

2013/14

SUPPLY CHAIN MANAGEMENT POLICY

"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;

"privileged or confidential information" means any information:

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

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

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

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

"Republic" means the Republic of South Africa, and "RSA" shall have a corresponding meaning;

"SARS" means the South African Revenue Services;

"service providers" includes:

- (a) "Professional Service Provider" which means any person or body corporate that is under contract to the GCIS for the provision of Professional Services;

- 324.1 The arrangements to be made for completing the contract; and
- 324.2 Whether additional costs will be recovered from the service provider.
325. A notice of termination shall be forwarded to the service provider by the relevant Directorate and communicated to the Head SCM.
326. If a dispute arises as to the termination of the contract, the relevant Directorate must seek legal advice.

Transfer of Contracts

327. Contract payments may be transferred on the recommendation of the GCIS and with the CEO's approval only. Transfer of payments may be considered in cases where a client department makes an application in an official letter signed by the Head of Department of the client department, and where the requisite budget to meet the contractual payments is transferred to the GCIS.
328. The approval shall be committed to the relevant Directorate and the CFO in respect of the new payment requirements.

PROPER RECORD KEEPING

General

329. In order to maintain a proper audit trail, all SCM documents must be filed in line with the GCIS's filing system.
330. Both policies and procedures, manually and electronically generated documents are to be filed in line with the relevant policies e.g (7) and in an orderly manner.
331. A register of all standard documents must be kept by the SCM unit.

Types of records to be kept

332. 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. BEE categorisation status and HDI status	X	X
9. Price Quotes Received	X	X
10. HDI Equity points, points for goals, points for price and functionality must be indicated separately		X
11. Total Points scored		X
12. Name of the successful provider	X	X
13. Tax clearance certificate		X
14. Date of approval and the name and rank of the persons that granted the approval	X	X
15. Satisfactory/non satisfactory completion of the service or delivery of the goods	X	X
16. Rotation indicator on database of accredited prospective providers	X	X
17. All inscriptions must be numbered	X	X

333. List of bid documents issued:

333.1 Bid reference number;

333.2 Type of services or goods required;

333.3 Names and addresses of prospective providers that requested documentation; and

333.4 All inscriptions must be numbered.

334. Registers /Lists

334.1 Advertisements.

334.2 Accredited Service Providers.

334.3 Attendance register.

334.4 Bid receipts.

334.5 Evaluation criteria.

334.6 Awarded contracts.

334.7 Non/under-performing service providers.

334.8 Contracts.

334.9 SCM deviations.

334.10 Complaints received from prospective providers.

334.11 Declaration of interest.

334.12 Sponsorships, gifts and donations received & made.

334.13 Fraud and corruption cases.

334.14 Irregular, fruitless and wasteful expenditure.

334.15 SCM Circulars and memorandums issued by the GCIS.

335. Information contained in the bidding documents
 - 335.1 Bid number.
 - 335.2 Description of the requirement.
 - 335.3 Names of prospective providers received.
 - 335.4 Particulars of end user, contact person and telephone number.
 - 335.5 Date of advertisement.
 - 335.6 Date of advertisement for the extension of the closing date.
 - 335.7 Closing date.
 - 335.8 Extended closing date.
 - 335.9 Validity period.
 - 335.10 Extended validity period.
 - 335.11 Total number of bids received.
 - 335.12 Late bids received, where applicable.
 - 335.13 Name of successful bidder.
 - 335.14 Tax clearance certificate.
 - 335.15 Price of successful bid.
 - 335.16 Points of the successful bid received for price, functionality, equity and goals are to be indicated separately.
 - 335.17 BEE categorisation status and EMD status.
 - 335.18 Total points scored by the successful bidder.
 - 335.19 Date of approval and the name of the body that granted the approval.

335.20 Date contract form is signed.

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

335.22 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.

335.23 All inscriptions must be numbered.

336. Specific Information to be included in the Contracts

336.1 Bid number.

336.2 Description of the requirement.

336.3 Names of prospective providers received.

336.4 Contract term.

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

336.6 Date of advertisement .

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

336.8 Closing date.

336.9 Extended closing date.

336.10 Validity period.

336.11 Extended validity period.

336.12 Total bids received.

336.13 Late bids received, where applicable.

- 336.14 Name of successful bidder.
- 336.15 Tax clearance certificate.
- 336.16 Price of successful bid.
- 336.17 Points of the successful, bid received for price, functionality, equity and goals are to be indicated separately.
- 336.18 BEE categorisation status and HDI status.
- 336.19 Total points scored by the successful bidder .
- 336.20 Date of approval and the name of the body that granted the approval.
- 336.21 Delegation number.
- 336.22 Date contract form is signed.
- 336.23 Satisfactory/non satisfactory completion of service or delivery of the goods.
- 336.24 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.
- 336.25 All inscriptions must be numbered.
- 337. Specific information to be included for SCM deviations**
- 337.1 Urgency and emergency procurement.
- 337.2 Reference number.
- 337.3 Description.
- 337.4 Nature and the details of the urgency or emergency processes followed.

- 337.5 Particulars of person or body that granted the approval.
- 337.6 Date of approval.
- 337.7 Delegation number.
- 337.8 Financial Implication.
- 337.9 All inscriptions must be numbered.
- 337.10 All other deviations processes.
- 337.11 Details of the deviation.
- 337.12 Reasons therefore.
- 338. **Specific information to be included for complaints received from prospective providers or contractors**
 - 338.1 Date of complaint received.
 - 338.2 Name of the company or person complaining.
 - 338.3 Reference of bid numbers.
 - 338.4 Description.
 - 338.5 Details of complaint.
 - 338.6 Action taken including the relevant dates.
 - 338.7 Date of finalisation.
 - 338.8 All inscriptions must be numbered.
- 339. **Specific information to be included for declaration of interest**
 - 339.1 Name of official or member that has an interest to declare.
 - 339.2 Nature of the interest declared.

- 339.3 Sponsorship, gift and donation.
- 339.4 Name of official that received the sponsorship, gift and donation.
- 339.5 Name of organisation/person who made the sponsorship, gift and donation.
- 339.6 Description of the sponsorship, gift and donation.
- 339.7 Estimated value of the sponsorship, gift and donation.
- 339.8 Assets must be numbered.
- 339.9 This record must be prepared be in hard copy format.

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

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

341. Specific information to be included for irregular fruit and wasteful expenditure

- 341.1 Date of request received.
- 341.2 Description.
- 341.3 Particulars of end-user, contact person and telephone number.
- 341.4 Details of irregular, fruitless and wasteful expenditure.
- 341.5 Action taken.
- 341.6 Date finalised.
- 341.7 Financial Implication.

- 341.8 All inscriptions must be numbered.
342. SCM circulars and memorandums issued by the GCIS
- 342.1 Circular/Memorandum number.
- 342.2 Description.
- 342.3 Name of the approving official.
- 342.4 Date on which the circular was distributed to end-user.
- 342.5 Date of confirmation of receipt of circular.
- 342.6 All inscriptions must be numbered.
343. Where possible standard documents containing the aforementioned information; should be prepared in order to ensure that the keeping of records is not a cumbersome process. Thus a standard document should be designed in such a way that it consolidates several information in one document.

CHAPTER 8

PERFORMANCE AND RISK MANAGEMENT

344. 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.
345. Performance management shall accordingly be characterised by a monitoring process and retrospective analysis to determine whether:
- 345.1 Proper processes have been followed;
- 345.2 Value for money has been attained;
- 345.3 Desired objectives have been achieved;

- 345.4 There is an opportunity to improve the processes;
- 345.5 Suppliers have been assessed and what that assessment is; and
- 345.6 There has been a deviation from procedures and, if so, what the reasons for that deviation are.

System of supply chain performance

- 346. For purposes of internal monitoring, at least the following may be considered:
 - 346.1 Achievement of objectives;
 - 346.2 Compliance with norms and standards;
 - 346.3 Savings generated;
 - 346.4 Stores efficiency;
 - 346.5 Cost variance per item;
 - 346.6 Possible breaches of contract;
 - 346.7 Cost of the procurement process itself;
 - 346.8 Whether supply chain objectives are consistent with national government's policies;
 - 346.9 Observance of principles of co-operative governance; and
 - 346.10 Reduction of regional economic disparities is promoted.

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

- 347. 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

(p) "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;

"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;

"tender"/"tenderer" 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;

generally associated with cost, timeliness and the quality of products and services to be purchased as the outputs of the contract.

348. Officials shall be expected to monitor and evaluate the service provider's performance with respect to services procured through their Directorate. Contractors shall be required to report to the project manager/responsible official on progress in accordance with the agreed timeframes and review schedules. The project manager/official must inform the service provider in writing where there is evidence that the service provider's performance is inadequate or behind schedule. If there is continuing concern that obligations are not being met, advice should be sought immediately from the CEO or his delegate.
349. Disputes must be resolved promptly and not be allowed to escalate into costly legal battles.
350. 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

351. 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.
352. 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.

353. If the service provider still does not perform satisfactorily despite the notice, a recommendation may be made to the Bid Adjudication Committee, the CEO or his delegate, where applicable, to cancel the contract.
354. 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.
355. 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.
356. 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.
357. 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.
358. Where the GCS 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.
359. 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

360. 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:

360.1 To take all reasonable steps to prevent abuse of the supply chain management system;

360.2 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:

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

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

360.3 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;

360.4 To reject any bid from a bidder who during the last five years has failed to perform satisfactorily on a previous contract with the GCIS or any other organ of state, after a written notice was given to that bidder indicating that performance was unsatisfactory;

360.5 To reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;

360.6 To cancel a contract awarded to a person if –

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

360.6.2 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

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

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

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

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

360.7.4 has been listed in the Register for Tender 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.

361. The Accounting Officer must inform the National Treasury in writing of any actions taken in terms of paragraph 360.

Code of Conduct

362. An official or other role player involved in the implementation of the supply chain management policy –

362.1 Must treat all providers and potential providers equitably;

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

- 362.3 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;
- 362.4 Notwithstanding paragraph 362.3 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;
- 362.5 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;
- 362.6 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;
- 362.7 Must be scrupulous in his or her use of property belonging to the GCIS;
- 362.8 Must assist the Accounting Officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- 362.9 Must report to the Accounting Officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
- 362.9.1 any alleged fraud, corruption, favouritism or unfair conduct;
- 362.9.2 any alleged breach of the GCIS's Code of Conduct.

