOR has been received and signed off by the relevant DDIRECTOR GENERAL or Chief Director.

	<p>bid and contract conditions, and the allocation of bid numbers. This includes checking that specifications / TOR are compliant to the SCM framework.</p> <p>Approval thereof.</p> <p>Approval thereof.</p>	<p>Assistant Director: SCM R500 000.</p> <p>Above R500 000 Deputy Director: SCM.</p>		
1.7	Determine the validity period of bids.	Assistant Director: SCM.		<ul style="list-style-type: none"> • Activities of the organisation, e.g. GCF, State of the Nation Address, etc. should be considered when allocating validity period. • Validity period of all bids should not exceed 90 days.
1.8	Determine the period for the submission of bids. Approval thereof	ASD: SCM. Deputy Director: SCM.	Treasury Regulation 16A6.3 (C)	
1.9	Shorten the closing date.	Director General on recommendation of the Bid Adjudication	Treasury Regulation 16A6.3 (C)	<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

		Committee	Treasury Regulation 16.A.6.4	Bid Adjudication Committee. <ul style="list-style-type: none"> In specific cases where a panel of service-providers were screened through the bidding process
1.10	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
1.11(a)	Approve the invitation of bids / quotes from selected or sole service-providers for specific brand or trade mark only. Approval thereof	Director: relevant section: R500 000. Chief Director: relevant section and CFO 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. Provisions of Treasury Regulation 16A6.4, 16A8.3 (a-f) and 16A9.1 (a) should be observed. Media services are addressed under specific delegations
(b)	Approve that services be sourced from a single or sole service- providers. E.g. training, workshops, conference facilities, translation, research, seminars, etc.	Director: relevant section: R500 000.		

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(c)	<p>Approval thereof</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>Director: relevant section: R500 000.</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>		
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“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;

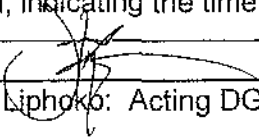
“unauthorised expenditure” holds the meaning this term is given in the Public Finance Management Act, as amended from time to time and which at the date of implementation of this policy bears the meaning:

- (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;

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

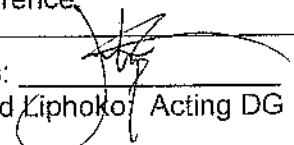
1.12	Extend the closing dates of bids. Approval thereof.	Deputy Director: SCM. Director: SCM	Treasury Regulation 16A.8.3 Treasury Regulation 16A3.2 (a)	In a specific case where there are minor adjustment to the specification. <ul style="list-style-type: none"> • Amended documents should be sent to service-providers 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.
1.13	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.	Deputy Director General of the relevant branch: 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.
1.14	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.
1.15	Supervise the receiving and	Assistant Director: SCM: unlimited.	Treasury Regulation	<ul style="list-style-type: none"> • All bids are to be recorded. • Late bids should be recorded, indicating the time they were

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	processing of bids. Relevant section. Internal Audit (as observers).		16A9.1(d)	received.
1.16	Consider bids for admission (or non-admission (late bids).	Deputy Director: SCM: unlimited.	Treasury Regulation 16A8.3 (a-f) Treasury Regulation 16A9.1(d)	<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. • 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. • In cases where acceptable bids were received, the late bids are to be returned unopened to the service- providers.
1.17	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.	Deputy 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).
1.18	Approve that contact with bidders may be made to obtain confirmation of prices or preference claims, in cases where it is obvious that a	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).

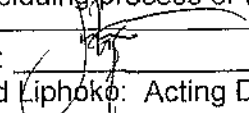
	written, typed or transcription error or an error in the unit price has been made.			
1.19	Approval that contact with bidders may be made with regard to the increase / decrease of quantities. Approval thereof.	Director: 15% of original contract quantity/value. Relevant Chief Director and CFO.	Instruction Note Dated 31 May 2011 Treasury Regulation 16A9.1 (a)	<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. •
1.20	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.
1.21	Consider the escalation of prices when the validity period is extended.	Bid Adjudication Committee: unlimited.		<ul style="list-style-type: none"> • Availability of the budget to fund the project should be taken into consideration.
1.22	Accept quantities	Over 30 000.00		<ul style="list-style-type: none"> • The capacity of the service- provider to deliver on the

	<p>other than those specified in the task directive.</p> <p>Approval thereof.</p>	<p>Relevant director: 15% of original contract quantity/value.</p> <p>Relevant Chief Director and CFO</p>		<p>specified timelines should be considered.</p> <ul style="list-style-type: none"> • 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. • 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.
1.23	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.
1.24	<p>Verify the ability of a bidder to carry out a contract successfully.</p> <p>Approval thereof.</p>	<p>Departmental Bid Evaluation Committee: unlimited.</p> <p>Departmental Bid Adjudication Committee: unlimited.</p>		<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.
1.25	Recommend the acceptance of a bid	Director General on	Treasury Regulation	<ul style="list-style-type: none"> • In specific cases where the bid offers an improvement to the specification / terms of reference.

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	with acceptable deviation from the specification / TOR or alternative offers.	recommendation of the Departmental Bid Adjudication Committee: unlimited.	16A3.2(a)	<ul style="list-style-type: none"> The improvements should be recorded.
	Approval thereof.	Director General on recommendation of the Departmental Bid Adjudication Committee: unlimited.		<ul style="list-style-type: none"> Provisions of Treasury Regulation 16A3.2 (a) and Treasury Regulation 16A8.3 (a-f) should be observed.
1.26	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.	Director General on recommendation of the Departmental Bid Adjudication Committee: unlimited.	SCM 4 of 2003 SCM 2 of 2005	
1.27	Sign a letter of acceptance after the Director General has granted approval that the bid be awarded.	Director: SCM	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).
1.28	Cancel bids in cases where:	Relevant Chief Director and CFO:	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.

	<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 advertised in the eTender Portal, Government Tender Bulletin • funds are not available. 	unlimited		<ul style="list-style-type: none"> • 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.
1.29	<p>Cancellation of bids after award</p> <p>Recommendation thereof</p> <p>Approval thereof</p>	<p>Relevant Director</p> <p>Chief Director</p> <p>Bid Adjudication Committee</p>		<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.
1.30	Cancellation of RFQ after award	Relevant Director		<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

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C. Administration of contracts

NO.	Description of the authority	Delegate	Reference	Conditions applicable
1.31	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.
1.32	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.
1.33	Approve amendments to the specifications deliverables. Approval thereof:	Departmental Bid Adjudication Committee: unlimited. Director General		<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.

2. Authorisation of orders				
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	Authorisation of orders on Procurement Integration.	SCM: Clerk: R2 million. Senior SCM Officer: R7 million. Assistant Director: SCM: R10 million Above R10 million. DD: Above R10 million in consultation with the D: SCM and CFO Provincial administrator/-manager: R80 000.		<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"> ○ quotations ○ motivations (where applicable) ○ Proof of CSD registration (from CSD implementation date) ○ approved submissions. ○ SBD Forms • Relevant documents to be verified for compliance against departmental policy before request for orders is captured or processed.

2.3 (a)	Sign contracts on behalf of the department.	CFO: financial commitment.		
2.3 (b)	Sign property lease agreements on behalf of the department.	<p>Relevant CD: 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>		

“written quotations” means quotations referred to in paragraph 87 and 88 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
 - 4.2 The protection or advancement of persons or categories of persons, disadvantaged by unfair discrimination.

3. Authorisation 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• motivation (where applicable)• Proof of CSD registration (from CSD implementation date)• 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.• All international payments should be channeled 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"> • quotations • motivation (where applicable). • Proof of CSD registration (from CSD implementation date) • 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. • All international payments should be channeled through Financial Administration.
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3.3	<p>Approve that an advance payment for goods or services may be made</p> <p>Approval thereof</p>	<p>Director: relevant section.</p> <p>CD: relevant section and CFO</p>		<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. <p>The motivation should indicate the risk factors taken into consideration.</p>
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"> ○ There must be a letter of agreement indicating; ○ Account limit ○ How invoicing will be handled ○ How relationship will be managed including escalation of issues ○ Details of accounts officials on the GCIS and service provider's side
4.2	<p>Acquisition of commercial print Media directly with service providers or sole appointed agent (e.g. Sowetan, Cape Argus, etc.)</p> <p>Approval thereof</p>	<p>Director Media Buying and the</p> <p>Relevant Chief Director</p>	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 (SBD forms) ○ Approved discounted rates negotiated ○ Proof of CSD registration (from CSD implementation date) ○ Quotations ○ Approved motivation / submission

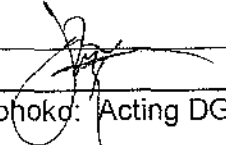
4.3	Acquisition of commercial Radio Space directly with service providers or sole appointed agent (e.g. SABC Stations) Approval thereof	Director Media Buying and the Relevant Chief Director	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> o The following documents should be attached to the requisitions <ul style="list-style-type: none"> o Standard bidding documents (SBD forms) o Approved discounted rates negotiated o Proof of CSD registration (from CSD implementation date) o Quotations o Approved motivation / submission
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 (SBD forms) o Approved discounted rates negotiated o Proof of CSD registration (from CSD implementation date) o Quotations o Approved motivation / submission
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. Director General 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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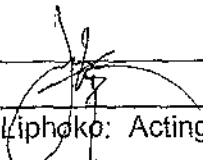
4.6	Acquisition of Social advertisement directly with service providers or sole appointed agent	Director Media Buying and the Relevant Chief Director	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> ○ The following documents should be attached to the requisitions <ul style="list-style-type: none"> ○ Standard bidding documents (SBD forms) ○ Approved discounted rates negotiated ○ Proof of CSD registration (from CSD implementation date) ○ Quotations ○ Approved motivation / submission
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 (SBD forms) ○ Approved discounted rates negotiated ○ Proof of CSD registration (from CSD implementation date) ○ Quotations ○ Approved motivation / submission
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. Director General on recommendation of the BAC	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> ○ As the panel is constituted, the panel should be utilize for the procurement of this service. This delegation only become applicable in the period the panel cease to exist. If the panel is not constituted the following requirements are to be adhered to: <ul style="list-style-type: none"> ○ 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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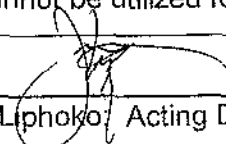
4.9	Acquisition of Electronic Bill boards directly with service providers or sole appointed agent	<p>Director: R30 000.00 - R1 million per campaign</p> <p>CD: CSA and CFO</p> <p>Above R 1 million per campaign. Director General on recommendation of the BAC</p>	Treasury Regulation 16A3.2 (a) 16A6.4, and 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	<p>Director: R30 000.00 - R1 million per campaign</p> <p>CD: CSA and CFO</p> <p>Above R 1 million per campaign. Director General on recommendation of the BAC</p>	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	<p>Director: R30 000.00 - R1 million per campaign</p> <p>CD: CSA and CFO</p> <p>Above R 1 million</p>	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. Director General on recommendation 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 (SBD forms) o Approved discounted rates negotiated o Proof of CSD registration (from CSD implementation date) o Quotations o Approved motivation / submission
4.13	Acquisition of Community Radio Space directly with media owners	Director Media Buying and the Relevant Chief	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

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		Director		<ul style="list-style-type: none"> ○ The following documents should be attached to the requisitions <ul style="list-style-type: none"> ○ Standard bidding documents (SBD forms) ○ Approved discounted rates negotiated ○ Proof of CSD registration (from CSD implementation date) ○ Quotations ○ Approved motivation / submission
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 (SBD forms) ○ Approved discounted rates negotiated ○ Proof of CSD registration (from CSD implementation date) ○ Quotations ○ Approved motivation / submission
5. SPECIFIC INTERIM DELEGATIONS (ACQUISITION OF MEDIA SPACE WHILE AWAITING APPROVAL OF RATES)				
5.1	Acquisition of Print Media Approval thereof	30 000 – 3 000 000 Chief Director: CSA and CFO	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> ○ 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

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				<ul style="list-style-type: none"> o What are the benefits for the department / state with this model o At the end of every quarter, a memo will be submitted to MANCO on all bids awarded and submission approved by the Bid Adjudication Committee.
5.2	Acquisition of Print Media Approval thereof	3 000 001 – Plus Director General 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 o At the end of every quarter, a memo will be submitted to MANCO on all bids awarded and submission approved by the Bid Adjudication Committee.
5.3	Acquisition of Radio Space Approval thereof	30 000 – 3 000 000 Chief Director: CSA and CFO	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 <p>At the end of every quarter, a memo will be submitted to MANCO on all bids awarded and submission approved by the Bid Adjudication Committee.</p>

5.4	Acquisition of Radio Space Approval thereof	3 000 001 – Plus Director General on Recommendation of the BAC	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> ○ 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 ○ At the end of every quarter, a memo will be submitted to MANCO on all bids awarded and submission approved by the Bid Adjudication Committee.
5.5	Acquisition of TV Space Approval thereof	30 000 – 5 000 000 Chief Director: CSA and CFO	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> ○ 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 ○ At the end of every quarter, a memo will be submitted to MANCO on all bids awarded and submission approved by the Bid Adjudication Committee.
5.6	Acquisition of TV Space Approval thereof	Above 5 000 001 Director General on Recommendation of the BAC	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> ○ 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 ○ At the end of every quarter, a memo will be submitted to MANCO on all bids awarded and submission approved by the Bid Adjudication Committee.

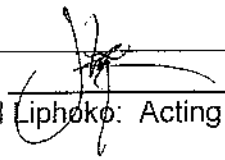
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5. Subsection (3) requires that national legislation prescribe a framework within which a policy referred to in subsection (2) must be implemented. The legislation contemplated in this section is the Preferential Procurement Policy Framework Act 5 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.

5.7	Acquisition of New Media Approval thereof	30 000 – 1 000 000 Chief Director: CSA and CFO	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> ○ 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 ○ At the end of every quarter, a memo will be submitted to MANCO on all bids awarded and submission approved by the Bid Adjudication Committee.
5.8	Acquisition of New Media Approval thereof	Above 1 000 001 Director General on Recommendation of the BAC	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> ○ 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 ○ At the end of every quarter, a memo will be submitted to MANCO on all bids awarded and submission approved by the Bid Adjudication Committee
5.9	Acquisition of Social Media Approval thereof	30 000 – 1 000 000 Chief Director: CSA and CFO	Treasury Regulation 16A3.2 (a) 16A6.4, and 16A9.1 (a)	<ul style="list-style-type: none"> ○ 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 ○ At the end of every quarter, a memo will be submitted to MANCO on all bids awarded and submission approved by the Bid Adjudication Committee.

Initials: 
Donald Liphoko: Acting DG


5.10	Acquisition of Social Media Approval thereof	Above 1 000 001 Director General 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 o At the end of every quarter, a memo will be submitted to MANCO on all bids awarded and submission approved by the Bid Adjudication Committee.
6. Asset and Inventory Management				
6.1	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.
6.2	Approve that any movable property be loaned to another institution (private or public).	DDG: 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.
6.3	Approve that a stock item be loaned to another department.	Director: FM.		<ul style="list-style-type: none"> • Facilities Management to ensure that there is a monitoring process in place to recover the loaned to stock.
6.4	Approve that a stock item be loaned from another department.	Director: FM		<ul style="list-style-type: none"> • Facilities Management to ensure that there is a monitoring process in place to return the loaned to stock.
6.5	Appoint asset holders	Relevant Chief	Departmental	

	and sub-asset holders.	Director in conjunction with Director: FM	Asset Policy	
6.6	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: D: 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.
6.7	Approve disposal of obsolete, unserviceable or redundant equipment. Confirming authority.	Disposal Committee. CFO	Treasury Regulation 10.2.1	<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.
6.8	Approve the disposal of obsolete, redundant stock items. Confirming authority.	Disposal Committee CFO	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.

6.9	Approve the storing/usage/keeping of departmental assets at a private property (Minister, Deputy Minister and DG exempted).	DDG: Corporate Services		• Approval will be granted upon receipt of a written motivation.
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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 Director General 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.

Initials: 
Donald Liphoko: (Acting DG)

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:
 - 14.1 The Promotion of Administrative Justice Act 3 of 2000;

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

14.3 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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26. The ultimate goal of the demand management system is that of ensuring that the GCIS plans for the procurement of resources that are the best in the market in terms of price and quality and that these resources are sourced within budget and in line with government's procurement principles.

Acquisition Management

27. The implementation of the acquisition management system in terms of this policy will involve the process of obtaining resources, that is, goods and services required for the fulfilment of the GCIS's needs. The procurement of goods and services will facilitate the implementation by the GCIS of the government's policies, that is, the economic development of society by procuring goods and services in terms of the government's preferential procurement policies.
28. The acquisition management system will provide a basis upon which the procurement process starts. Activities undertaken herein will include:
 - 28.1 The determination of the needs of the specific directorate and researching the market to identify the most suitable form of procurement;
 - 28.2 The request by the Directorate to the SCM unit to identify the sourcing strategy and to appropriately assist with the undertaking of the procurement process;
 - 28.3 The identification of a sourcing strategy, i.e. request for proposals/quotations, or competitive bidding or single source selection;
 - 28.4 Based on the sourcing strategy a determination is made on the number of structures that will be involved in the procurement process. For example, the competitive bidding process requires that bids be prepared by a specification committee, evaluated by an evaluation committee and adjudicated by an adjudication committee;

- 28.5 The procurement of goods and services;
- 28.6 Depending on the delegation of authority, the award of a contract to the preferred supplier/service provider by the requisite official; and
- 28.7 The management of the contracts following the award of the contract. Here the elements of performance and risk management become relevant.