363. The GCIS shall ensure that:

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

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

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

RISK MANAGEMENT

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

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

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

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

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

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

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

Key principles

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

366.1 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;

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

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

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

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

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

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

367.1 The risk management framework;

367.2 Risk identification;

367.3 Risk analysis;

367.4 Risk assessment;

367.5 Mitigation of risk; and

367.6 Monitoring and review.

APPROVED



A handwritten signature in black ink, appearing to read 'Phumla Williams', is written over a horizontal line.

MS PHUMLA WILLIAMS

ACTING CEO

DATE: 30/5/13

(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

"written or verbal quotations" means quotations referred to in paragraph 96 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.
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 R 500 000, maximum of 10 points for specific goals, lowest acceptable tender scores 90 points for price;
 - 7.2 Contracts equal or below R500 000, maximum of 20 points for specific goals, lowest acceptable tender scores 80 points for price;
 - 7.3 Other acceptable tenders which are higher in price score fewer points on a pro rata basis, calculated on their tender prices in relation to the lowest acceptable tender in accordance with a prescribed formula.

8. A contract must be awarded to the bidder who scores the highest points unless objective criteria in addition to that pertaining to specific goals, justify the award to another bidder. The framework states that specific goals may include:
- 8.1 Contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability.
 - 8.2 Implementing the programme of the Reconstruction and Development Programme as published in Government Gazette no. 16085 dated 23 November 1994.
9. Specific goals for which points may be awarded must be clearly specified in the invitation to submit a tender and must be measurable and quantifiable and monitored for compliance.
10. 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")

11. 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".
12. 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.
13. 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.

14. 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.
15. Support is given to the procurement legislative framework by legislation that provides for fair administrative action and transparency. There is additional legislation that provides strategies for the empowerment of historical disadvantaged individuals. These include:
 - 15.1 The Promotion of Administrative Justice Act 3 of 2000;
 - 15.2 The Promotion of Access to Information Act 2 of 2000; and
 - 15.3 The Broad Based Black Economic Empowerment Act 53 of 2003.

Promotion of Administrative Justice Act 3 of 2000

16. 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.
17. 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

18. 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)

19. Black Economic Empowerment ("BEE") 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:
- 19.1 A substantial increase in the number of Black people who have ownership and control of existing and new enterprises;
 - 19.2 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;
 - 19.3 A significant increase in the number of new Black enterprises, Black-empowered enterprises and Black-engendered enterprises;
 - 19.4 A significant increase in the number of Black people in executive and senior management enterprises;
 - 19.5 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;
 - 19.6 Accelerated and shared economic growth; and
 - 19.7 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

20. 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

21. In terms of Section 38(i) of the Public Finance Management Act 1 of 1999 this supply chain management policy establishes a system that –

21.1 Gives effect to –

21.1.1 Section 217 of the Constitution; and

21.1.2 Treasury Regulations 16A of the PFMA; and

21.2 Complies with –

21.2.1 The supply chain management practice notes prescribed by National Treasury; and

21.2.2 Any minimum norms and standards issued by the National Treasury.

21.3 Is consistent with other applicable legislation;

21.4 Does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

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

22. This supply chain management policy provides systems for –

22.1 Demand management;

22.2 Acquisition management;

22.3 Logistics management;

- 22.4 Disposal management;
- 22.5 Risk management; and
- 22.6 Performance management.

Demand Management

- 23. 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.
- 24. 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.
- 25. 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.
- 26. 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.
- 27. 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

- 28. 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 producing goods and services in terms of the government's preferential procurement policies.

29. The acquisition management system will provide a basis upon which the procurement process starts. Activities undertaken herein will include:

29.1 The determination of the needs of the specific directorate and researching the market to identify the most suitable form of procurement;

29.2 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;

29.3 The identification of a sourcing strategy, i.e. request for proposals/quotations, or competitive bidding or single source selection;

29.4 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;

29.5 The procurement of goods and services;

29.6 Depending on the delegation of authority, the award of a contract to the preferred supplier/service provider by the requisite official; and

29.7 The management of the contracts following the award of the contract. Here the elements of performance and risk management become relevant.

Logistics Management

30. 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,

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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.

31. 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.
32. Services/supplies received shall be placed in an inventory to monitor the levels.
33. 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.
34. Additional functions to be performed will include the storage/warehousing of goods and the management of vendors.

Disposal Management

35. This system shall be applied in the determination of the disposal of assets.
36. Assets must be inspected by the facilities management directorate to determine whether they can be re-used or whether they need to be disposed. More specifically the facilities management directorate shall undertake the following activities:
 - 36.1 The calculation of the obsolescence planning or depreciation rates per item;
 - 36.2 The establishment of a data base of all redundant material;
 - 36.3 The inspection of material for potential re-use;

- 36.4 The determination of a strategy of how the items are going to be disposed of; and
- 36.5 The execution of the physical disposal process.
37. 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.
38. With specific reference to fixed assets, cognisance should be taken of depreciation, maintenance and replacement planning and costing amongst other factors.

Risk Management

39. 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.
40. Risk management must therefore involve:
- 40.1 The identification of risks on a case-by-case basis;
 - 40.2 The allocation of risks to the party best suited to manage such risks;
 - 40.3 Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 - 40.4 The management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
 - 40.5 The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.
41. 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.

42. The risk management function is a function that should be proactively carried out through the lifecycle of the SCM process.

Performance Management

43. 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:

- 43.1 Whether the procurement processes outlined in the policy are adhered to;
- 43.2 The performance of the service provider during the life cycle of the contract;
- 43.3 The payment of moneys owed to service providers;
- 43.4 Compliance to norms and standards;
- 43.5 Cost efficiency of procurement process (i.e. the cost of the process itself);
and
- 43.6 Whether supply chain practices are consistent with Government's broader policy focus.

SUPPLY CHAIN MANAGEMENT STRUCTURES

44. 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.

45. The key structures in the implementation of the system, include:

- 45.1 The Accounting Officer ("herein referred to as CEO");
- 45.2 The Chief Financial Officer ("CFO");

45.3 The Supply Chain Management Unit ("SCM Unit"); and

45.4 The Directorates.

Accounting Officer

46. 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.

47. In terms of treasury regulation 16A the Accounting Officer has several responsibilities with respect to the implementation of the SCM system. These are:

47.1 Establishment of the SCM system – 16A3.1;

47.2 Establishment of the SCM unit – 16A4.1;

47.3 Ensure the training of officials implementing the SCM system – 16A5.1;

47.4 Establishment of the bid committees – 16A6.2;

47.5 Ensuring that bid documentation and general conditions of contract are in accordance with the instructions of the National Treasury or the prescripts of the CIDB, where applicable – 16A6.3(a);

47.6 Ensure that the bid documentation include the evaluation and adjudication criteria – 16A6.3(b);

47.7 Ensure that bids as well as the publication of awards, are advertised – 16A6.3(c) & (d);

47.8 Ensure that contracts relating to information technology are prepared in accordance with the State Information Technology Act – 16A6.3(e);

47.9 Ensure that treasury regulation 16 is complied with when goods and services are procured through public private partnerships – 16A6.3(f);

- 47.10 Ensure compliance with instructions issued by the National Treasury in respect of the appointment of consultants – 16A.6.3(g);
 - 47.11 Approve deviations from the normal procurement process where it is impractical to do so and where the reasons for deviation are recorded – 16A.6.4;
 - 47.12 Establish a system for the disposal of assets – 16A.7;
 - 47.13 Establish a system to combat abuse of the SCM system – 16A.9; and
 - 47.14 Report SCM information to the National Treasury– 16A.11.
48. These roles may however be delegated by the Accounting Officer in terms of section 44 of the PFMA and as stipulated in this policy, as specifically provided for in terms of 'the delegation of powers and duties by the CEO to other employees in the GCIS and as provided in paragraphs 81 and 82.

Chief Financial Officer

49. 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:
- 49.1 Financial management;
 - 49.2 Assisting and guiding officials with respect to:
 - 49.2.1 budget planning and management;
 - 49.2.2 financial administration which involves the issuance of order numbers and making payments; and
 - 49.2.3 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

50. 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.
51. The role of the SCM unit shall be that of developing, coordinating and implementation of acquisition management policies and procedures.
52. In addition the SCM unit is responsible for:
- 52.1 The procurement of goods and services within the precepts of the procurement regulatory framework and this policy;
 - 52.2 The maintenance and update of a list of prospective suppliers;
 - 52.3 The management and administration of transversal contracts issued by the National Treasury;
 - 52.4 Development of procurement plans in conjunction with a relevant directorates;
 - 52.5 Undertaking market research on market prices and suppliers;
 - 52.6 Identifying sourcing strategies for the procurement of specific goods or services;
 - 52.7 Facilitating the convening of bid committees and participating in the development of bid specifications, evaluation of bids and adjudication of bids;
 - 52.8 Ensuring that bid documents are in compliance with the procurement regulatory framework;
 - 52.9 Ensuring that bidders have the requisite documents, that is, tax clearance certificates, registration documents amongst others; and

52.10 Ensure that service level agreements and contracts are signed upon the award of bids.

53. The SCM unit is also responsible for the management of contracts executed upon the appointment of a supplier/contractor/service provider. This responsibility entails:

53.1 Establishing a contract management system;

53.2 Custodianship of signed contracts;

53.3 Capturing of requests;

53.4 Issuing of orders;

53.5 Creditor Management;

53.6 Batch control;

53.7 Processing of creditor and sundry payments.

Directorate

54. 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.

55. 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.

56. 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.

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

Directorate: Provincial Liaison

61. There are GCIS offices in each of the nine provinces. The offices work closely with provincial governments, in particular the Premier's Offices, to ensure that the message of government is disseminated to the public in a seamless manner. It is therefore necessary to highlight the responsibility of the provincial liaison directorate with respect to the procurement of communication suppliers and service providers.
62. The functions of the provincial offices are:
- 62.1 Promoting an effective government communication system at provincial and local level by developing better alliances in the communication environment;
 - 62.2 Developing a clear understanding of the public's information needs and government's communication needs;
 - 62.3 Developing and implementing communication campaigns in response to the needs identified;
 - 62.4 Managing the corporate and operational function of the GCIS provincial offices; and
 - 62.5 Providing leadership in government communication through strengthening and integrating the Government Communication System with provincial structures.
63. In this regard the role of each provincial director with respect to the procurement of goods and services within the province includes:
- 63.1 The needs analysis of the provincial government;
 - 63.2 The development of the campaign strategy;
 - 63.3 The development of procurement plans with the assistance of the GCIS SCM unit;

- 63.4 The request for proposals/quotations for services to the provincial government;
 - 63.5 The requisition of orders for those services; and
 - 63.6 The performance management of services rendered.
64. Provincial directors shall, in terms of the paragraphs 228 to 230 execute service level agreements with service providers appointed by the GCIS through transversal contracts.

CHAPTER 3

DEMAND MANAGEMENT

65. The SCM unit will 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.
66. 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:
- 66.1 Understanding future needs;
 - 66.2 Identifying critical delivery dates;
 - 66.3 Identifying the frequency of need;
 - 66.4 Linking the requirement to the budget;
 - 66.5 Conducting an expenditure analysis (based on past expenditures);
 - 66.6 Determining the specifications;
 - 66.7 Conducting a commodity analysis (checking for alternatives); and

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

- 69.1 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;
 - 69.2 Take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
 - 69.3 Provide for the compilation of the required specifications to ensure that its needs are met.
70. With specific reference to media bulk buying, procurement plans shall be developed annually in terms of the communication needs of the client departments. This shall over and above the requirements provided above, entail:
- 70.1 Preparing timely plans for campaigns run annually by client departments;
 - 70.2 Liaising with client departments with respect to receiving briefs on campaigns anticipated in the demand management plans and payment commitments; and
 - 70.3 Standardisation of specifications for campaigns annually run by the client departments.

Sourcing Process Initiators

71. The actual sourcing of goods, works or services provided for in the procurement plan shall be undertaken when one of the following occurs:
- 71.1 The Directorate indicates the need for an item/service which is not covered on an existing contract;
 - 71.2 On the expiry of an existing contract;
 - 71.3 Contract Review (changes in the market place);

- 71.4 Cancellation or termination of a current contract;
- 71.5 Where there is a need for the provision of goods or services;
- 71.6 A new project; and
- 71.7 Information from suppliers.

Choice of Sourcing Strategies

- 72. Sourcing strategies are institutional procurement strategies that determine the best way to source for goods, works and services.
- 73. 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:
 - 73.1 Negotiated Procedure – a procedure where the services are tendered from a single source;
 - 73.2 Nominated Procedure – a procedure where service providers are sourced from a database established by the GCIS;
 - 73.3 Open Procedure – a procedure where goods, works or services are sourced through an open tender;
 - 73.4 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 tender offers, are invited to do so;
 - 73.5 Quotation Procedure – a procedure where tender 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;

- 73.6 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
- 73.7 Proposal Procedure using the two-stage System – a procedure where non-financial proposals are called for. Tender 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

74. 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.
75. The objective of the acquisition management is to ensure that:
- 75.1 That the goods and services, including consultant services are procured by the GCIS in accordance with the authorised procedures incorporated herein;
- 75.2 Expenditure is incurred as per the approved budget;
- 75.3 Threshold values are complied with;
- 75.4 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

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

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

Normal SCM

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	1 Quotation	Requisition for Order No
10 001 – 30 000	Responsible Manager	Director	As many quotations as possible from the database	Requisition for Order No
30 001 – 500 000	Director	Up to 80 000 – Director 80 000 – 150 000 – Chief Director 150 000 – 500 000 Head SCM, Chief Director & Chief Financial Officer	RFQ/RFP & Successful Bid	Requisition for Order No
500 001 +	Chief Director	SCM, BAC & Accounting Officer	Published Tender, Successful Bid	Requisition for Order No

Price Variations

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

DELEGATION

77. To effectively manage the supply chain management system the delegation of authority from the Chief Executive Officer to officials in the GCIS is necessary. The PFMA gives the CEO, in terms of section 44, the powers to, in writing, delegate any of the powers entrusted or delegated in terms of the PFMA to an official in that organ of state.
78. The Delegation of the powers and duties of the CEO shall be in writing in terms of the 'Delegation of Powers and Duties by the CEO to other Employees in the GCIS' "Delegation Document" amended from time to time by the office of the CEO.
79. With specific reference to the power to make a final award, the following delegations shall apply –
- 79.1 Above R 10 million (VAT included) may not be delegated by the CEO;
- 79.2 Above R 2 million (VAT included) but does not exceed R 10 million (VAT included) may be delegated but only to the Deputy CEO (who shall make an award on the recommendation of the Bid Adjudication Committee);
- 79.3 Not exceeding R 2 million (VAT included) may be delegated only to the CEO (who shall make an award on the recommendation of the Bid Adjudication Committee).
- 79.4 An official to which the power to make a final award has been delegated in accordance with this policy must within ten days of the end of each month submit to the CEO a written report containing particulars of each final award made by such official or committee during that month including-
- 79.4.1 the amount of the award;
- 79.4.2 the name of the person to whom the award was made; and
- 79.4.3 the reasons for the award.

79.5 This section may not be interpreted as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in this policy.

79.6 No supply chain management decision-making powers may be delegated to an advisor or consultant.

Deviations

80. In terms of Practice Note SCM 2 of 2005 and as amended by the SCM 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.

81. Accordingly, in terms of the CEO's authority to delegate, deviations in respect of normal procurement shall be in accordance with the Table below:

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

82. In respect of media bulk buying and media production, deviations shall be in accordance with the Table below as stipulated in the Delegation Document (as amended from time to time):

FORM OF PROCUREMENT	THRESHOLD	DELEGATE	WHO AUTHORISES
Acquisition of Print Media	30 000 – 2 000 000	Director	Chief Director: CSA and CFO
Acquisition of Print Media	2 000 000 – 5 000 000	Director	Deputy CEO
Acquisition of Radio Space	30 000 – 3 000 000	Director	Chief Director: CSA and CFO
Acquisition of Radio Space	3 000 000 – 5 000 000	Director	Deputy CEO
Acquisition of TV Space	30 000 – 5 000 000	Director	Chief Director: CSA and CFO
Acquisition of TV Space	5 000 000 – 10 000 000	Director	Deputy CEO
Acquisition of TV Space	10 000 000 +	Director	CEO on Recommendation of the BAC
Acquisition of Outdoor Advertisement	30 000 – 2 000 000	Director	Chief Director: CSA and CFO
Acquisition of Outdoor Advertisement	2 000 000 – 3 000 000	Director	BAC
Acquisition of Outdoor Advertisement	3 000 000 +	Director	CEO on Recommendation of the BAC

PROCUREMENT

83. The procurement of goods and services through this policy is provided by way of –

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

83.2 Written or verbal quotations for procurements of a transaction value over R2 001 up to R10 000 (VAT included);

83.3 As many price quotations as possible from suppliers listed on the database for procurements of a transaction value over R10 001 up to R30 000 (VAT included);

- 83.4 Request for Quotation/Request for Proposal for procurement for a transaction value over R 30 000 up to R 500 000; and
- 83.5 A competitive bidding process for-
- 83.5.1 procurement above a transaction value of R500 000 (VAT included); and
- 83.5.2 the procurement of long term contracts.
- except for deviations, urgent and emergency procurement.
84. The Accounting Officer may in writing -
- 84.1 Lower, but not increase, the different threshold values specified in paragraph 83; or
- 84.2 Direct that:
- 84.2.1 written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;
- 84.2.2 formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or
- 84.2.3 a competitive bidding process be followed for any specific procurement of a transaction value lower than R500 000.
85. 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

86. The GCIS must –

- 86.1 Keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the GCIS through written or verbal quotations and formal written price quotations;
 - 86.2 Use the list to effectively promote black economic empowerment through the participation of black owned enterprises, black empowered enterprises, black women-owned enterprises (as defined in the strategy for Broad-Based Black Economic Empowerment issued by the Department of Trade and Industry) as well as the promotion of businesses owned by other Historically Disadvantaged Individuals (HDIs);
 - 86.3 At least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
 - 86.4 Specify the listing criteria for accredited prospective providers; and
 - 86.5 Disallow the listing of any prospective provider whose name appears on the national treasury's database as a person prohibited from doing business with the public sector.
87. The objectives of the establishment of the list of suppliers are to:
- 87.1 Assess the profile of suppliers available in the market;
 - 87.2 Maintain an approved list of suppliers to aid the auction method of acquisition;
 - 87.3 Reduce administrative and bidding/quotation costs for both the GCIS and the supplier;
 - 87.4 Support the GCIS preference policy;
 - 87.5 Support the promotion of emerging suppliers and supplier development programmes;

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- 87.6 Monitor supplier performance by establishing a track record for suppliers;
- 87.7 Target supply side support resources to emerging suppliers;
- 87.8 Reduce risks relating to the selection of suppliers; and
- 87.9 Report on the implementation of preference, black economic empowerment and budget spending.
88. The following key principles will apply to the supplier register:
- 88.1 The use of the register will be mandatory for the acquisition through the request for proposal/quotation procedure for goods, works and services;
- 88.2 The list of suppliers may be used for the procurement of goods, works or services in emergencies and urgent situations;
- 88.3 Registration of a supplier on the supplier register does not guarantee that the supplier will receive any work or contract from the GCIS;
- 88.4 The register will categorise the different service sectors and register suppliers for the respective service category or categories applied for;
- 88.5 Suppliers registered with the GCIS must be compliant with all relevant legal and statutory requirements;
- 88.6 The register will facilitate access by the small and emerging enterprises to work and develop skills; and
- 88.7 Suppliers who do not meet the criteria stipulated in the invitation to register will not be registered.
89. The list must be compiled per commodity and per type of service. Three databases shall be established, namely:
- 89.1 General Services;
- 89.2 Professional Services; and

89.3 Media services and Outdoor Advertising services.

90. 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:

90.1 The panels should be determined after a competitive bidding process in compliance with the provisions of this policy;

90.2 The budget for each panel and period for each panel is to be determined by the CEO on establishment of the panel;

90.3 The GCIS is not obliged to access the panel for provision of the services and may choose to procure services from any other service provider on the database;