Logistics Management

- 29. The governance of supply chain functions shall be undertaken in terms of the logistics management system. Activities will include: order fulfilment, inventory management, supply/demand planning, transportation management, warehousing, materials handling. The function will also entail: customer service, sourcing and procurement, production planning and scheduling, packaging and assembly. Logistics management shall be part of all levels of planning and execution -- strategic, operational and tactical.
- 30. The SCM Unit shall be required, upon the conclusion of a contract with a service provider/supplier, to commence the logistics management function through the coding of contracts and filing of a hard copy of the signed contract. This should facilitate the management of functions of the GCIS stipulated on the contract with respect to the payment for services and the determination of the need for more services.
- 31. Services/supplies received shall be placed in an inventory to monitor the levels.
- 32. With respect to payments, the responsibility to raise requisitions shall be undertaken by the relevant Directorate for the production of an Order by the SCM. Payments should be made in terms of the Order where applicable.

33. Additional functions to be performed will include the storage/warehousing of goods and the management of vendors.

Disposal Management

34. Directorate Facilities Management and Security is responsible for disposal. Par 35, 36 and 37 must be read in conjunction with that Asset Management Policy
35. Assets must be inspected by the Facilities Management directorate to determine whether they can be re-used or whether they need to be disposed. facilities management directorate shall undertake the following activities:
 - 35.1 The calculation of the obsolescence planning or depreciation rates per item;
 - 35.2 The establishment of a data base of all redundant material;
 - 35.3 The inspection of material for potential re-use;
 - 35.4 The determination of a strategy of how the items are going to be disposed of; and
 - 35.5 The execution of the physical disposal process.
36. With respect to the disposal of immovable assets, the disposal shall be guided by the provisions of the Government Immovable Asset Management Act. The Accounting Officer shall be responsible for the disposal of immovable assets.
37. With specific reference to fixed assets, cognisance should be taken of depreciation, maintenance and replacement planning and costing amongst other factors.

Risk Management

38. The aim of the risk management system is to establish a system that assists the GCIS to identify, consider and avoid potential risks in the supply chain management system.
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;
- 46.2 Establishment of the SCM unit – 16A4.1;
- 46.3 Ensure the training of officials implementing the SCM system – 16A5.1;
- 46.4 Establishment of the bid committees – 16A6.2;
- 46.5 Ensuring that bid documentation and general conditions of contract are in accordance with the instructions of the National Treasury or the prescripts of the Construction Industry Development Board (CIDB), where applicable – 16A6.3(a);
- 46.6 Ensure that the bid documentation include the evaluation and adjudication criteria – 16A6.3(b);
- 46.7 Ensure that bids as well as the publication of awards, are advertised – 16A6.3(c) & (d);
- 46.8 Ensure that contracts relating to information technology are prepared in accordance with the State Information Technology Act – 16A6.3(e);
- 46.9 Ensure that treasury regulation 16 is complied with when goods and services are procured through public private partnerships – 16A6.3(f);
- 46.10 Ensure compliance with instructions issued by the National Treasury in respect of the appointment of consultants – 16A6.3(g);

- 46.11 Approve deviations from the normal procurement process where it is impractical to do so and where the reasons for deviation are recorded – 16A6.4;
 - 46.12 Establish a system for the disposal of assets – 16A.7;
 - 46.13 Establish a system to combat abuse of the SCM system – 16A.9; and
 - 46.14 Report SCM information to the National Treasury– 16A.11.
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 DG to other employees in the GCIS and as provided in paragraphs 79 and 80

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

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CHAPTER 3

DEMAND MANAGEMENT

60. 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 threshold value of R500 000.00.
61. 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:
 - 61.1 Understanding future needs;
 - 61.2 Identifying critical delivery dates;
 - 61.3 Identifying the frequency of need;
 - 61.4 Linking the requirement to the budget;
 - 61.5 Conducting an expenditure analysis (based on past expenditures);
 - 61.6 Determining the specifications;
 - 61.7 Conducting a commodity analysis (checking for alternatives); and
 - 61.8 Conducting an industry analysis.
62. 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:

- 62.1 Analysis of the list of functions to be executed by the institution;
 - 62.2 Analysis of the past expenditure of the directorate; and
 - 62.3 Compilation of a list of goods, works and services required.
63. The directorate shall, with the assistance of the SCM unit, determine the sourcing strategy by:
- 63.1 Conducting an industry and market analysis of the goods, works or services to be obtained;
 - 63.2 Confirming that sufficient funds have been allocated for the procurement of goods, works or services required;
 - 63.3 Considering the optimum method to satisfy the need of the directorate;
 - 63.4 Determining how frequent the goods, works or services are required;
 - 63.5 Establishing whether it would be cost-effective to have the goods available as a store item within the institution; and
 - 63.6 Establishing the lead time required by the potential supplier to deliver the required goods, works or services.
64. The above process should culminate in the development of a procurement plan for the directorate. The procurement plan must –

- 64.1 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;
- 64.2 Take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
- 64.3 Provide for the compilation of the required specifications to ensure that its needs are met.

Sourcing Process Initiators

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

Choice of Sourcing Strategies

66. Sourcing strategies are institutional procurement strategies that determine the best way to source for goods, works and services.
67. 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;

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

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

67.4 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;

67.5 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;

67.6 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

67.7 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

68. 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.

69. The objective of the acquisition management is to ensure that:

69.1 That the goods and services, including consultant services are procured by the GCIS in accordance with the authorised procedures incorporated herein that ;

69.2 Expenditure is incurred as per the approved budget;

69.3 Threshold values are complied with;

69.4 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

69.5 That procurement guidelines issued by the National Treasury are taken into account.

70 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, 5.3 and National Treasury Circular no. 3 of 2015/16 paragraph 3.2 and 7.4 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).

*7.4 If it is not possible to obtain price quotations from the list of prospective suppliers recorded on the CSD, institutions **must conduct a market analysis** to identify possible supplier(s), record the process and submit to the accounting officer or accounting authority or an appropriate delegated official for approval. The identified supplier(s) should be registered on the CSD before orders are processed.*

Approved Supply Chain Management Thresholds

THRESHOLD AMOUNT	WHO REQUESTS	WHO AUTHORISES	ACCOMPANYING DOCUMENTS	ORDER NUMBER REQUIRED
0 – 2 000	Official	Director	One written quotation	N/A
2 001 – 30 000	Official	Director	A minimum of three written quotations from as many suppliers as possible from the Central Suppliers 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	30 0001 – 500 000 Chief Director & CFO	RFQ/RFP & Successful Bid	Variation Agreement
500 001 +	Chief Director	CFO, BAC & Accounting Officer	Published Bid, Successful Bid	Variation Agreement

DELEGATION

- 71 To effectively manage the supply chain management system the delegation of authority from the Director General to officials in the GCIS is necessary. The PFMA gives the Director General, 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.
- 72 The Delegation of the powers and duties of the Director General shall be in writing in terms of the 'Delegation of Powers and Duties by the Director General to other Employees in the GCIS' "Delegation Document" amended from time to time.

Deviations

- 73 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.

- 74 Accordingly, in terms of the Director General's authority to delegate, deviations in respect of normal procurement shall be in accordance with the Table below:

THRESHOLD	WHO AUTHORISES
001 – 500 000	Chief Director and CFO
500 000 +	Director General on recommendation by the BAC (memo to be signed by Chief Director and CFO, recommendation by DG (recommended by)

PROCUREMENT

- 75 The procurement of goods and services through this policy is provided by way of –

75.1 Petty cash purchases, up to a transaction value of R2 000 (VAT included);

75.1 As many price quotations as possible (at least 3) from suppliers listed on the database for procurements of a transaction value over R2001 up to R30 000 (VAT included);

75.2 Request for Quotation/Request for Proposal for procurement for a transaction value over R 30 001 up to R 500 000; and

75.3 A competitive bidding process for--

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

75.3.2 Procurement of long term contracts

75.4 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 – 2 500 000	Director	Chief Director: CSA and CFO
Acquisition of Outdoor Advertisement Static Bill Boards	Above 2 500 000	Director & Chief Director	DG 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 1 000 000	Director & Chief Director	DG on Recommendation of the BAC
Acquisition of Activations	30 000 – 1 000 000	Director	Chief Director: CSA and CFO
Acquisition of Activations	Above 1 000 000	Director & Chief Director	DG 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 1 000 000	Director & Chief Director	DG 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 1 000 000	Director & Chief Director	DG on Recommendation of the BAC

75.5 The procurement of other media services, radio, print, television and new media through this policy will in the interim also be

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provided by way of Treasury Regulation 16A.6.4, while awaiting the approval of the negotiated rates with media owners.