90.4 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;

90.5 The GCIS may either require a service provider on the panel to carry out an instruction on a hourly rate as provided for in the bid submitted an application for inclusion on the panel, or to obtain fixed price quotations from the service providers for the carrying out of the instruction; and

90.6 The GCIS may vary the budget for the panel in compliance with the provisions of this policy.

91. In order to be considered for listing on any of the two databases and on the panel of consultants, a service provider, supplier or consultant must produce proof of compliance with the following prerequisites:

91.1 Possess a current original certificate of good standing in terms of VAT/Income Tax;

- 91.2 Company registration with the registrar of businesses in terms of the Companies Act, 1973 (Act No. 61 of 1973); and,
 - 91.3 Registration with a professional body, where relevant;
 - 91.4 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);
 - 91.5 Evidence of a proven performance track record and list of previous projects; and
 - 91.6 Where applicable ensure, in respect of the preferred bidder, that the bidder's municipal rates and taxed and municipal service charges are not in arrears, where applicable.
92. The database and the panel of consultants shall be managed in terms of the following:
- 92.1 A mandatory obligation should be placed on the suppliers listed on the database to ensure that they remain compliant with the terms of their listing, that is, maintain a tax clearance certificate and other requisite documents;
 - 92.2 An obligation on the SCM unit to monitor compliance and provide warnings where suppliers fail to maintain their compliance status;
 - 92.3 The categorisation of suppliers in respect of their performance, that is, coding the performance in three colours, green for good performance, red for bad performance and black for suppliers that commit fraud, are corrupt and who have performed major breaches of contract;
 - 92.4 With specific reference to the database, depending on the circumstances, goods or services may be procured, either by obtaining quotes on a

rotation basis, or according to the bid procedure when services are required. Where a supplier has been selected from the list, the supplier shall be placed on the bottom of the list of suppliers to give an opportunity to other suppliers on the list. Services will however be procured from suppliers who receive a green coding over time. The coding system shall be applied to weed out non-performing suppliers from the list and facilitate the rotational appointment of good performing suppliers; and

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

General pre-conditions for consideration of written quotations or bids

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

- 93.1 Has furnished that provider's –

93.1.1 full name;

93.1.2 identification number or company or other registration number;
and

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

- 93.2 Has indicated –

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

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

93.2.3 whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in paragraph 93.2.2 is in the service of the state, or has been in the service of the state in the previous twelve months.

Petty cash purchases

94. in certain cases, where it is not possible or economically viable to procure goods and services through written or competitive bidding processes. This situation will arise where the total costs of engaging in written quotations or competitive bidding far outweigh the value of the items or services being sought. This situation is envisaged for items or services below R2 000.00 VAT inclusive.
95. The CFO must determine the conditions for the procurement of goods, works and services through petty cash, that is: –
- 95.1 The terms on which a manager may delegate responsibility for petty cash to an official reporting to the manager;
 - 95.2 Limiting the number of petty cash purchases or the maximum amounts per month for each manager; and
 - 95.3 Excluding any types of expenditure from petty cash purchases, where this is considered as necessary.

Written or verbal quotations

96. The conditions for the procurement of goods, works or services through written or verbal quotations, are that:–
- 96.1 Quotations must be obtained by the director of the directorate procuring goods, works or services within forty eight (48) from the time a decision is taken to procure, from at least three different accredited providers registered in the GCIS database, where applicable;

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

Formal written price quotations

97. The conditions for the procurement of goods or services through formal written price quotations, are that-
- 97.1 Quotations must be obtained by the director of the directorate procuring goods, works or services in writing from as many suppliers as possible whose names appear on the list of accredited prospective providers of the GCIS;
- 97.2 Providers not registered on the data base will only be considered if no technically suitable suppliers are registered on the data base and/or if it would be in the best interests of the GCIS that such suppliers be considered, provided that such providers meet the listing criteria required by this policy;
- 97.3 Where a decision is taken to procure suppliers outside the database, quotations must be obtained by the director of the directorate procuring

goods, works or services in writing from at least three different providers. If it is not possible to obtain at least three written quotations, then the reasons must be recorded and approved by the delegated official(s) and/or committee as per the delegations of authority in paragraph 81 above; and

97.4 Splitting of requirements with the sole intention of circumventing any of the procurement mechanism listed is not allowed.

98. A designated official must within seven days of the end of each month report to the CFO on any approvals given during that month by that official.

Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

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

99.1 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;

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

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

99.4 Splitting of requirements with the sole intention of circumventing any of the procurement mechanism listed is not allowed.

100. The SCM Unit must submit a quarterly report, including an analysis of the achievement of set goals.

101. The SCM Unit will submit a quarterly report on the procurement of goods and services in this category. An analysis will be provided stating the achievement and/or failure in compliance with the set goals.

Competitive bidding process

102. As a general rule, goods or services above a transaction value of R500 000 (VAT included) and long term contracts may only be procured through a competitive bidding process.
103. 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.
104. Prospective service providers must be registered as VAT vendors in order to tender for bids above a value of R30 000, 00.

Process for competitive bidding

105. The process for competitive bidding comprises of the following processes:
- 105.1 Needs analysis and market research;
 - 105.2 The compilation of bidding documentation;
 - 105.3 The public invitation of bids;
 - 105.4 Site meetings or briefing sessions, if applicable;
 - 105.5 The handling of bids submitted in response to public invitation;
 - 105.6 The evaluation of bids;
 - 105.7 The award of contracts;
 - 105.8 The administration of contracts; and
 - 105.9 Proper record keeping.

Bid Specification Committee

Appointment of Bid Specification Committee

106. The head SCM must appoint members of the specification committee in writing. The specification committee should be appointed as and when the need arises.
107. The Committee shall comprise of at least three officials and may where appropriate, invite an external technical expert. A charter providing for the establishment of the specification committee shall expressly provide for the qualifications of members of the committee.
108. The composition must constitute a minimum of the following officials:
 - 108.1 An official from the directorate procuring the services;
 - 108.2 An official from the supply chain management unit; and
 - 108.3 An official responsible from corporate services who may, where applicable, be the risk manager.

Functions of the Specification Committee

109. The Specification Committee shall be responsible for:
 - 109.1 Compilation of specifications/terms of reference for each bid/quotation for the procurement of goods or services by the GCIS and to ensure that;
 - 109.2 A proper and unbiased specification is compiled for the specific requirement;
 - 109.3 Proper terms of reference are drawn up for the service required clearly indicating the scope of the requirement, the ratio between the price and functionality, the evaluation criteria as well as their weights and values;
 - 109.4 Strategic sourcing is applied and that the market is properly researched and analysed;

- 109.5 The necessary funds are available;
- 109.5.1 in addition to the general conditions of contract, appropriate special conditions of contract are specified, where applicable; and
- 109.5.2 in terms of the PPPFA, the correct preference point system is prescribed and that appropriate goals are identified and points allocated for these goals.
- 109.6 It is recommended that specifications should be approved by the Head of the SCM unit or his or her delegate in consultation with the CFO and the Accounting Officer.

Bid documentation for competitive bids

110. A Bid Specification Committee together with the SCM unit shall in terms of the report provided post the need analysis, compile bid documents. The bid documentation must provide –
- 110.1 That the bid must be submitted in the official bid document;
- 110.2 That the bid is subject to the general conditions of contract;
- 110.3 For the preferential procurement point system applicable;
- 110.4 For the particulars of the bidder required;
- 110.5 For the tax clearance certification requirements;
- 110.6 For the requirements with respect to the scoring of the bid, that is, price and functionality;
- 110.7 That negotiations will be conducted in finalising the award;
- 110.8 In the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure, the requirements of the Construction Industry Development Board;

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:
 - o the Preferential Procurement Policy Framework Act 5 of 2000;
 - o the Broad-Based Black Economic Empowerment Act 53 of 2003;
 - o the Promotion of Access to Information Act 2 of 2000; and
 - o the Promotion of Administrative Justice Act 3 of 2000.

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

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

Bids exceeding R10 million

111. If the value of the transaction is expected to exceed R10 million (VAT included), then the bid documentation must stipulate that bidders are required to furnish-

111.1 Their audited annual financial statements -

111.1.1 for the past three years; or

111.1.2 since their establishment, if established during the past three years, in the event that the bidder is required by law to prepare annual financial statements for auditing;

111.2 A certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;

111.3 Particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract; and

111.4 A statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the GCIS is expected to be transferred out of the Republic.

Public invitation for competitive bids

112. Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of

the GCIS or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and

113. The information contained in a public advertisement, must include –
- 113.1 The closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper; and
 - 113.2 A statement that bids may only be submitted on the bid documentation provided by the GCIS.
114. The Accounting Officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
115. 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

116. No bids shall be received after the closing date provided for in the bid documentation. Bids upon receipt:
- 116.1 Must be opened only in public; and
 - 116.2 Must be opened at the same time and as soon as possible after the period for the submission of bids has expired;
117. 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.
118. The Head SCM shall;

- 118.1 Record in a register all bids received in time;
- 118.2 Make the register available for public inspection; and
- 118.3 Publish the entries in the register and the bid results on the website.

Negotiations

119. The negotiation process may be used when:
 - 119.1 Procuring goods and services from single or sole suppliers;
 - 119.2 Negotiating the terms and conditions of the contract;
 - 119.3 Concluding agreements with the preferred bidder; and
 - 119.4 Negotiating annual price increases.
120. 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 –
 - 120.1 Does not allow any preferred bidder a second or unfair opportunity;
 - 120.2 Is not to the detriment of any other bidder; and
 - 120.3 Does not lead to a higher price than the bid as submitted.
121. The approval or mandate to negotiate must address at least the following:
 - 121.1 Reasons for negotiations;
 - 121.2 Negotiation parameters;
 - 121.3 Objectives of the negotiations; and
 - 121.4 Supplier(s) to be negotiated with.
122. The outcome of the negotiation must be approved by the BAC before the contract can be awarded to the preferred bidder.

123. Records of all negotiations must be kept and submitted to the BAC during the award.

Two-stage bidding process

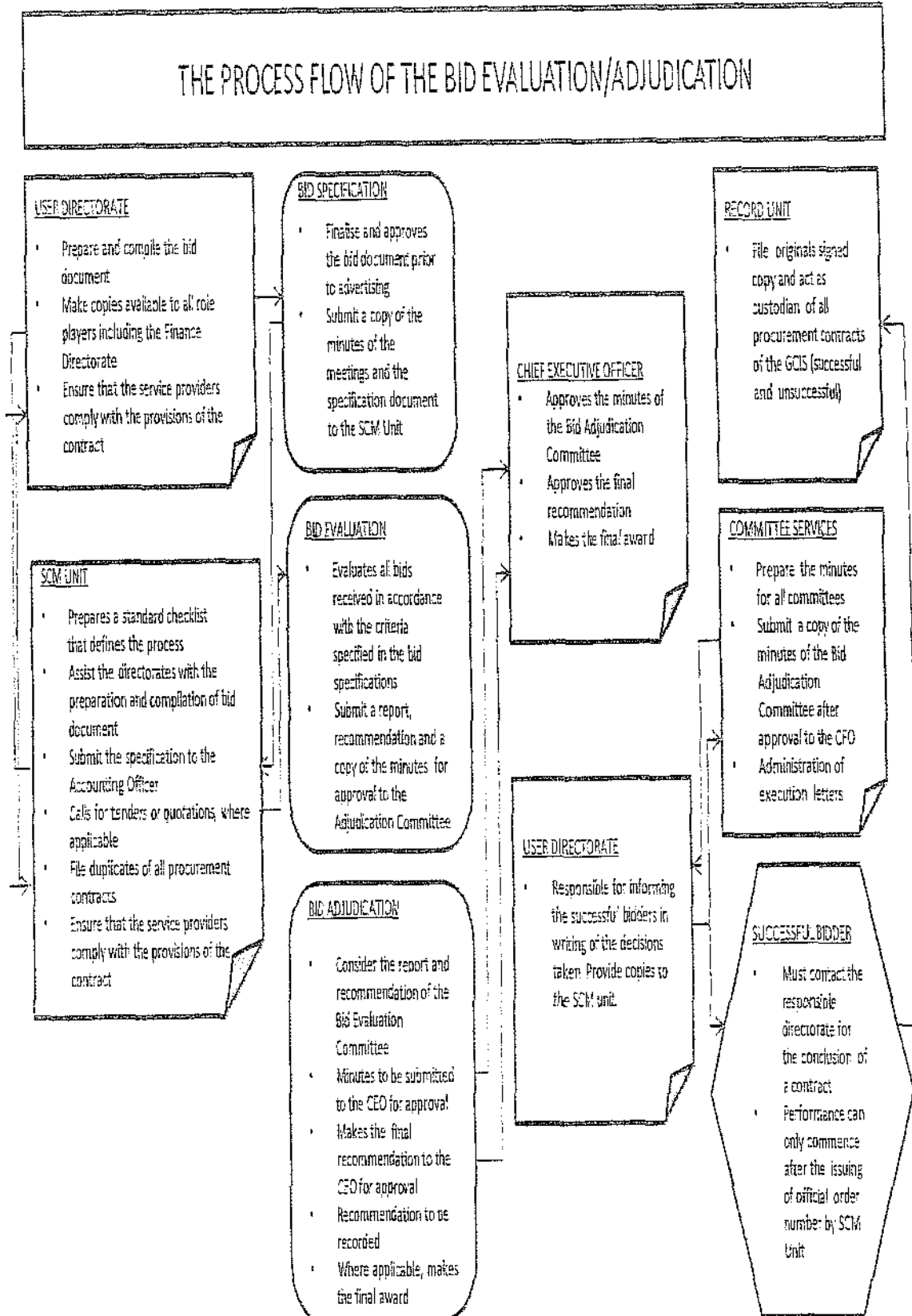
124. A two-stage bidding process is allowed for –
- 124.1 Large complex projects;
 - 124.2 Projects where it may be undesirable to prepare complete detailed technical specifications; or
 - 124.3 Long term projects with a duration period exceeding three years.
125. In the first stage technical proposals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

Closed Bid Process

127. The GCIS may procure goods or services through a closed bidding process under the following circumstances:
- 127.1 Appropriate market research has identified that the goods or services are only available from a few suppliers;
 - 127.2 Where it is demonstrated that it is not practical or cost-effective to conduct an open tender or proposal; or
 - 127.3 Where there is genuine limited time for the procurement process.
128. Quotations shall be sent 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

129. The evaluation and adjudication of bids shall be undertaken by bid committees established by the CEO as the Accounting Officer. The diagram below provides a depiction of the evaluation and adjudication of bids.



Bid Evaluation Committee

Appointment of Bid Evaluation Committee

130. The Accounting Officer shall appoint members of the Bid Evaluation Committee in writing before the closing of the bid.
131. 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

132. The Committee must in so far as it may be possible, be cross functional.
133. The Committee shall comprise of at least three officials from the GCIS and shall be chaired by an expert from the SCM Unit.
134. The Accounting Officer may appoint an external technical expert to serve in the committee for a specific bid.
135. At the minimum the following officials should serve in the Bid Evaluation Committee:
 - 135.1 The relevant end-user;
 - 135.2 An expert from the SCM unit whom shall be the chairperson; and
 - 135.3 An official from the relevant Directorate.

Functions of the Bid Evaluation Committee

136. 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:

- 136.1 Undertake a compliance check to ensure that all required forms and information have been submitted, legibly written and completed in full;
 - 136.2 Verify that the bid documents have been properly signed in ink in the original; and
 - 136.3 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.
137. In respect of substantive compliance, this committee is responsible for the evaluation of bids received, which includes:
- 137.1 Verification of administrative compliance of the bid documents;
 - 137.2 Tax clearance certificates issued by the SARS;
 - 137.3 Evaluation of bids in accordance with the criteria specified in the bid documents and the PPPFA regulations;
 - 137.4 Evaluation of each bidder's capacity to execute the contract; and
 - 137.5 Submission of evaluation report and recommendations regarding the award of the bid to the Adjudication Committee.
138. The Committee may only evaluate the bid in accordance with the bid documentation and Preferential Procurement Policy Framework Act No. 5 of 2000 preference point system. The Committee should submit a report and recommendation(s) regarding the award of the bid(s) to the Adjudication Committee.
139. In all its proceedings it must comply with the directives and procedures issued by the National Treasury and the GCIS's delegation, policies and procedures and must ensure compliance there with.

Bid Adjudication Committees

Appointment of the Bid Adjudication Committee

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

Composition of the Bid Adjudication Committee

148. The Committee must consist of at least four senior officials, constituted as follows:

- 148.1 A chairperson who should be on Chief Director level from any directorate other than the directorate responsible for the request for bids that are subject of adjudication;
 - 148.2 A vice chairperson who should be on at least director level from the directorate responsible for the request for bids; and
 - 148.3 Other members - the Committee should be composed of cross-functional teams comprising senior officials of whom at least one must be a supply chain practitioner, and, where considered necessary, additional officials or advisors may be co-opted on account of their specialised knowledge.
149. An official from the SCM unit must be made available to act as secretary.
150. The Committee should only consider recommendations/reports if at least sixty percent (60%) of its members are present.
151. For the purpose of continuity and not to delay meetings, the Accounting Officer may also appoint alternative members to temporarily replace members that are absent from meetings due to illness, leave or any other unavoidable circumstances. The Accounting Officer will also decide whether or not such replacements will have the same powers as members.

Functions of the Bid Adjudication Committee

152. The Committee must consider the recommendations/reports of the Bid Evaluation Committee and, depending on the delegated powers, make:
- 152.1 A recommendation to the CEO or his/her delegate which must be the Deputy CEO to make a final award in consultation with the CFO; or
 - 152.2 Make a recommendation to the CEO or his/her delegate the Deputy CEO on how to proceed with the relevant procurement where an award is not recommended.

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

DEFINITIONS

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

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

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

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

“**bidder**” means any person submitting a bid;

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

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

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

“**competitive bidding process**” means a competitive bidding process referred to in paragraph 102 of this policy;

“**competitive bid**” means a bid in terms of a competitive bidding process;

153. Where the powers to make a final award are delegated to the Deputy CEOs, a final award by a Deputy CEO shall be made depending on the Committee that adjudicated on the bid. Recommendations shall be made to either of the two Deputy CEOs that are not from the same branch as the chairperson of the Committee recommending the bid.
154. The Committee must ensure that:
- 154.1 All necessary bid documents have been submitted;
 - 154.2 Disqualifications are justified and that valid and accountable reasons/motivations were furnished for the passing over of bids;
 - 154.3 Scoring has been fair, consistent and correctly calculated and applied; and
 - 154.4 The bidder's declaration of interests has been taken cognisance of.
155. The Committee must also consider and rule on all recommendations/reports regarding the amendment, variation, extension, cancellation or transfer of contracts awarded.
156. 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:
- 156.1 A proper and unbiased specification is compiled for the specific requirement;
 - 156.2 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;
 - 156.3 Strategic sourcing principles were applied and that the market was properly researched and analysed;
 - 156.4 The necessary funds are available;

- 156.5 if and when applicable, in addition to the General Conditions of Contract, that appropriate Special Requirements and Conditions of Contract are specified;
- 156.6 The preference point system prescribed and that appropriate goals are identified and that points allocated for these goals are consistent with the requirements of the Preferential Procurement Regulations; and
- 156.7 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.
157. The Accounting Officer or his or her delegate may at any stage refer any recommendation made by the Bid Evaluation Committee or the Bid Adjudication Committee back to the Committee for reconsideration.
158. Committee members must be familiar with and adhere to all relevant SCM legislation, policy, guides, practise notes and circulars.
159. 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.
160. 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:
- 160.1 Accept the confidentiality of the meeting;
- 160.2 Not make known anything regarding the meeting, unless officially authorised; and
- 160.3 Not purposefully favour or prejudice anybody.
161. Decisions taken by the Committees should be recorded in writing detailing:
- 161.1 The nature of the decision;

- 161.2 The reasons behind the decision;
 - 161.3 The dissenting views held by officials not agreeable with the decisions; and
 - 161.4 Officials present at the meeting.
162. The Committees shall sit as and when required following submissions from the Bid Evaluation Committee for the adjudication of bids. Where circumstances precipitate the convening of the Committee to adjudicate on urgent procurement, the Committee shall be required to convene within 48 hours.