FORM OF PROCUREMENT	THRESHOLD	DELEGATE	WHO AUTHORISES
Acquisition of Print Media	30 000 – 3 000 000	Director	Chief Director: CSA and CFO
Acquisition of Print Media	Above 3 000 000	Director & Chief Director	DG on Recommendation of the BAC
Acquisition of Radio Space	30 000 – 3 000 000	Director	Chief Director: CSA and CFO
Acquisition of Radio Space	Above 3 000 000	Director & Chief Director	DG on Recommendation of the BAC
Acquisition of TV Space	30 000 – 5 000 000	Director	Chief Director: CSA and CFO
Acquisition of TV Space	Above 5 000 000	Director & Chief Director	DG on Recommendation of the BAC
Acquisition of New Media	30 000 – 1 000 000	Director	Chief Director: CSA and CFO
Acquisition of New Media	Above 1 000 000	Director & Chief Director	DG on Recommendation of the BAC
Acquisition of Social Media	30 000 – 1 000 000	Director	Chief Director: CSA and CFO
Acquisition of Social Media	Above 1 000 000	Director	DG on Recommendation of the BAC

76 The Accounting Officer may in writing –

76.1 In exception of paragraph 75.1 and 75.2, lower, but not increase, the different threshold values specified in paragraph 75.

76.2 Direct that:

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

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

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

77 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

78 National Treasury will;

78.1 Establish and maintain a list of accredited service providers through its Central Suppliers Database

78.2 Facilitate the verification of supplier information in respect of all goods and services.

78.3 Facilitate access to the CSD system and provide training

78.4 Grant the department and its delegated officials access to the CSD, to enable the department's officials to identify prospective suppliers for quotes and verify suppliers key information

79 The Accounting Officer must ensure that;

79.1 The suppliers are registered on the CSD before any procurement related activity commences.

- 79.2 The CSD is utilised as the single and only list of prospective suppliers for the department
- 79.3 The department invites and accept price quotations from prospective suppliers listed on the CSD.
- 79.4 Verify the supplier's key information
- 79.4.1 Business registration including details of directorship
 - 79.4.2 Bank account information
 - 79.4.3 In the service of the state status
 - 79.4.4 Tax compliance status
 - 79.4.5 B-BBEE status level
 - 79.4.6 Tender defaulting and restriction status and
 - 79.4.7 Identity number
- 79.5 Ensure that all the mandatory requirements for prospective bidders to be registered on the CSD are included in request for price quotations and advertisements for procurement of good and or services.
- 79.6 Ensure that a supplier, that is not registered on the CSD, but has been contracted in respect of emergency procurement procedures of the department, is registered on the CSD as soon as possible, but not later than seven (7) calendar days, after the order was issued to that supplier.
- 79.7 Ensure that bids are awarded only after verifying that the supplier is registered as a prospective supplier on the CSD and the tax status of the supplier is in order.

- 79.8 Ensure that bids are not awarded to any supplier registered as a prospective supplier on the CSD, who is identified as being a tender defaulter.
- 79.9 Transactions concluded through petty cash, sundry payments and foreign suppliers with no local registered entity may be concluded even if the supplier is not registered on the CSD.
- 80 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:
- 80.1 *The panels should be determined after a competitive bidding process in compliance with the provisions of this policy;*
- 80.2 *The budget, where applicable, for each panel and period for each panel is to be determined by the Director General or delegated official on establishment of the panel;*
- 80.3 *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 Central Suppliers Database;*
- 80.4 *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;*
- 80.5 *The GCIS may either require a service provider on the panel to carry out an instruction on an hourly rate as provided for in the bid submitted or 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*

- 80.6 The GCIS may vary the budget for the panel in compliance with the provisions of this policy.
- 81 In order to be considered for listing on the panel, a service provider, supplier or consultant must produce proof of compliance with the following prerequisites:
- 81.1 Registered on the Central Supplier Database, with the status being active and not be a tender defaulter.
- 81.2 Company registration with the registrar of businesses in terms of the Companies Act, 1973 (Act No. 61 of 1973); and,
- 81.3 Registration with a professional body, where relevant;
- 81.4 Food caterers must comply with the regulations governing general hygiene compliance for food premises and the transport of food, and 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);
- 81.5 Evidence of a proven performance track record and list of previous projects; and
- 82 Panel of consultants shall be managed in terms of the following:
- 82.1 A mandatory obligation should be placed on the suppliers listed on the panel to ensure that they remain compliant with the terms of their listing, that is, maintain a compliant tax status and not be on the list of tender defaulters.
- 82.2 An obligation on the SCM unit to monitor compliance and provide warnings where suppliers fail to maintain their compliance status;
- 82.3 With specific reference to the panel, 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.

82.4 Where a supplier has been selected from the list of the panel, the supplier shall be placed on the bottom of the list of suppliers to give an opportunity to other suppliers on the panel. This will however depend on the complexity of the project being undertaken, availability, expertise and capacity of the next supplier on the list of the panel.

82.5 Services will however be procured from performing suppliers.

General pre-conditions for consideration of written quotations or bids

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

83.1 Has furnished that provider's –

83.1.1 full name;

83.1.2 identification number or company or other registration number; and

83.1.2 proof of registration on the central suppliers database

83.2 Has indicated –

83.2.1 whether he or she is in the service of the state,

83.2.2 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

83.2.3 whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in paragraph 83.2.2 is in the service of the state,

Petty cash purchases

84 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 or supplier does not accept government order). This situation is envisaged for items or services below and to the value of R2 000.00 VAT inclusive.

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

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

86 The conditions for the procurement of goods, works or services through petty cash are that–

86.1 Splitting of requirements with the sole intention of circumventing any of the procurement mechanism threshold is not allowed.

Procedures for procuring goods or services through written price quotations between R2 000.01 to R30 000.00

87 The conditions for the procurement of goods or services through formal written price quotations, are that–

87.1 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), whose names appear on the list of accredited prospective providers on the Central Suppliers Database (CSD);

87.2 Providers not registered on the Central Suppliers Database (CSD) will not be considered. 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 70 above; and

87.3 Splitting of requirements with the sole intention of circumventing any of the procurement mechanism threshold is not allowed.

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

88 The operational procedure for the procurement of goods or services through written 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;

88.2 The Accounting Officer must take all reasonable steps to ensure that the procurement of goods and services through written price quotations is not abused;

88.3 Proper record keeping must be maintained, including the requirements thereof;

88.4 Splitting of requirements with the sole intention of circumventing any of the procurement mechanism threshold is not allowed.

88.5 The relevant Request for Quotation documents should be sent to service-providers for completion with the request for quotations (terms of reference / specification). These are to be obtained from SCM together with a quotation number. The Specifications / Terms of Reference must be approved at Chief Directors level

- 88.6 The written request for quotes should indicate the closing date of submitting quotations
- 88.7 The quotations will be evaluated by the relevant section/cross-functional evaluation teams where possible, with SCM as observers
- 88.8 The relevant section must draw a submission for the appointment of the successful bidder/service-provider
- 89 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

- 90 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.
- 91 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.
- 92 The Specifications/ Terms of Reference must be approved at DDG 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

- 93 The process for competitive bidding comprises of the following processes:
- 93.1 Needs analysis and market research
 - 93.2 The compilation of bidding documentation
 - 93.3 The public invitation of bids
 - 93.4 Site meetings or briefing sessions, if applicable;

- 93.5 The handling of bids submitted in response to public invitation;
- 93.6 The evaluation of bids;
- 93.7 The award of contracts;
- 93.8 The administration of contracts; and
- 93.9 Proper record keeping.

Bid Specification Committee

Appointment of Bid Specification Committee

- 94 The Relevant Directorate must appoint members of the specification committee in writing. The specification committee should be appointed as and when the need arises.
- 95 The Committee shall comprise of at least three officials and may where appropriate, invite an external technical expert.
- 96 The composition must constitute a minimum of the following officials:
 - 96.1 Officials from the directorate procuring the services;
 - 96.2 An official from the supply chain management unit; advisor

Functions of the Specification Committee

- 97 The Specification Committee shall be responsible for:
 - 97.1 Compilation of specifications/terms of reference for each bid/quotation for the procurement of goods or services by the GCIS and to ensure that;
 - 97.2 A proper and unbiased specification is compiled for the specific requirement;

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- 97.3 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 Deputy Director General if above R500 000.00
- 97.4 Strategic sourcing is applied and that the market is properly researched and analysed;
- 97.5 The necessary funds are available;
- 97.5.1 in addition to the general conditions of contract, appropriate special conditions of contract are specified, where applicable; and
- 97.5.2 in terms of the PPPFA and BBBEE, the correct preference point system is prescribed
- 97.6 It is recommended that specifications should be approved by the Chief Director of the relevant section or his / her delegate for RFQ's (up to R500 000) and Deputy Director General of the relevant section or his / her delegate in case of tender (R500 000+). The relevant officials approving the specifications / terms of reference must also confirm availability of funds with the Budget Office, at Finance, before approving the specifications / terms of reference.

Bid documentation for competitive bids

- 98 A Bid Specification Committee together with the SCM unit shall in terms of the need analysis, compile bid documents. The bid documentation must provide –
- 98.1 That the bid must be submitted in the official bid document
- 98.2 That the bid is subject to the general conditions of contract
- 98.3 For the preferential procurement point system applicable;

- 98.4 For the particulars of the bidder required;
- 98.5 For the registration of the supplier on the Central Suppliers Database;
- 98.6 For the requirements with respect to the scoring of the bid, that is, price and functionally;
- 98.7 That negotiations will be conducted in finalising the award;
- 98.8 In the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure, the requirements of the Construction Industry Development Board;
- 98.9 The evaluation and adjudication criteria, including any criteria required by other applicable legislation; and
- 98.10 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

- 99 Any invitation to prospective providers to submit bids must be by means of advertisement in the Government Bid Bulletin and eTender Portal once implemented by National Treasury. 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

- 99.1 The closure date for the submission of bids, which may not be less than 21 days
 - 99.2 A statement that bids may only be submitted on the bid documentation provided by the GCIS.
- 100 The Accounting Officer may determine a closure date for the submission of bids which is less than the 21 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. The Accounting Officer will determine this based on the recommendation of the BAC.

- 101 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

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

102.1 Must be received in public; and

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

102.3 Bids received after the closing date shall be recorded and only considered if no suitable proposal was received on bids that were received before the expiry of submission of bids.

- 103 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.

- 104 The Head SCM shall:

104.1 Record in a register all bids received in time;

104.2 Make the register available for public inspection; and

104.3 Publish the entries in the register and the bid results on the departmental website / eTender Portal once implemented by National Treasury.

Negotiations

- 105 The negotiation process may be used when:
- 105.1 Procuring goods and services from single or sole suppliers;
 - 105.2 Negotiating the terms and conditions of the contract;
 - 105.3 Concluding agreements with the preferred bidder; and
 - 105.4 Negotiating annual price increases.
- 106 Where applicable, authorised officials may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation -
- 106.1 Does not allow any preferred bidder a second or unfair opportunity;
 - 106.2 Is not to the detriment of any other bidder; and
 - 106.3 Does not lead to a higher price than the bid as submitted.
- 107 The approval or mandate to negotiate must address at least the following:
- 107.1 Reasons for negotiations;
 - 107.2 Negotiation parameters;
 - 107.3 Objectives of the negotiations; and
 - 110.4 Supplier(s) to be negotiated with.
- 108 The outcome of the negotiation must be approved by the Accounting Officer on recommendation of the BAC before the contract can be awarded to the preferred bidder.
- 109 Records of all negotiations must be kept and submitted to the BAC and Accounting Officer during the award.

Two-stage bidding process

- 110 A two-stage bidding process is allowed for –
- 110.1 Large complex projects;
 - 110.2 Projects where it may be undesirable to prepare complete detailed technical specifications; or
 - 110.3 Long term projects with a duration period exceeding three years.
- 111 In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- 112 In the second stage final technical proposals and priced bids should be invited.

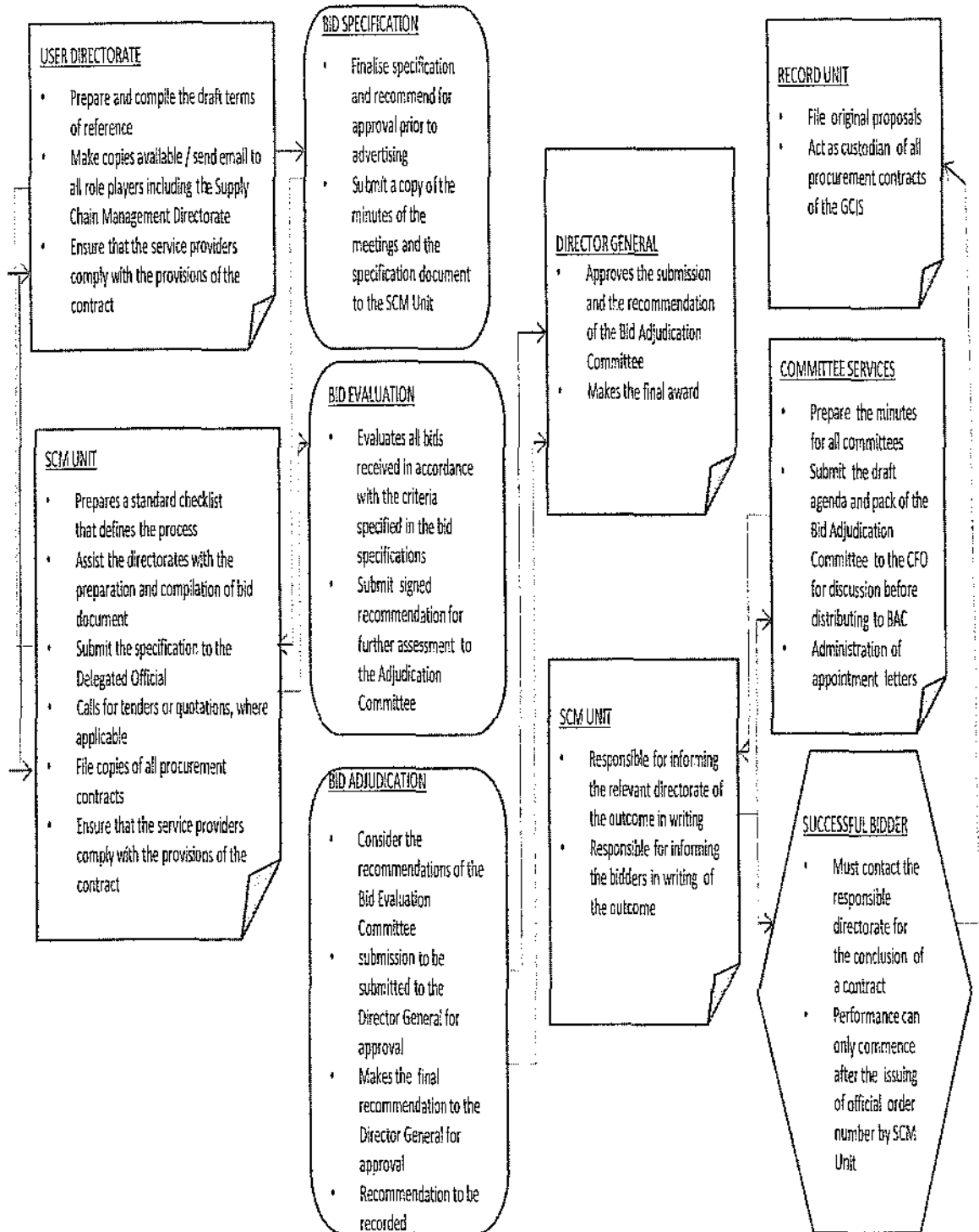
Closed Bid Process

- 113 The GCIS may procure goods or services through a closed bidding process under the following circumstances:
- 113.1 Appropriate market research has identified that the goods or services are only available from a few suppliers;
 - 113.2 Where it is demonstrated that it is not practical or cost-effective to conduct an open bid or proposal; or
 - 113.3 Where there is genuine limited time for the procurement process.
- 114 Quotations shall be sort from a few service providers identified as providers of the service in question. Negotiations shall be held with these service providers with the aim of acquiring the best price and value for money before a contract is concluded.

EVALUATION AND ADJUDICATION

115. The evaluation and adjudication of bids shall be undertaken by bid committees established by the Director General as the Accounting Officer or delegated officials. The diagram below provides a depiction of the evaluation and adjudication of bids.