Evaluation Panel

163. In respect of functionality assessments, the CEO may instruct that a bid be evaluated using an evaluation panel consisting of three or more specialists in their field of expertise appointed as such by the CEO. For the sake of impartiality, members of the bid committees in respect of the bid under consideration should not be part of the evaluation panel.
164. 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.
165. Preference points system, evaluation of bids, awarding of bids not scoring highest points, cancellation and re-invitation of bids
166. The 80/20 preference point system
- 166.1 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 tender or offer under consideration

P_i = comparative price of tender or offer under consideration

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

166.2 A maximum of 20 points may be awarded to a bidder for being an HDI and/or subcontracting with an HDI and/or achieving any of the specified goals.

166.3 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.

166.4 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.

167. The 90/10 preference point system

167.1 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:

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

where

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

P_i = comparative price of tender or offer under consideration

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

167.2 A maximum of 10 points may be awarded to a bid for being an HDI and/or subcontracting with an HDI and/or achieving any of the specified goals.

167.3 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.

167.4 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.

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

168.1 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 R500 000 and which relate to the sale and letting of assets.

$$Ps = 80 \left(1 + \frac{Pt - Ph}{Ph} \right)$$

Where

Ps = Points scored for price of bid under consideration

Pt = Rand value of bid under consideration

Ph = Rand value of highest acceptable bid

168.2 A maximum of 20 points may be awarded to a bidder for being an HDI and/or subcontracting with an HDI and/or achieving any of the specified goals.

168.3 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.

168.4 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.

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

169.1 The following formula must be used to calculate the points for price in respect of bids with a Rand value above R500 000 and which relate to the sale and letting of assets:

$$Ps=90 \left(1+ \frac{Pt - Ph}{Ph}\right)$$

Where

Ps = Points scored for price of bid under consideration.

Pt = Rand value of bid under consideration

Ph = Rand value of highest acceptable bid

169.2 A maximum of 10 points may be awarded to a bidder for being an HDI and/or subcontracting with an HDI and/or achieving any of the specified goals.

169.3 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.

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

Evaluation of bids on functionality and price

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

171. When evaluating the bid on functionality, the:

171.1 Evaluation criteria for measuring functionality;

171.2 Weight of each criterion;

171.3 Applicable values; and

171.4 Minimum qualifying score for functionality'

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

172. The total combined points allowed for functionality and price may, in respect of bids with an estimated Rand value equal to, or below, R1000 000, not exceed 80 points.

173. The total combined points allowed for functionality and price may, in respect of bids with an estimated Rand value above R1000 000, not exceed 90 points.

174. When evaluating the bids contemplated in this item, the points for functionality must be calculated for each individual bidder.

175. The conditions of bid may stipulate that a bidder must score a specified minimum number of points for functionality to qualify for further adjudication.

176. The points for price, in respect of a bid which has scored the specified number of points contemplated in paragraph 175 must, subject to the application of the evaluation system for functionality and price contemplated in this section, be established and be calculated in accordance with the provisions of paragraphs 170 and 171.

177. Preferences for being an HDI and/or subcontracting with an HDI and/or achieving specified goals must be calculated separately and must be added to the points scored for functionality and price.

178. The bid with the highest number of points scored may be selected, subject to paragraphs 170 and 171.

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

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

Cancellation and re-invitation of bids

180. 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.
181. 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.
182. The GCIS may, prior to the award of a bid, cancel a bid if:
- 182.1 Due to changed circumstances, there is no longer need for the goods or services; or
 - 182.2 Funds are no longer available to cover the total envisaged expenditure; or
 - 182.3 No acceptable bids are received.
183. The Head SCM shall notify in writing bidders of the cancellation of a bid.
184. 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.

Principles

185. Preference points stipulated in respect of a bid must include preference points for equity ownership by HDI's.
186. The equity ownership contemplated in paragraph 185 must be equated to the percentage of an enterprise or business owned by individuals or, in respect of a company, the percentage of a company's shares that are owned by individuals, who are actively involved in the management of the enterprise or business and exercise control over the enterprise, commensurate with their degree of ownership at the closing date of the bid.

187. In the event that the percentage of ownership contemplated in paragraph 186 changes after the closing date of the bid, the bidder must notify the GCIS and such bidder will not be eligible for any preference points.

188. Preference points may not be claimed in respect of individuals who are not actively involved in the management of an enterprise or business and who do not exercise control over an enterprise or business commensurate with their degree of ownership.

189. Subject to above principles, all claims made for equity ownership by an HDI must be considered according to the following criteria:

189.1 Equity within private companies must be based on the percentage of equity ownership;

189.2 Preference points may not be awarded to public companies and tertiary institutions;

189.3 EP = the percentage of equity ownership by an HDI within the business, determined in accordance with paragraphs 185 to 188, such that:

$$NEP = NOP \times \frac{EP}{100}$$

where:

NEP = points awarded for equity ownerships by an HDI;

NOP = the maximum number of points awarded for equity ownership by an HDI; and

EP = the percentage of equity ownership by an HDI within the enterprise or business.

190. Equity claims for a Trust may only be allowed in respect of those persons who are both trustees and beneficiaries and who are actively involved in the management of the Trust.

191. Documentation to substantiate the validity of the credentials of the trustees must be submitted to the GCIS.

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192. A Consortium or Joint Venture may, based on the percentage of the contract value managed or executed by their HDI members, be entitled to equity ownership in respect of an HDI.
193. The number of points scored for a Consortium or Joint Venture must be added to the number of points scored for achieving specified goals.
194. The points contemplated in paragraph 193 must be added to the points scored for price, in order to establish the total number of points scored.
195. Subject to paragraph 179, the contract must be awarded to the bid which scores the highest points.
196. A person awarded a contract as a result of preference for contracting with, or providing equity ownership to, an HDI, may not subcontract more than 25% of the value of the contract to a person who is not an HDI or does not qualify for such preference.

Declarations

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

Specific Goals

198. The bid conditions may stipulate that specific goals, as contemplated in terms of the PPPFA, be attained.
199. The stipulation contemplated in paragraph 198 must include the method to be used to calculate the points scored for achieving specific goals.

"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 tender, means the final decision taken by the GCIS for the award of the tender;

200. Over and above the awarding of preference points in favour of HDI's, the following activities may be regarded as a contribution towards achieving the goals contemplated in terms of the PPPFA:
- 200.1 The promotion of South African owned enterprises;
 - 200.2 The promotion of export orientated production to create jobs;
 - 200.3 The promotion of SMME's; and
 - 200.4 The creation of new jobs or the intensification of labour absorption.
201. Specific goals must be measurable and quantifiable and the GCIS must monitor the execution of the contract for compliance with such goals.

Tax Clearance Certificate

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

DEVIATIONS FROM THE NORMAL PROCUREMENT PROCESS

207. 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.
208. 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.
209. 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:
- 209.1 The real and imminent risk of human injury or death;
 - 209.2 The prevalence of human suffering and deprivation of fundamental human rights;
 - 209.3 The real and imminent risk of substantial damage to property;
 - 209.4 The significant interruption of essential services, including transportation, communication or other support services critical to the effective functioning of the GCIS as a whole;
 - 209.5 The real and imminent risk of serious damage occurring to the natural environment.
210. Given the nature of GCIS's mandate of government communication, conditions may further warrant an emergency dispensation for the ability to communicate in real time to establish command and control of an emergency, to maintain event situational awareness, and to operate overall within a broad range of incidents.

211. The reasons for the urgency, emergency, for the appointment of a sole service provider and for dispensing of competitive bids, should be clearly recorded and approved by the CEO or his/her delegate. Where possible, three quotes must be obtained in accordance with the general acquisition management principles, and a report must be submitted to the CEO or his delegate for approval.
212. A motivation highlighting the reasons for deviation from the normal procurement process shall be prepared by the following officials in terms of the above specified thresholds:
- 212.1 0 – 2-000 – Deputy Director;
 - 212.2 2 001 – 10 000 – Director;
 - 212.3 10 001 – 30 000 – Director;
 - 212.4 30 001 – 500 000 – Chief Director; and
 - 212.5 500 0001 + - Chief Director.
213. The motivation shall be submitted to the CEO or his delegate as stipulated in paragraph 81, by the relevant official as stipulated in paragraph 211 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:
- 213.1 Compliance – the memorandum must provide the reasons for the deviation, identify the financial implications, have the requisite signatures and must have the requisite supporting documents;
 - 213.2 Verification – verification that the requisition amount corresponds with the goods, works or services to be procured; and
 - 213.3 Capturing – capturing of the order requisition on the SCM unit's system;

214. The procurement of the services shall commence notwithstanding the fact that the order number has not been issued. In this regard, the procurement of the goods or service shall commence upon the approval of the motivation by the CEO. Officials must ensure that an order number is issued retrospectively.

Media Bulk Buying, Media Production and Outdoor Advertising

215. 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.

216. 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.

217. The National Treasury shall provide the necessary authorisations for the framework that will be applied in this particular category of services.

2.1.7.1 Media Bulk Buying

2.1.7.1.1 Television, Radio, Print and Social Media

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 following thresholds will apply per media type:

Media Type	Value	Delegated Official	Approval Thereof
Television	R5 million	D: Media Buying	CD: Media Buying and Advertising &

			Chief Financial Officer
	Above R5 million	D: Media Buying CD: Media Buying & Advertising	Bid Adjudication Committee Chief Executive Officer
Radio	R3 million	D: Media Buying	CD: Media Buying and Advertising & Chief Financial Officer
	Above R3 million	D: Media Buying CD: Media Buying & Advertising	Bid Adjudication Committee Chief Executive Officer
Print	R3 million	D: Media Buying	CD: Media Buying and Advertising & Chief Financial Officer
	Above R3 million	D: Media Buying CD: Media Buying & Advertising	Bid Adjudication Committee Chief Executive Officer

2.1.7.1.2 Social Media, Online and New Media

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.

Media Type	Value	Delegated Official	Approval Thereof
Social Media, Online and New Media	R2 million	D: Media Buying	CD: Media Buying and Advertising Chief Financial Officer
	Above R2 million	D: Media Buying CD: Media Buying & Advertising	Bid Adjudication Committee Chief Executive Officer

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

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 will 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.