THE PROCESS FLOW OF THE BID SPECIFICATION/EVALUATION/ADJUDICATION



Bid Evaluation Committee

Appointment of Bid Evaluation Committee

- 116 The delegated official shall appoint members of the Bid Evaluation Committee in writing before the closing of the bid.
- 117 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

- 118 The Committee must in so far as it may be possible, be cross functional.
- 119 The Committee shall comprise of at least three officials from the GCIS and shall be chaired by an expert from the relevant Unit. RFQ will be chaired by the Chief Director of the relevant section. Bids will be chaired by the Deputy Director General of the relevant branch.
- 120 The Relevant Official may appoint an external technical expert to serve in the committee for a specific bid.
- 121 At the minimum the following officials should serve in the Bid Evaluation Committee:
- 121.1 The relevant end-user;
 - 121.2 An official from the SCM unit whom shall be the advisor and or the scribe to the Committee
 - 121.3 An official from the relevant Directorate, and
 - 121.4 As far as possible, another official, with expertise from a different directorate

Functions of the Bid Evaluation Committee

- 122 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:
- 122.1 Undertake a compliance check to ensure that all required forms and information have been submitted, legibly written and completed in full;
 - 122.2 Verify that the bid documents have been properly signed in ink in the original; and
 - 122.3 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.
- 123 In respect of substantive compliance, this committee is responsible for the evaluation of bids received, which includes:
- 123.1 Verification of administrative compliance of the bid documents;
 - 123.2 Verification of registration on the CSD
 - 123.3 Tax clearance certificates issued by the SARS;
 - 123.4 Evaluation of bids in accordance with the criteria specified in the bid documents and the PPPFA regulations;
 - 123.5 Evaluation of each bidder's capacity to execute the contract; and
 - 123.6 Submission of evaluation recommendations regarding the award of the bid to the Adjudication Committee.

- 124 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 recommendation(s) regarding the award of the bid(s) to the Adjudication Committee.
- 125 In all its proceedings it must comply with the directives and procedures issued by the National Treasury and the GCIS's delegations, policies and procedures and must ensure compliance there with.

Bid Adjudication Committees

Appointment of the Bid Adjudication Committee

- 126 The Director General working together with SCM shall constitute Bid Adjudication Committee whose members shall constitute officials from various business units of the GCIS.
- 127 Bid Adjudication Committee is appointed in writing by the Accounting Officer.
- 128 Members of the Bid Adjudication Committee shall recuse themselves from the BAC should the members have been part of the Bid Evaluation Committee.
- 129 The Director General may determine the term of office for members.
- 130 The period of tenure may be renewed, should the Director General deem it necessary.
- 131 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.
- 132 Committee members should be required to sign the Code of Conduct upon their appointment.

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;
 - the Promotion of Access to Information Act 2 of 2000; and

Composition of the Bid Adjudication Committee

- 133 The Committee must consist of at least four senior officials, constituted as follows:
- 133.1 A chairperson who should be on Chief Director.
 - 133.2 A vice chairperson who should be on at least Director Level
 - 133.3 Other members - the Committee should be composed of cross-functional teams comprising of officials on at least Deputy Director Level. Where considered necessary, additional officials or advisors may be co-opted on account of their specialised knowledge, regardless of level.
- 134 An official from the SCM unit must be made available to act as secretary and advisor.
- 135 The Committee should only consider recommendations/reports if at least sixty percent (60%) of its members are present.
- 136 For the purpose of continuity and not to delay meetings, the Director General may also appoint alternative members to temporarily replace members that are absent from meetings due to illness, leave or any other unavoidable circumstances. The Director General will also decide whether or not such replacements will have the same powers as members.

Functions of the Bid Adjudication Committee

- 137 The Committee must consider the recommendations/reports of the Bid Evaluation Committee and, depending on the delegated powers, make:
- 137.1 A recommendation to the Director General
 - 137.2 Make a recommendation to the Director General or his/her delegate on how to proceed with the relevant procurement where an award is not recommended.

- 138 The Committee must ensure that:
- 138.1 All necessary bid documents have been submitted;
 - 138.2 Disqualifications are justified and that valid and accountable reasons/motivations were furnished for the passing over of bids;
 - 138.3 Scoring has been fair, consistent and correctly calculated and applied; and
 - 138.4 The bidder's declaration of interests has been taken cognisance of.
- 139 The Committee must also consider and rule on all recommendations/reports regarding the amendment, variation, extension, cancellation or transfer of contracts awarded.
- 140 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:
- 140.1 A proper and unbiased specification is compiled for the specific requirement;
 - 140.2 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;
 - 140.3 Strategic sourcing principles were applied and that the market was properly researched and analysed;
 - 140.4 The necessary funds are available;
 - 140.5 If and when applicable, in addition to the General Conditions of Contract, that appropriate Special Requirements and Conditions of Contract are specified;

- 140.6 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.
- 141 The Director General 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.
- 142 Committee members must be familiar with and adhere to all relevant SCM legislation, policy, guides, practise notes and circulars.
- 143 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.
- 144 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:
- 144.1 Accept the confidentiality of the meeting;
 - 144.2 Not make known anything regarding the meeting, unless officially authorised; and
 - 144.3 Not purposefully favour or prejudice anybody.
- 145 Decisions taken by the Committee should be recorded in writing detailing:
- 145.1 The nature of the decision;
 - 145.2 The reasons behind the decision;
 - 145.3 The dissenting views held by officials not agreeable with the decisions; and
 - 145.4 Officials present at the meeting.

- 146 The Committee shall sit as and when required following submissions from the Bid Evaluation Committee for the adjudication of bids, Media Buying memo's or requests from the various sections in line with the delegations from the Director General. Where circumstances precipitate the convening of the Committee to adjudicate on urgent procurement, the Committee shall be required to convene within 48 hours where possible.

Evaluation Panel

- 147 In respect of functionality assessments, the Director General 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 Director General. For the sake of impartiality, members of the bid committee in respect of the bid under consideration should not be part of the evaluation panel.
- 148 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.
- 149 Preference points system, evaluation of bids, awarding of bids not scoring highest points, cancellation and re-invitation of bids

150 The 80/20 preference point system

- 150.1 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

- Pt = comparative price of bid or offer under consideration
 Pmin = comparative price of lowest acceptable bid or offer

150.2 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.

150.3 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.

151 The 90/10 preference point system

151.1 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:

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

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

151.2 A maximum of 10 points may be awarded to BBBEE

151.3 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.

151.4 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.

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

152.1 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

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

152.3 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.

152.4 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.

- 155.4 Minimum qualifying score for functionality must be clearly specified in the invitation to submit a bid.
- 156 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.
- 157 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.
- 158 When evaluating the bids contemplated in this item, the points for functionality must be calculated for each individual bidder.
- 159 The conditions of bid may stipulate that a bidder must score a specified minimum number of points for functionality to qualify for further adjudication.
- 160 The bid with the highest number of points scored may be selected, subject to paragraphs 154 and 155.

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

- 161 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 Accounting Officer, on recommendation of the BAC, to a bidder that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in a court of law.

Cancellation and re-invitation of bids

- 162 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.

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

153.1 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

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

153.3 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.

Evaluation of bids on functionality and price

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

155 When evaluating the bid on functionality, the:

155.1 Evaluation criteria for measuring functionality;

155.2 Weight of each criterion;

155.3 Applicable values; and

- 163 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.
- 164 The GCIS may, prior to the award of a bid, cancel a bid if:
- 164.1 Due to changed circumstances, there is no longer need for the goods or services; or
- 164.2 Funds are no longer available to cover the total envisaged expenditure; or
- 164.3 No acceptable bids are received.
- 165 The Head SCM shall notify in writing bidders of the cancellation of a bid.
- 166 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

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

DEVIATIONS FROM THE NORMAL PROCUREMENT PROCESS

- 168 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.
- 169 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.
- 170 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:
- 170.1 The real and imminent risk of human injury or death;
 - 170.2 The prevalence of human suffering and deprivation of fundamental human rights;
 - 170.3 The real and imminent risk of substantial damage to property;
 - 170.4 The significant interruption of essential services, including transportation, communication or other support services critical to the effective functioning of the GCIS as a whole;
 - 170.5 The real and imminent risk of serious damage occurring to the natural environment.
 - 170.6 A motivation highlighting the reasons for deviation from the normal procurement process for the appointment of a sole service provider

- 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 Director General;

“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;

“competitive bidding process” means open tendering process;

and for dispensing of competitive bids, should be clearly recorded and approved by the Director General or his/her delegate.

- 171 The motivation shall be submitted to the Director General or his/her delegate as stipulated in paragraph 70, by the relevant official as stipulated in paragraph 73 and 74 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:
- 171.1 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;
 - 171.2 Verification – verification that the requisition amount corresponds with the goods, works or services to be procured; and
 - 171.3 Capturing – capturing of the order requisition on the SCM unit's system;
- 172 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 Director General. Officials must ensure that an order number is issued retrospectively.

Media Bulk Buying, Media Production and Outdoor Advertising

- 173 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.
- 174 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.

- 175 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 75.4 and 75.5 will apply per media type:

175.1 Social Media, Online and New Media

175.1.1 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.

175.1.2 GCIS will utilise the rate cards 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.

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

175.1.4 As per Treasury Instruction note no. 4A of 2016/2017 Accounting Officers must verify tax compliance status for all price quotations exceeding the value of R30 000 (VAT inclusive)

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

- 175.2.1 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.
- 175.2.2 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.
- 175.2.3 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 Director General for approval.
- 175.2.4 GCIS will utilise the rate cards negotiated to support the pricing structure submitted by service providers for the project. The rate cards will be submitted to the Bid Adjudication Committee for recommendation to the Accounting Officer for approval annually and or bi annually.
- 175.2.5 Service providers will be required to submit their standard bidding documents annually. For audit purposes this should be attached to every requisition.
- 175.2.6 As per Treasury Instruction note no. 4A of 2016/2017 Accounting Officers must verify tax compliance status for all price quotations exceeding the value of R30 000 (VAT inclusive)

175.3 Television

175.3.1 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.

175.3.2 GCIS will utilise the rate cards 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.

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

175.3.4 As per Treasury Instruction note no. 4A of 2016/2017 Accounting Officers must verify tax compliance status for all price quotations exceeding the value of R30 000 (VAT inclusive)

175.4 Commercial Radio

175.4.1 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.

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

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

175.4.4 As per Treasury Instruction note no. 4A of 2016/2017 Accounting Officers must verify tax compliance status for all price quotations exceeding the value of R30 000 (VAT inclusive)

175.5 Print

175.5.1 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.

175.5.2 GCIS will utilise the rate cuts 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.

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

175.5.4 As per Treasury Instruction note no. 4A of 2016/2017 Accounting Officers must verify tax compliance status for all price quotations exceeding the value of R30 000 (VAT inclusive)

175.6 Community Radio

175.6.1 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.

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

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

175.6.4 As per Treasury Instruction note no. 4A of 2016/2017 Accounting Officers must verify tax compliance status for all price quotations exceeding the value of R30 000 (VAT inclusive)

175.7 Community Print Media

175.7.1 GCIS will procure media space from community print 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.

175.7.2 Alternatively GCIS will utilise the services of service providers appointed by community print media as their representatives for procuring media space.

175.7.3 GCIS will utilise the rate cuts 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.

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

175.7.5 As per Treasury Instruction note no. 4A of 2016/2017 Accounting Officers must verify tax compliance status for all price quotations exceeding the value of R30 000 (VAT inclusive)

175.8 Community Television

175.8.1 GCIS will procure community television 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.

175.8.2 GCIS will utilise the rate cuts 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.

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

175.8.4 As per Treasury Instruction note no. 4A of 2016/2017 Accounting Officers must verify tax compliance status for all price quotations exceeding the value of R30 000 (VAT inclusive)

175.9 Activations

175.9.1 GCIS will procure activation services from 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.

175.9.2 GCIS will utilise the panel of advertising agencies to source the services.

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

175.9.4 As per Treasury Instruction note no. 4A of 2016/2017 Accounting Officers must verify tax compliance status for all price quotations exceeding the value of R30 000 (VAT inclusive)

Production of Creative

GCIS will establish a panel of creative agencies. The agencies will be utilised on a rotational basis. Where project/s is of a complex nature, all the agencies can be requested to bid for the project. GCIS will send a brief with evaluation criteria to all the agencies on the panel. An evaluation in line with the bid process will then be followed.

176 Media bulk buying directorate shall have dedicated officials that shall perform the following roles:

176.1 ensuring that the preferred service provider has the requisition documents required in the performance of services on behalf of government;

176.2 Verification – verifying whether the requisition amount corresponds with the goods, works or services to be procured;

176.3 Database management – maintaining electronic copies of the order number, rate cuts and supporting documents.

Unsolicited Bids

177 The Accounting Officer shall not be obliged to consider unsolicited bids received outside the normal bidding process.

178 The Accounting Officer is not obliged to consider an unsolicited proposal but may consider such proposal only if meets the following requirements:

- 178.1 A comprehensive and relevant project feasibility study has established a clear business case; and
 - 178.2 The product or service involves an innovative design; or
 - 178.3 The product or service involves an innovative approach to project development and management; or
 - 178.4 The product or service present a new and cost-effective method of service delivery.
- 179 The unsolicited proposal must contain the following information in terms of the proponent:
- 179.1 The proponent's name, address, identification or registration number (if a corporation), VAT registration number and the contact details of its authorised representation;
 - 179.2 Identification of any confidential or proprietary data not to be made public;
 - 179.3 The names of other South Africans institutions that have received similar unsolicited proposal;
 - 179.4 Proof of registration of the proponent on the CSD
 - 179.5 The proponent's tax compliance status as per CSD to be in order and in the case where the proponent is a consortium or joint venture, each member to be registered on CSD and their tax compliance status to also be in order.
 - 179.6 A declaration of interest containing the particulars set out in Standard Bid Document (SBD) 4, issued by the National Treasury,
 - 179.7 A declaration of the proponents past supply chain practices containing the particulars set out in SBD 8 and SBD 9, issued by the National Treasury; and

“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;

“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;

- 179.8 A declaration from the proponent to the effect that the offering of the unsolicited proposal was not as a result of any non-public information obtained from officials of the relevant institution or any other institution.
- 180 The unsolicited proposal must set out the following information in terms of the product or service offered: A concise title and abstract (approximately 200 words) of the proposed product or service;
- 180.2 A statement of the objectives, approach and scope of the proposed product or service;
- 180.3 A statement describing how the proposal is demonstrably innovative and supported by evidence that the proponent is the sole provider of the innovation;
- 180.4 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;
- 180.5 A statement showing how the proposed project supports the institution's strategic growth and development plan and its other objectives; and
- 180.6 The period of time for which the proposal is valid for consideration, which may not be less than six months.
- 181 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

- 182 The Accounting Officer shall, where applicable, participate in the transversal term contracts constituted by National Treasury.

- 183 Transversal contracts constituted by National Treasury are available on the website National Treasury, on the site of the Office of the Chief Procurement Officer (OCPO) under gCommerce.
- 184 It is the obligation of officials to ensure that, before any procurement is done, officials verify on gCommerce whether the goods or services they require can be procured through the transversal contract or not.
- 185 In terms of leasing of photocopier machines, it shall be the obligation of the delegated officials to ensure that order numbers are issued before delivery of the machine and service level agreements are signed after delivery.

Appointment of Consultants

- 186 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.
- 187 The GCIS may use the organisations listed in paragraph 199 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.
- 188 The appointment of consultants must also be done in terms of the Guideline on Cost Containing Measures National Treasury Instruction 1 of 2013/14

Need for appointment

- 189 Consultants should only be engaged when –
- 189.1 The necessary skills and/or resources to perform a project/duty/study are not available; and
 - 189.2 The GCIS cannot be reasonably expected either to train or to recruit people in the time available.

Nature of appointment

- 190 Appointment by means of a formal contract should be concluded in terms of the following principles:
- 190.1 The relationship between the GCIS and the consultant should be one of purchaser/provider and not employer/employee.
 - 190.2 The work undertaken for the GCIS by a consultant should be regulated by a contract and or a letter of appointment.
 - 190.3 In procuring consulting services the GCIS should satisfy himself/herself that:
 - 190.3.1 the procedures to be used will result in the selection of consultants who have the necessary professional qualifications;
 - 190.3.2 with specific reference to the training of government officials, that consultants appointed understand the workings of government and the ideological position of government;
 - 190.3.3 the selected consultant will carry out the assignment in accordance with the agreed schedule; and
 - 190.3.4 the scope of the services is consistent with the needs of the project.

191 Selection methods for the appointment of consultants

191.1 The Accounting Officer 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.

191.2 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 Accounting Officer on the selection process

191.2.1 the need for high-quality services;

191.2.2 the need for economy and efficiency;

191.2.3 the need to give qualified consultants an opportunity to compete in providing the services; and

191.2.4 the importance of transparency in the selection process.

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

191.4 The particular method to be followed for the selection of consultants for any given project should be selected by the Accounting Officer in accordance with the criteria outlined in treasury guidelines.

Procurement of IT related goods or services

192 The Accounting Officer must procure mandatory services from the State Information Technology Agency ("SITA") as provided for in National Treasury Practice Note 5 of 2009/2010 as amended from time to time.

- 193 SITA will act on behalf of the GCIS as an agent in circumstances where it cannot provide the mandatory services.
- 194 The Delegated Official may procure services provided by SITA that are not mandatory as stipulated in Practice Note 5 of 2009/2010.
- 195 Both parties must enter into a written agreement to regulate the services rendered by and the payments to be made to, SITA.
- 196 The Accounting Officer or delegated official must notify SITA through a motivation of the IT needs if:

The transaction value of IT related goods or services required in any financial year will exceed R 50 million (VAT included); or

- 196.2 The transaction value of a contract to be procured whether for one or more years exceeds R 50 million (VAT included).

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

- 197 The Accounting Officer may procure goods or services under a contract secured by another organ of state, only if –
- 197.1 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 Accounting Officer has been provided with a copy of the contract awarded to the supplier or service provider;
- 197.2 There is no reason to believe that such contract was not validly procured;
- 197.3 There are demonstrable discounts or benefits to do so; and
- 197.4 That other organ of state and the provider have consented to such procurement in writing.

Contract Award

- 198 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.
- 199 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.
- 200 A hand over meeting shall be held between the preferred bidder and the Directorate implementing the project at which point the contract negotiations / implementation plan should be finalised. During this initial meeting, the SCM Unit may be invited.
- 201 A copy of the signed contract shall be kept by both the SCM Unit and the relevant Directorate for performance monitoring, payments and record keeping.

Extension of Contracts

- 202 Requests for extension of contracts must be handled in terms of National Treasury Instruction Note dated 31 May 2011 paragraph 3.9.3 .
- 203 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:
- 203.1 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

- 207.2 Any requisite legislation;
- 211.3 Expenditure resulting from non-adherence to an institution's delegations of authority.
- 208 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.
- 209 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.
- 210 The following are examples of irregular expenditure and the relevant/applicable authority that is empowered to condone such expenditure:
- 210.1 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;
- 210.2 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;

203.2 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.

203.3 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.

203.4 The extension of a contract must be finalised before the current expiry date of the contract.

Unauthorised and Irregular Expenditure

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

205 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.”

206 The Accounting Officer or delegated official shall have an obligation to report unauthorised expenditure to the National Treasury on discovery of same.

207 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:

207.1 The PFMA; or

- 211 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

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

212.1 The monitoring of spending patterns on types or classes of goods and services,

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

212.2 Before payment is approved, certification by the responsible manager that the goods and services are received or rendered on time and 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;

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

Requisitions of Order Numbers

213 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.

214 No order may be placed or contract entered into without the correct authorisation.

215 SCM may not refuse to issue an order number for any compliant requisition form.

216 All additional (ancillary) items or services must be sourced through the designated approved supplier. Employees may only procure items and

“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 87 and 88 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;

“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

services from approved suppliers who have been selected using the approved sourcing process, and who are on the central supplier database established by National Treasury.

- 217 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.
- 218 All orders must be sent to suppliers for 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. Manual orders will be used for travel and in emergency situations when the processing system is unavailable. 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.
- 219 Although the first-come-first serve basis approach will be used in the provision of order numbers, 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.
- 220 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

- 221 Orders shall be placed upon the receipt of the appropriate SCM documents and may be placed under the following circumstances:
- 221.1 Contract purchase - Where a contract exists, orders should be placed for the item from the contract.
- 221.1 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.

222 The following steps are to be followed in placing orders:222.1Receipt of the appropriate and duly approved procurement documents;

222.1 Capturing of the information on the SCM Unit's system;

222.2 Printing of the order in triplicate;

222.3 Approval of the order;

222.4 Control over orders.

Approval of the order

223 An approved Order should contain the following details:An approved supplier name and details;

223.2 An approved listed item;

223.3 A contract reference number;

223.4 VAS 2 number of the directorate

223.5 Approval by Responsibility Manager;

223.6 Exact delivery address;

223.7 Buyer's name;

223.8 Quantity;

223.9 Price;

223.10 Value;

223.11 Required date of delivery;

223.12 Order placement date; and

240.13 System generated purchase order number.

224 In exceptional cases, amendments may be done directly on the order forms. Should this be the case, the commitment on the system must be

edited and aligned to the amended order. Only the relevant official who has been duly authorised thereto, may sign orders.

Distribution of orders

225 Each Directorate must maintain a register of those orders to satisfy its needs. The copies of each order must be distributed as follows;

225.1 Original copy to the provider; and

225.2 SCM Unit

Variation of an order

226 Circumstances may arise necessitating the need to amend an order.

227 These circumstances may affect the specific items on the 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.

228 Each case must be dealt with on its own merit and in terms of the applicable contracts/ terms of reference.

229 Amendments to an order may be initiated by either the provider or the relevant Directorate.

Cancellation of an order

230 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

231 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,

231.1 Terms of contract must be clearly stated;

231.2 Payment terms and conditions;

231.3 Volume underpins;

231.4 Service levels;

231.5 Detailed signed off specification requirements; and

231.6 The price and price firm period.

232 The relevant project manager will be responsible for the drawing up of the contract. Where required, the relevant project managers may use the service providers listed on the departmental panel of legal experts. SCM will also assist where possible

233 Examples of circumstances under which contracts/service level agreements may be executed include:

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

233.2 Rental of equipment or a service;

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

233.4 Development and implementation of application software or a system;

233.5 Acquisition of licensed software;

233.6 Contracting human resources;

233.7 Consulting and professional services;

233.8 Confidentiality and non-disclosure;

233.9 Changes to or modification of an application or system;

233.10 Configuration and/or deployment of infrastructure;

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

233.12 Precedence to be stated.

Vendor Management

- 234 The reliability of the supplier should be monitored in terms of, among others. Delivery periods;
- 234.2 Quality; and
- 234.3 Quantity.
- 235 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 or even Department that arranged the contract and recorded on the database.

Payments

- 236 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.
- 237 Payment must only be effected when the responsible director has certified that the correct goods and services have been rendered.
- 238 Payment of invoices must adhere to Treasury Regulation paragraph 8.2.3 and must be paid within 30 days

CHAPTER 6

CONTRACT MANAGEMENT AND RECORDING KEEPING

- 239 The Head SCM or his or her delegate shall ensure that all responsible steps are taken to properly manage contracts.
- 240 The responsibility for the day to day management of contracts shall be that of the Directorate. This shall entail ensuring:
- 240.1 The service provider performance according to the terms and conditions of the contract;
- 240.2 Goods and services are delivered on time; and
- 240.3 The correct quantity is delivered in terms of the required standards.
- 241 Additionally the responsibility for receiving invoices from service providers shall be undertaken by SCM and in exceptional cases 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

- 242 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

- 243 Contracts may be amended according to matrix of authority outline in paragraph 73 to achieve the original objective of the contract.
- 244 Amendments may not materially alter the original terms of reference provided in terms of the bid documents.
- 245 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.

- 246 Any extension/variation/amendment of the contract will be done in accordance with the delegations provided under paragraph 202 (Chapter 4). 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 Accounting Officer or his delegate. Any price changes that exceed the acceptable variation must not be allowed.
- 247 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.
- 248 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.
- 249 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

- 250 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.
- 251 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 Accounting Officer or his delegate/s in line with the approved delegations.

- 252 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.
- 253 Price adjustments shall be agreed to in writing and must be filed by the SCM Unit with the original contract.

Contract Termination

- 254 The performance of a service provider shall be monitored in terms of Chapter 7 which deals with performance and risk management.
- 255 The GCIS must terminate a contract awarded to a service provider:
- 255.1 If the service provider committed any proven corrupt or fraudulent act during the bidding process or the execution of that contract; and
- 255.2 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.
- 256 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 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 Accounting Officer or the delegated authority addressing:
- 256.1 The arrangements to be made for completing the contract; and
- 256.2 Whether additional costs will be recovered from the service provider.

- 257 A notice of termination shall be forwarded to the service provider by the relevant Directorate and communicated to the Head SCM.
- 258 If a dispute arises as to the termination of the contract, the relevant Directorate must seek legal advice.

Transfer of Contracts

- 259 Contract payments may be transferred on the recommendation of the GCIS and with the Accounting Officer'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.
- 260 The approval shall be committed to the relevant Directorate and the CFO in respect of the new payment requirements.

PROPER RECORD KEEPING

General

- 261 In order to maintain a proper audit trail, all SCM documents must be filed in line with the GCIS's filing system.
- 262 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.
- 263 A register of all standard documents must be kept by the SCM unit.

Types of records to be kept

- 264 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

265 List of bid documents issued: Bid reference number;

265.2 Type of services or goods required;

265.3 In some cases, where documents are collected from the reception, names and addresses of prospective providers that requested documentation; and

265.4 All inscriptions must be numbered.

266 Registers /Lists

266.1 Advertisements.

266.2 Accredited Service Providers.

266.3 Attendance register.

266.4 Bid receipts.