Media Type	Value	Delegated Official	Approval Thereof
Transit Media	R1 million	D: Media Buying	CD: Media Buying and Advertising Chief Financial Officer
Static Bill Boards	R1 million	D: Media Buying	CD: Media Buying and Advertising

			Chief Financial Officer
Digital / Electronic Bill Boards	R1 million	D: Media Buying	CD: Media Buying and Advertising Chief Financial Officer
Wall murals and other out of home media	R1 million	D: Media Buying	CD: Media Buying and Advertising Chief Financial Officer

All outdoor media, per category that exceeds the thresholds indicated above must be submitted to the Bid Adjudication Committee for recommendation to the Chief Executive Officer for approval.

2.1.7.1.3 Production of Creative

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

218. Media bulk buying directorate shall have a dedicated SCM unit that shall perform the following roles:

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

- 218.2 Verification – verifying whether the requisition amount corresponds with the goods, works or services to be procured;
 - 218.3 Capturing – capturing the order requisition on the SCM unit's system; and
 - 218.4 Database management – maintaining electronic copies of the order number, the motivation for deviation and supporting documents.
219. The dedicated SCM unit shall report to the overall GCIS SCM unit in respect of the roles performed in terms of paragraph 218.

Electronic Software

220. Media bulk buying, Media production and Outdoor advertising services require the reservation of media space in advance to secure same on behalf of client departments for media campaigns and/media services. GCIS shall as far as practically possible and expediently effect the following services through an electronic system:
- 220.1 The electronic receipt of requests from client departments for media services;
 - 220.2 The profiling of requests for presentation to client departments;
 - 220.3 The forecasting of costs for the media services; and
 - 220.4 The electronic communication to media houses and media service providers to secure media spaces.
221. Pre-booking of media services and media space shall be done at the Chief Director level. Authorisation of the anticipated expenditure shall be procured from the Deputy CEO.
222. To the extent that pre-booked media is not authorised timeously, the Chief Director shall take all steps necessary to prevent the booking from becoming unauthorised expenditure.

Unsolicited Bids

223. The CEO shall not be obliged to consider unsolicited bids received outside the normal bidding process.
224. The CEO is not obliged to consider an unsolicited proposal but may consider such proposal only if meets the following requirements:
- 224.1 A comprehensive and relevant project feasibility study has established a clear business case; and
 - 224.2 The product or service involves an innovative design; or
 - 224.3 The product or service involves an innovative approach to project development and management; or
 - 224.4 The product or service present a new and cost-effective method of service delivery.
225. The unsolicited proposal must contain the following information in terms of the proponent:
- 225.1 The proponent's name, address, identification or registration number(if a corporation), VAT registration number and the contact details of its authorised representation;
 - 225.2 Identification of any confidential or proprietary data not to be made public;
 - 225.3 The names of other South Africans institutions that have received similar unsolicited proposals;
 - 225.4 The proponent's current SARS Tax Clearance Certificate and in the case where the proponent is a consortium or joint venture, a current SARS Tax Clearance Certificate for each member thereof;
 - 225.5 A declaration of interest containing the particulars set out in Standard Bid Document (SBD) 4, issued by the National Treasury.

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- 225.6 A declaration of the proponent's past supply chain practices containing the particulars set out in SBD 8, issued by the National Treasury; and
- 225.7 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.
226. The unsolicited proposal must set out the following information in terms of the product or service offered:
- 226.1 A concise title and abstract (approximately 200 words) of the proposed product or service;
- 226.2 A statement of the objectives, approach and scope of the proposed product or service;
- 226.3 A statement describing how the proposal is demonstrably innovative and supported by evidence that the proponent is the sole provider of the innovation;
- 226.4 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;
- 226.5 A statement showing how the proposed project supports the institution's strategic growth and development plan and its other objectives; and
- 226.6 The period of time for which the proposal is valid for consideration, which may not be less than six months.
227. 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.

"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 97 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;

"historically disadvantaged individual" means a South African Citizen or any service provider;

(a) who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa Act, 1993 (Act No. 200 of 1993) or the Constitution of the Republic of South Africa, 1993 (Act No. 200 of 1993) ("the Interim Constitution"); and/or

(b) who is a female; and/or

(c) who has a disability;

provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HD;

"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

Transversal Contracts

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

Appointment of Consultants

231. 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.
232. The GCIS may use the organisations listed in paragraph 231 above as consultants to help in a wide range of activities such as policy advice, accounting officer's/authority's reform management, engineering services, construction supervision, financial services, legal services, procurement services, social and environmental studies, and identification, preparation, and implementation of projects to complement accounting officers' capabilities in these areas.

Need for appointment

233. Consultants should only be engaged when –

- 233.1 The necessary skills and/or resources to perform a project/duty/study are not available; and
- 233.2 The GCIS cannot be reasonably expected either to train or to recruit people in the time available.

Nature of appointment

- 234. Appointment by means of a formal contract should be concluded in terms of the following principles:
 - 234.1 The relationship between the GCIS and the consultant should be one of purchaser/provider and not employer/employee.
 - 234.2 The work undertaken for the GCIS by a consultant should be regulated by a contract and or a letter of appointment.
 - 234.3 In procuring consulting services the GCIS should satisfy himself/herself that:
 - 234.3.1 the procedures to be used will result in the selection of consultants who have the necessary professional qualifications;
 - 234.3.2 with specific reference to the training of government officials, that consultants appointed understand the workings of government and the ideological position of government;
 - 234.3.3 the selected consultant will carry out the assignment in accordance with the agreed schedule; and
 - 234.3.4 the scope of the services is consistent with the needs of the project.
- 235. Selection methods for the appointment of consultants
 - 235.1 The CEO or his or her delegated authority should be responsible for preparing and implementing the project, for selecting the consultant, awarding and subsequently administering the contract, as well as for the payment of consulting services under the project.

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

235.2.1 the need for high-quality services;

235.2.2 the need for economy and efficiency;

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

235.2.4 the importance of transparency in the selection process.

235.3 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.

235.4 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

236. The CEO 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.

237. SITA will act on behalf of the GCIS as an agent in circumstances where it cannot provide the mandatory services.

238. The CEO may procure services provided by SITA that are not mandatory as stipulated in Practice Note 5 of 2009/2010.

239. Both parties must enter into a written agreement to regulate the services rendered by and the payments to be made to, SITA.

240. The CEO must notify SITA through a motivation of the IT needs if:

- 240.1 The transaction value of IT related goods or services required in any financial year will exceed R 50 million (VAT included); or
- 240.2 The transaction value of a contract to be procured whether for one or more years exceeds R 50 million (VAT included).

Procurement of Catering Services

241. A number of pre-selected caterers determined by the CEO or his authorised delegate shall be enlisted in the database of preferred suppliers.
242. Catering service providers must be appointed on a rotational basis for the provision of catering goods and services with a value of no more than R 30 000. The performance rating provided for in paragraph 88.4 shall be applicable to the rating of the services of the catering service providers.
243. Where catering services are required in areas where there are no registered catering services providers on the database, the normal procurement process will apply.

Procurement of Accommodation and Conference Facilities

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

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

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

- 247.1 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 CEO has been provided with a copy of the contract awarded to the supplier or service provider;
- 247.2 There is no reason to believe that such contract was not validly procured;
- 247.3 There are demonstrable discounts or benefits to do so; and
- 247.4 That other organ of state and the provider have consented to such procurement in writing.

Contract Award

248. The Head of SCM 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 tender documents.
249. Contracts below the R 30 000 threshold may be executed by the Chief Director of the Directorate procuring the services together with the CFO. The powers to execute contracts above the R 30 000 threshold and below the R 500 000 threshold may be delegated to the Deputy CEO.
250. All contracts above the R 500 000 shall be vetted by the GCIS's legal advisors before signature and must be executed by the CEO.
251. A hand over meeting shall be held between the preferred bidder, the SCM Unit and the Directorate implementing the project at which point the contract negotiations should be finalised.
252. A copy of the signed contract shall be kept by both the SCM Unit and the Directorate for performance monitoring, payments and record keeping.

Extension of Contracts

253. Requests for extension of contracts must be considered by the CEO or the delegated authority and the execution of same will be dealt with as provided in paragraphs 249 and 250.
254. 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:
- 254.1 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
 - 254.2 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.
 - 254.3 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.
 - 254.4 The extension of a contract must be finalised before the current expiry date of the contract.

Unauthorised and Irregular Expenditure

255. Officials responsible for the procurement of goods and services must refrain from unauthorised expenditure and irregular procurement practices as defined in the PFMA.
256. 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."

257. The CEO shall have an obligation to report unauthorised expenditure to the National Treasury on discovery of same.
258. 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:
- 258.1 The PFMA; or
 - 258.2 Any requisite legislation;
 - 258.3 Expenditure resulting from non-adherence to an institution's delegations of authority.
259. 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.
260. 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.
261. The following are examples of irregular expenditure and the relevant/applicable authority that is empowered to condone such expenditure:
- 261.1 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;

- 261.2 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;
262. 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

263. The SCM head must establish and implement an effective system of Logistics Management, which must include:
- 263.1 The monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number. The following must be considered:
- 263.1.1 which items and quantities are kept in stock;
- 263.1.2 minimum/maximum levels to be kept in stock based on consumption figures or inputs from users; and
- 263.1.3 allowing for a safety margin ($\pm 20\%$) to be added to the minimum level to cover unforeseen circumstances.
- 263.2 The setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- 263.3 The placing of manual or electronic orders for all acquisitions other than those from petty cash;
- 263.4 Before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in

accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;

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

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

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

Requisitions of Order Numbers

264. 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 the Deputy Director the relevant Director shall be responsible for the authorisation of the requisition and in the case of a requisition by the Director the relevant Chief Director shall be responsible for the authorisation of the requisition before it is submitted to the SCM unit.

265. No order may be placed or contract entered into without the correct authorisation unless the nature of the service constitutes urgent and emergency procurement. The Deputy Director/Director procuring goods or services shall submit the completed requisition form to the SCM for issuance of an order number within forty eight (48) hours from the time a supplier/service provider has been appointed.

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

267. Spending limits will be placed on all CAPEX and OPEX at each level of authorisation. These spending limits will be set by the CFO and the relevant Deputy CEO. Orders may not be split into smaller orders to fit within the stipulated spending limits. Employees are not permitted to request items or services from suppliers when they are non-core to that supplier (core to the supplier: the specific skill or competency that the supplier was appointed for); or request the supplier to disguise these non-core items or services as part of the core supplies on an invoice.
268. All ancillary items or services must be sourced through the designated approved supplier. Employees may only procure items and services from approved suppliers who have been selected using the approved sourcing process, and who are on the approved list of preferred suppliers.
269. The SCM and the applicable delegate or authority will be responsible for making sourcing and supplier selection decisions. In the case where there is no pre-determined supplier for an item or service, The sourcing selection will be dependent on the value and nature of the category.
270. All orders must be sent to the suppliers from delivery of goods, works or services. The SCM Unit will issue all order numbers, via the system in use. All orders must be in an electronic format. All orders must be substantiated by a hard copy quote, with the appropriate approvals. This provision shall be amended accordingly where a decision is taken by the Auditor General to accept electronic records.
271. A system that ranks the provision of order numbers in terms of the priority of services shall be implemented by the SCM Unit. The SCM Unit shall process requisitions for order numbers based on the date on which procurement is to take place ensuring that the procurement process meets the needs of Directorates and does not operate on a first-come-first serve basis.
272. There shall be a 48 (forty eight) hours turn-around time for the submission of requisition and the issuance of order numbers.
273. In cases of procurement in emergency situations priority shall be given to the issuance of order numbers for these specific cases within reasonable time.

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 86 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 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 one time, at a reduced price, of a large quantity of media services;

Verifying

"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;

274. Notwithstanding the foregoing, the procurement of services shall continue without the issuance of the order number upon the approval of the motivation by the CEO or his delegate, in appropriate and exceptional circumstances.

Order Processing

275. Orders shall be placed upon the receipt of the appropriate SCM documents and may be placed under the following circumstances:

275.1 Contract purchase - Where a contract exists, orders should be placed for the item from the contract.

275.2 Price quotation/ Competitive Bidding Method - Where there is no contract, the price quotation or competitive bidding method of ordering should be applied within the requisite Delegated Authority.

276. The following steps are to be followed in placing orders:

276.1 Receipt of the appropriate and duly approved procurement documents;

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

276.3 Printing of the order in triplicate;

276.4 Approval of the order;

276.5 Distribution of copies of the order by the SCM Unit; and

276.6 Control of orders.

Approval of the order

277. An approved Order should contain the following details:

277.1 An approved supplier name and details;

277.2 An approved listed item;

277.3 A contract reference number;

277.4 Business Unit Number;

277.5 Business Unit approval;

277.6 Exact delivery address;

277.7 Buyer's name;

277.8 Quantity;

277.9 Price;

277.10 Value;

277.11 Required date of delivery;

277.12 Order placement date; and

277.13 System generated purchase order number.

278. No amendments may be done directly on the order forms. Only the relevant official who has been duly authorised thereto in writing may sign orders.

279. An SCM official must ensure that the word "duplicate" on the corrected order is cancelled and replaced by the word "corrected".

Distribution of orders

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

280.1 Original copy to the provider; and

280.2 Copies to the order are distributed as follows;

280.2.1 SCM Unit; and

280.2.2 retained on file by the ordering Directorate.

Variation of an order

281. Circumstances may arise necessitating the need to amend an order.
282. These circumstances may affect the specific items order, the specification of the item, the order quantity, the delivery period, the points of delivery, the packaging or even the delivery intervals in the case where partial deliveries have been specified.
283. Each case must be dealt with on its own merit and in terms of the applicable contracts/ terms of reference.
284. Amendments to an order may be initiated by either the provider or the relevant Directorate.
285. All amendments must be duly approved by the Chief Director of the relevant Directorate and the Head of SCM unit.

Cancellation of an order

286. 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, including the GCIS's legal advisors.

Drawing up of Contracts

287. It is necessary to enter into a formal written contract for the procurement of all goods and services of transactions over R 500 000, under the following minimum conditions, and subject to an assessment of the SCM unit:
- 287.1 Terms of contract must be clearly stated;
- 287.2 Payment terms and conditions;
- 287.3 Volume underpins;
- 287.4 Service levels;
- 287.5 BEE Development Plan;

- 287.6 Detailed signed off specification requirements; and
- 287.7 The price and price firm period.
288. Examples of circumstances under which contracts/service level agreements should be executed include:
- 288.1 Acquisition of expensive equipment/infrastructure that is subject to a warranty;
- 288.2 Rental of equipment or a service;
- 288.3 Subscription to a service or a product/data delivery;
- 288.4 Development and implementation of application software or a system;
- 288.5 Acquisition of licensed software;
- 288.6 Contracting human resources;
- 288.7 Consulting and professional services;
- 288.8 Confidentiality and non-disclosure;
- 288.9 Changes to or modification of an application or system;
- 288.10 Configuration and/or deployment of infrastructure;
- 288.11 Recurring acquisition of the same/similar/related items from the same supplier; and
- 288.12 Precedence to be stated.

Vendor Management

289. The reliability of the supplier should be monitored in terms of, among others,
- 289.1 Delivery periods;
- 289.2 Quality; and

289.3 Quantity.

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

Payments

291. 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.

292. Payment must only be effected when the responsible director has certified that the correct goods and services have been rendered.

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Stores / Warehouse Management

293. *Expediting of orders:* If the delivery conditions reflected on the order form are not complied with, it should be followed up with the supplier immediately.
294. *Receiving of items:* All goods received should be verified for quality and quantity against the ordering documentation. It is recommended that a receipt voucher be generated for payment purposes.
295. *Storage:* The GCIS' legal stipulations and safety regulations should be complied with when items are being stored, e.g. flammables, poison, explosives, ammunition, weapons, etc. An effective item location system should be utilised. Shelf-life of stock should be taken into consideration.
296. Stock and equipment should be stored properly and arranged in such a manner that the checking and handling thereof are being facilitated and the possibility of damage, exposure, deterioration and perishing thereof be limited or eliminated.
297. A proper record of all the applicable assets, or groups of assets of the GCIS should be maintained by the accounting officer.

Stocktaking

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

Sundries

300. Sundry purchases may be made by the national and provincial Directorates and paid for directly by the requester, who will then submit the receipt for reimbursement, or from petty cash.
301. Sundry purchases may be made to a maximum value of R2 000, to be used for items excluding stationery, catering, office equipment, consumables and IT consumables.
302. The value of R 2 000 may be reviewed on an annual basis by the CFO to curb maverick spending.
303. Under no circumstances may an employee use his/her personal credit card to bypass the formal procurement process to procure items/services and claim them back. Employees violating the policy will have no guarantee of reimbursement and will be personally liable for the expense incurred.

CHAPTER 6

DISPOSAL MANAGEMENT

304. The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, shall be executed as follows: Assets may be disposed of by:
- 304.1 Transferring the asset to another organ of state in terms of section 42 of the PFMA enabling the transfer of assets;

- 304.2 Transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
- 304.3 ~~Selling the asset; or~~
- 304.4 Destroying the asset.
305. The CEO must ensure that –
- 305.1 immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- 305.2 Movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- 305.3 immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- 305.4 All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- 305.5 Where assets are traded in for other assets, the highest possible trade-in price is negotiated.
306. For purposes of the disposal management process, the CEO must ensure that the following steps are undertaken in respect of movable assets:
- 306.1 Obsolescence planning must be effected, alternatively depreciation rates per item must be calculated;
- 306.2 A database of all redundant assets must be compiled and maintained;
- 306.3 Assets identified for disposal must first be inspected for potential re-use;
- 306.4 A strategy must be determined for the disposal of assets; and,

305.5 The actual disposal of assets must be effected in compliance with this chapter.

CHAPTER 7

CONTRACT MANAGEMENT AND RECORDING KEEPING

307. The Head SCM or his or her delegate shall ensure that all responsible steps are taken to properly manage contracts.
308. The responsibility for the day to day management of contracts shall be that of the Directorate. This shall entail ensuring:
- 308.1 The service provider performances according to the terms and conditions of the contract;
- 308.2 Goods and services are delivered on time; and
- 308.3 The correct quantity is delivered in terms of the required standards.
309. Additionally the responsibility for receiving invoices from service providers shall be undertaken by the relevant Directorate. The Directorate must ensure that requests for payments are in line with the contractual agreement and that payments made cover what has been delivered.

Contract Database

310. 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

311. Contracts may be amended according to matrix of authority outline in paragraph 76 to achieve the original objective of the contract.
312. Amendments may not materially alter the original terms of reference provided in terms of the bid documents.

313. 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.
314. Any extension/variation/amendment of the contract will be done in accordance with the delegations provided under paragraph 76. With regard to the appointment of consultants any granting of a substantial extension of the stipulated time for performance of the contract, agreeing to any substantial amendment of the scope of services, substitution of key staff, waiving the conditions of a contract, or making any changes in the contract that would in aggregate increase the original amount of the contract by more than 20% or R20 million (including all applicable taxes) for construction related goods, works and/or services and 15% or R15 million (including all applicable taxes) for all other goods and/or service, will be subject to the approval of the CEO or his delegate. Any price changes that exceed the acceptable variation must not be allowed.
315. 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.
316. 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.
317. 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

318. 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.

319. A request from the service provider for price adjustments should be in writing and submitted to the relevant Director. Price adjustments shall be considered by the Head SCM and the CFO and must be approved by the CEO or his delegate.
320. 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.
321. Price adjustments shall be agreed to in writing and must be filed by the SCM Unit with the original contract.

Contract Termination

322. The performance of a service provider shall be monitored in terms of Chapter 8 which deals with performance and risk management.
323. The GCIS must terminate a contract awarded to a service provider:
- 323.1 if the service provider committed any proven corrupt or fraudulent act during the tendering process or the execution of that contract; and
- 323.2 if any official or other role player committed any proven corrupt or fraudulent act during the tendering process or the execution of that contract that benefitted the provider.
324. The termination of contracts for non-performance shall be initiated in terms of paragraphs 349 to 359 of this policy. 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 CEO or the delegated authority addressing: