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1 Document Definition

Date: 20 January 2009
Summary: This document is the SCM Policy applicable to the MTPA.

Signature Date:

CHIEF EXECUTIVE OFFICER

Approved by the Board Date: 27 January 2009

Resolution

Effective date: 27 January 2009

Next revision date: January 2010
1.1 AMENDMENT HISTORY

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1.2 DISTRIBUTION OF THE MANUAL

1.2.1 All changes must be distributed to all the role players.

1.2.2 All recipients are to be made aware of the documentation.

1.2.3 After changes have been made, updated copies of the document must be posted on the share drive and at least the following parties must be informed of the changes by email:

1.2.3.1 Chief Executive Officer.

1.2.3.2 Members of the Bid Committees.

1.2.3.3 Chiefs.ik

1.2.3.4 All the MTPA employees who might be affected by the change.

2 Terminology

2.1 ABBREVIATIONS

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<tr>
<td>AC</td>
<td>Audit Committee</td>
</tr>
<tr>
<td>BAC</td>
<td>Bid Adjudication Committee</td>
</tr>
<tr>
<td>B-BBEE</td>
<td>Broad-Based Black Economic Empowerment</td>
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<tr>
<td>BEC</td>
<td>Bid Evaluation Committee</td>
</tr>
<tr>
<td>BEE</td>
<td>Black Economic Empowerment</td>
</tr>
<tr>
<td>BSC</td>
<td>Bid Specification Committee</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>CIDB</td>
<td>Construction Industry Development Board</td>
</tr>
<tr>
<td>dti</td>
<td>Department of Trade and Industry</td>
</tr>
<tr>
<td>GCC</td>
<td>General Conditions of Contract</td>
</tr>
<tr>
<td>HDI</td>
<td>Historically Disadvantaged Individual</td>
</tr>
<tr>
<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
</tr>
</tbody>
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2.2 DEFINITIONS

<table>
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<tr>
<th>ACCOUNTABILITY</th>
<th>The personal responsibility of a person to his/her senior or higher authority for any act or omission in the execution of his/her assigned duties (Accountability cannot be delegated)</th>
</tr>
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<tr>
<td>ACCOUNTING AUTHORITY</td>
<td>Means the authority which is accountable in terms of section 49 of the PFMA in particular, read with section 49(2) (a) of the PFMA.</td>
</tr>
<tr>
<td>ACQUISITION MANAGEMENT</td>
<td>Acquisition management is the process of procurement of goods and services and includes inter alia the following:</td>
</tr>
<tr>
<td></td>
<td>Identification of preferential policy objectives;</td>
</tr>
</tbody>
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### ASSET

This is a resource controlled by an entity as a result of past events and from which future economic benefits or service potential is expected to flow to the entity. It has the following characteristics:
- It possesses service potential or future economic benefit that is expected to flow to the entity.
- It is controlled by the entity.
- It originates as a result of a past transaction or event.

### AUTHORITY

Means the right or power attached to a rank or appointment permitting the holder thereof to make decisions, to take command or to demand action by others.

### BID OR TENDER

Means a written offer submitted to MTPA in response to an invitation to bid in a competitive process.

### BIDDER

Means any person submitting a bid or quote.

### BIOLOGICAL ASSETS

Is a living animal or plant.

### BOARD

The Board appointed by the MEC in consultation with the Executive Council in terms of Section 5 of the MTPA Act, 205 and who is the Accounting Authority of the MTPA.

### BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Means the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to—
- (a) increasing the number of black people that manage, own and control enterprises and productive assets;
- (b) facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises;
- (c) human resource and skills development;
- (d) achieving equitable representation in all occupational categories and levels in the workforce;
- (e) preferential procurement; and
- (f) investment in enterprises that are owned or managed by black people.

### CAPITAL EXPENDITURE

Means expenditure incurred to improve/purchase property, plant and equipment and expand operation.

### CHIEF

Head of a Department

### CHIEF EXECUTIVE OFFICER

The CEO appointed by the Board of the MTPA in consultation with the MEC, as stipulated in Section 13 (3) of the MTPA Act.

### CHIEF FINANCIAL OFFICER

The CFO has the general responsibility to assist the Accounting Authority.
<p>| <strong>Authority in discharging the duties prescribed in Part 2 of Chapter 6 of the PFMA.</strong> |
| <strong>CLOSING TIME</strong> | Means the time and day specified in the bid documents for the receipt of bids. |
| <strong>CONSORTIUM OR JOINT VENTURE</strong> | Means an association of persons for the purpose of combining their expertise, property, capital, efforts, skills and knowledge in an activity for the execution of a contract. |
| <strong>CONSTRUCTION WORKS</strong> | Means any work in connection with: |
| | ☐ The erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure. |
| | ☐ The installation, erection, dismantling or maintenance of fixed plant. |
| | ☐ The construction, maintenance, demolition or dismantling of any bridge, dam canal road, railway, sewer or water reticulation system or any similar civil engineering structure. |
| | The moving of earth, clearing of land, the making of an excavation, pilling or any similar type of work. |
| <strong>CONSULTANT</strong> | Means a person or entity providing services requiring knowledge base expertise. |
| <strong>CONSUMABLE ITEM</strong> | Refers to items that are consumable or expendable and which are not depreciated. |
| <strong>CONTRACT</strong> | Means any agreement, which is concluded when MTPA accepts, in writing a bid or quote submitted by a supplier. |
| <strong>CONTRACTOR</strong> | Means any person whose bid or quote has been accepted by MTPA. |
| <strong>DAMAGE</strong> | Injury to an item impairing its usefulness. |
| <strong>DAY</strong> | Means calendar day |
| <strong>DELEGATED AUTHORITY</strong> | Means any person or committee delegated with authority by MTPA in terms of provisions of the PFMA. |
| <strong>DEMAND MANAGEMENT</strong> | Demand management is the planning process that ensures that the resources required to support the strategic objectives are delivered at the correct time, at the right price, location, quantity and quality that will satisfy the needs. |
| <strong>DEPRECIATION</strong> | Depreciation refers to the reduction in the value of assets generally from wear and tear. The consumption of capital is recognised as a cost of production. |
| <strong>DISABILITY</strong> | 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. |
| <strong>DISPOSAL MANAGEMENT</strong> | Disposal management is responsible to ensure that all unserviceable, redundant or obsolete assets are subjected to a formal process of doing away with movable assets in a cost-effective, but transparent and responsible manner. It also entails the maintenance of records and documents as prescribed. |</p>
<table>
<thead>
<tr>
<th>END USER</th>
<th>The end user is the person who utilises the items/services procured.</th>
</tr>
</thead>
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<tr>
<td>EQUIPMENT</td>
<td>Refers to non-consumable items that are issued for use or are in use and which are accounted for on an asset record or on personal accounts.</td>
</tr>
<tr>
<td>EXPENDABLE</td>
<td>Those items which lose its service value in use and cannot be repaired</td>
</tr>
<tr>
<td>FRONTING</td>
<td>Means providing misleading information to gain unfair advantage.</td>
</tr>
<tr>
<td>FRUITLESS AND WASTEFUL EXPENDITURE</td>
<td>Means expenditure which was made in vain and would have been avoided had reasonable care been exercised.</td>
</tr>
<tr>
<td>HISTORICALLY DISADVANTAGED INDIVIDUAL</td>
<td>Historically Disadvantaged Individual (HDI) means a South African citizen –</td>
</tr>
<tr>
<td></td>
<td>who had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act No 10 of 1983) or the Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993) (“the Interim Constitution”); and/or who is a female; and/or who has a disability;</td>
</tr>
<tr>
<td></td>
<td>Provided that a person who obtained South African citizenship on or after the coming into effect of the Interim Constitution is deemed not to be an HDI.</td>
</tr>
<tr>
<td>INFRASTRUCTURE DEVELOPMENT</td>
<td>Means major infrastructure projects funded from capital budget.</td>
</tr>
<tr>
<td>INVENTORIES</td>
<td>Including stock and stores (consumable stores, maintenance materials, spare parts, work in progress, education/training course materials, and client services). Properties/land held for sale. Strategic stocks (fuel supplies, precious stones and metals). Seized or forfeited property.</td>
</tr>
<tr>
<td>INVENTORY MANAGEMENT (ACCOUNTABILITY OF MOBILE ASSETS)</td>
<td>Ensures it shall be possible to determine accountability for all non-consumable items at all times. Records shall therefore be available to describe the full extent of the responsibility of officials for equipment belonging to the institution on personal account or on asset record for individual or general usage. Asset records and an asset register shall therefore be maintained for all non-consumable items.</td>
</tr>
<tr>
<td>IRREGULAR EXPENDITURE</td>
<td>Means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including:</td>
</tr>
<tr>
<td></td>
<td>(a) This Act; or</td>
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<td></td>
<td>(b) The State Tender Board Act, 1968 (Act No. 86 of 1968) or any regulations made in terms of that Act, or;</td>
</tr>
<tr>
<td></td>
<td>(c) Any provincial legislation providing for procurement procedures in that provincial government.</td>
</tr>
<tr>
<td>ITEM</td>
<td>An individual article or unit.</td>
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<td><strong>LINE MANAGERS</strong></td>
<td>All managers applicable to the process.</td>
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</tr>
<tr>
<td><strong>LOGISTICS MANAGEMENT</strong></td>
<td>Logistics management ensures that goods and services are available at the right place, time and quantities required to execute the functions of the MTPA.</td>
</tr>
<tr>
<td><strong>MOVABLE ASSETS</strong></td>
<td>Movable assets are assets that can be moved (e.g. machinery, equipment, vehicles, etc). All inventories and valuables and most fixed assets belong to this category.</td>
</tr>
<tr>
<td><strong>MTPA</strong></td>
<td>The MTPA means the Mpumalanga Tourism and Parks Agency established in terms of the Mpumalanga Tourism and Parks Agency Act, Act No 5 of 2005.</td>
</tr>
<tr>
<td><strong>NET PRESENT VALUE</strong></td>
<td>The sum that results when the discounted value of the expected costs of an investment are deducted from the discounted value of the expected returns. If the NPV is positive the project in question is potentially worth undertaking.</td>
</tr>
<tr>
<td><strong>NON-CONSUMABLE ITEM</strong></td>
<td>Refers to those items, which are not consumable or expendable.</td>
</tr>
<tr>
<td><strong>OBSOLETE</strong></td>
<td>Stores no longer produced or used, out of date, to become obsolete by replacing it with something new.</td>
</tr>
<tr>
<td><strong>OPERATIONAL EXPENDITURE</strong></td>
<td>Means day-to-day expenses.</td>
</tr>
<tr>
<td><strong>PFMA</strong></td>
<td>PFMA means the Public Finance Management Act, 1999 (Act No 1 of 1999) as amended. Relevant Treasury Regulations issued in terms of the PFMA must be applied with the Act.</td>
</tr>
<tr>
<td><strong>PUBLIC PRIVATE PARTNERSHIP</strong></td>
<td>A Public Private Partnership (PPP) means a commercial transaction between an institution and a private party in terms of which the private party: Performs an institutional function on behalf of the institution; and/or Acquires the use of state property for its own commercial purposes; and Assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and Receives a benefit for performing the institutional function or from utilising the state property, either by way of: Consideration to be paid by the institution which derives from a revenue fund or, where the institution is a national government business enterprise or a provincial government business enterprise, from the revenues of such institution; or Charges or fees to be collected by the private party from users or customers of a service provided to them; or A combination of such consideration and such charges or fees.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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<td>-------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>QUOTATION OR QUOTE</td>
<td>Means a written or electronic offer to the MTPA in response to an invitation to submit a quotation.</td>
</tr>
<tr>
<td>REDUNDANT</td>
<td>No longer needed or useful, superfluous (unnecessary).</td>
</tr>
</tbody>
</table>
| RELEVANT AUTHORITY                        | Relevant authority means:  
  - The person or institution whose approval would have been required prior to entering into that transaction or incurring such expenditure or  
  - The institution responsible for the relevant legislation.  
  (Context: Irregular expenditure) |
| RESPONSIBILITY                            | The obligation imposed on an individual to properly exercise the authority vested in him/her. This involves the power to command and to demand action in the proper execution of the relevant duties. (Responsibility may be delegated). |
| RESPONSIBLE AGENT                         | Means those internal project managers, being MTPA officials or external consultants responsible for the administration of a project or contract. |
| RISK APPETITE                             | Risk appetite refers to an organisation’s decision about those risks that it will take and those it will not take in the pursuit of its goals and objectives. |
| RISK MANAGEMENT                           | Risk management means:  
  - Assessing, identifying, evaluating and monitoring or eliminating of actual and potential risks that a specific entity may be faced with in achieving its objectives.  
  - The process of accepting, reducing, mitigating or eliminating risks by implementing new or improved, appropriate internal controls that contributes to achieving objectives.  
  - Eliminating any management controls that no longer serve a risk control function and only stifle efficiency.  
  Identifying opportunities that may otherwise be overlooked and considering exploitation of opportunities previously considered too risky. |
| SCM OFFICIAL                               | A SCM Official means:  
  - An employee of the MTPA performing a SCM function.  
  - A person seconded to the MTPA to render a SCM function.  
  - A person contracted to the MTPA to render a SCM function. |
<p>| SCM PRACTITIONER                          | A person who practices the profession or art of supply chain services. |
| SCM UNIT                                  | MTPA has an established and staffed SCM Unit rendering the SCM functions. |
| SERVICEABLE                               | The condition of an item making it suitable for use                      |
| SET-ASIDES                                | Exclusion of certain categories of potential suppliers from competing for business |
| SMALL MEDIUM AND MICRO ENTERPRISE         | SMME is as defined in the National Small Business Act, 102 of 1996, as amended. Employing a maximum of 100 employees in |</p>
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SMME)</td>
<td>any sector except manufacturing or construction where the maximum is 200 employees.</td>
</tr>
<tr>
<td>SOURCING</td>
<td>Sourcing is the process to be followed in order to identify a suitable supplier of goods, services and works.</td>
</tr>
<tr>
<td>STOCK CONTROLLER</td>
<td>Means an employee who is responsible for ordering, receiving, distributing and maintaining stock levels.</td>
</tr>
<tr>
<td>STORES/STOCK</td>
<td>All movable property/assets that are kept in stock for issue purposes.</td>
</tr>
<tr>
<td>SUPPLIER DATABASE OR PROSPECTICE SUPPLIER LIST</td>
<td>Means a list of names of suppliers who have been used in the past, with whom the MTPA has a contract, holds a license or has any other agreement or arrangement to supply any goods or services, or any supplier who has approached the MTPA or has been approached by MTPA to complete an application for registration for the opportunity to supply goods or services in the future, mainly through quotations.</td>
</tr>
<tr>
<td>SUPPLY CHAIN MANAGEMENT</td>
<td>SCM is an integral part of financial management. This function is the collaborative strategy that integrates the planning, procurement and provisioning processes in order to eliminate non-value adding cost infrastructure, time and activities, seeks to introduce international best practices, whilst at the same time addressing Government’s preferential procurement policy objectives and whilst serving the end-users and customers efficiently. Six phases are distinguished in the SCM processes, namely:</td>
</tr>
<tr>
<td>TOTAL COST OF OWNERSHIP</td>
<td>The sum of direct spend, related spend, process spend and opportunity cost associated within a specific commodity and service.</td>
</tr>
<tr>
<td>UNSERVICEABLE</td>
<td>The condition of an item that is no longer suitable for use and which cannot be economically repaired.</td>
</tr>
<tr>
<td>UNSOLICITED BID</td>
<td>Means an offer submitted by any person at its own initiative without having been invited by MTPA to do so.</td>
</tr>
<tr>
<td>VALUE FOR MONEY</td>
<td>Best value for money means the best available outcome when all relevant costs and benefits over the procurement cycle are considered.</td>
</tr>
</tbody>
</table>
3 Legislative/Regulatory Framework

3.1 COMMITMENT

3.1.1 The MTPA is committed to apply the prescribed legislative/regulatory framework as it pertains to SCM.

3.2 THE GUIDING LEGISLATION, REGULATIONS AND DIRECTIVES

3.2.1 The relevant legislation and regulation all have an impact on the procurement of goods and services and the MTPA shall meet the prescripts of this legislation and regulation in setting up and running its supply chain management system. In addition and more importantly the noted legislation, regulations and directives govern the policy set out herein, and should be read in conjunction with the approved delegations of authority document.


3.2.1.2 The Public Finance Management Act, 1999 (Act No 1 of 1999 as amended by Act No 29 of 1999) and the Treasury Regulations issued in terms thereof.

3.2.1.3 Policy to Guide Uniformity in Procurement Reform Processes in Government.

3.2.1.4 SCM: A Guide for Accounting Officers/Authorities.

3.2.1.5 The various National Treasury Practice Notes, circulars and letters as obtainable from National Treasury at www.treasury.gov.za.

3.2.1.6 The Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000) and its Regulations issued in terms thereof.


3.2.1.8 The King II Report on Corporate Governance for South Africa.

3.2.1.9 The Prevention and Combating of Corrupt Activities Act, 2004 (Act No 12 of 2004, as amended).

3.2.1.10 The National Small Enterprise Act, 1996 (Act No 102 of 1996, as amended).


3.2.1.12 The Mpumalanga Tourism and Parks Agency Act, 2005 (Act No 5 of 2005)


3.2.1.15 The Construction Industry Development Board Act, 2000 (Act No 38 of 2000)

3.2.1.16 The Occupational Health And Safety Act, 1993 (Act No 85 of 1993, as amended)
3.2.1.17 Other relevant pieces of legislation that will have an impact on the supply chain environment are:

- Protected Disclosures Act, 2000 (Act No 26 of 2000).

3.2.2 Any relevant legislation, regulations and other directives promulgated from time to time and requiring changes to the SCM Policy, shall take preference over the approved SCM policies and subsequent procedures till incorporated into the policy document. In the event of any inconsistency between the SCM policy and the above legislation where the law does not allow flexibility, the provisions of the applicable legislation shall prevail and the policy will be amended at the earliest opportunity.

4 Overall Objective

4.1 OVERALL OBJECTIVE

4.1.1 To ensure the efficient, effective and uniform planning for and procurement of all goods and services, required for the proper functioning of the MTPA as well as the sale and letting of assets that conforms to constitutional and legislative principles whilst developing, supporting and promoting historically disadvantaged individuals, black economic empowerment, small, medium and micro enterprises (SMME’s) and preferential and procurement goals.

4.1.2 To ensure the efficient, effective and uniform management and disposal of goods and assets.

4.1.3 To ensure that the MTPA practices good governance through its supply chain processes.

4.1.4 To ensure that the MTPA’s strategic objectives are achieved.

4.1.5 Secure the sound and sustainable management of fiscal and financial affairs of Mpumalanga Tourism and Parks Agency (MTPA) by establishing and implementing integrated policies, procedures, delegations, supporting software systems and processes to:

4.1.5.1 Transform the procurement and provisioning functions at MTPA into an integrated supply chain management function, which will address:

- Contract management
- Inventory/asset control and obsolescence planning; and
- Adding value at every stage of SCM.

4.1.5.2 Introduce a systematic approach for the appointment of consultants and other suppliers of goods and services
4.1.5.3 Create a common understanding and interpretation of Government’s Preferential Procurement Policy objectives (the 80/20, 90/10 preference points systems); and promotion of B-BBEE as a priority

4.1.5.4 Promote consistency in respect of SCM policy and other related policy initiatives in government

4.1.5.5 Ensure proper management of expenditure, assets and handling of financial dealings

4.1.5.6 Ensure sound, sustainable and accountable supply chain management within MTPA.

4.2 THIS SCM POLICY DOCUMENT

4.2.1 This policy document shall give effect to the legislation and the overall objective stated.

4.2.2 All the MTPA’s SCM must be done in line with the policy outlined in this Policy Document.

4.2.3 All amendments in the environment will be taken into account in the execution of the SCM.

4.2.3.1 This policy applies to:

- Acquisition and disposal of all goods and services, construction works and consulting services, including acquisition of services through joint ventures, partnerships and sole proprietorships

- Disposal of goods and assets no longer needed by MTPA

- Provision of goods and services through S16A of the Treasury Regulations
4.3 POLICY REVIEW

4.3.1 The CEO will be the custodian responsible for this Policy.

4.3.2 This Policy shall be reviewed at least annually or more regularly if required by circumstances. The review shall at least be in line the prescripts issued by National Treasury and other relevant directives.

5 The MTPA Supply Chain Strategic Objectives

5.1 GENERAL

5.1.1 The MTPA shall promote and support the chosen supply chain strategic objectives.

5.2 STRATEGIC OBJECTIVES

5.2.1 The MTPA will promote the following strategic objectives and will determine measures to operationalise the objectives.

| To use SCM as an enabler to achieve strategic objectives in the business plan. |
| To ensure value for money when procuring. |
| To promote and maintain good corporate governance. |
| To promote a common understanding and interpretation of government’s preferential procurement objectives and promoting HDI, BEE and SMME procurement spend. |

5.3 THE MTPA EMPOWERMENT STRATEGY

5.3.1 The MTPA as a public entity is committed to the social and economic transformation of South Africa. It is therefore committed to support objectives and initiatives as captured in concepts such as BEE and employment equity.

5.3.2 OBJECTIVES

5.3.2.1 Accelerate empowerment of BEE, HDI and SMME for:

- Employment creation.
- Economic development.
- Wealth creation.
- Poverty reduction.

5.3.3 STRATEGY

5.3.3.1 The MTPA empowerment strategy will reach the objectives as set out above through preferential procurement:
Structured spending of operational funds at its disposal.

Structured spending of grants at its disposal.

Structured spending of donations at its disposal.

5.3.4 EXECUTION

5.3.4.1 The MTPA will operationalise the strategy by:

- Choosing supplier selection processes and evaluation criteria in line with legislation to promote preferential procurement of:
  - HDI
  - SMME
  - B-BBEE\(^1\).

- Clear transparent and fair procurement processes.

- Promoting supplier development where possible within the current preferential procurement framework.\(^2\)

- Advising the MTPA stakeholders to come to grips with B-BBEE\(^3\) from a procurement perspective where required.

6 Authority to Execute

6.1 DELEGATION OF AUTHORITY

6.1.1 All SCM activities shall be executed in accordance with pre-established levels of authority as contained in the Delegation of Authority document of the MTPA to ensure control and division of responsibility.

6.1.2 Delegations shall be in writing to a specific individual or the holder of a post and shall be in line with the Board’s power to delegate.

6.1.3 Any delegation or sub-delegation of powers and duties required in order to give effect to this policy shall comply with the provisions of the approved delegation of authority of MTPA and any other applicable legislation.

6.1.4 A delegation shall be subject to such limitations and conditions as the Board may impose in a specific case.

\(^1\) This element will only become applicable once the B-BBEE Act and the Codes are approved and aligned with the PPPFA

\(^2\) This element will be expanded once the B-BBEE Act and the Codes are approved and aligned with the PPPFA

\(^3\) This element will only become applicable once the B-BBEE Act and the Codes are approved and aligned with the PPPFA
6.1.5 The Board is entitled to confirm, vary or revoke any decision taken in consequence of a delegation, provided that no such variation or revocation of a decision should detract from any rights that may have accrued as a result of the decision.

6.2 RESPONSIBILITIES OF OFFICIALS

6.2.1 Each official shall carry out their activities within their area of responsibility.

6.2.2 Each official shall take appropriate steps to prevent any unauthorised, irregular, fruitless and wasteful expenditure in their area of responsibility.

6.3 PARTICIPATION OF ADVISORS

6.3.1 Specialist advisors may assist in the execution of the SCM function. The services must be obtained through an approved procurement process.

6.3.2 No final decision-making authority regarding the award of a bid may be delegated to an advisor or consultant.

7 Establishment

7.1 THE SCM SYSTEM

7.1.1 The Board shall develop and implement an effective and efficient SCM system for:

7.1.1.1 The acquisition of goods and services.

7.1.1.2 The disposal and letting of state assets and goods no longer required.

7.1.2 The system shall be fair, equitable, transparent, competitive and cost-effective.

7.1.3 The SCM system shall be consistent with the requirements of the PFMA the PPPFA and the B-BBEE Act and shall provide for at least the following:

7.1.3.1 Demand management.

7.1.3.2 Acquisition management.

7.1.3.3 Logistics management.

7.1.3.4 Disposal management.

7.1.3.5 Risk management.

7.1.3.6 Performance management system for the regular assessment of supply chain performance.

7.1.3.7 Code of ethical standards for SCM.

7.1.4 These systems shall be adhered to in all SCM activities undertaken by the MTPA.
The SCM system must, in the case of procurement through a bidding process, provide for:

7.1.5.1 Bidding procedures.

7.1.5.2 The establishment, composition and functioning of a bid specification, bid evaluation and bid adjudication committees.

7.1.5.3 Selection of bid committee members.

7.1.5.4 Adjudication of bids through a bid adjudication committee.

7.1.5.5 Approval of bid evaluation and/or bid adjudication committee recommendations.

7.1.5.6 Approved templates.

7.1.6 This system is as contained in this SCM Policy.

7.2 THE SCM UNIT

7.2.1 A SCM Unit shall be established in terms of the Regulations on SCM issued by the National Treasury.

7.2.2 The SCM Unit shall be incorporated within the Finance Department and all the duties are segregated in terms of ‘Recording’, ‘Authority’ and ‘Custody’, thereby ensuring that:

7.2.2.1 Assets are controlled separately from purchasing

7.2.2.2 Stock is controlled by a separate employee/s

7.2.2.3 Procurement and supplier relationships are separated from the above.

7.2.3 As a unit, SCM must function independently but in harmony with the Finance Department under the Supervision of the CFO.

7.3 TRAINING OF OFFICIALS RENDERING SCM FUNCTIONS

7.3.1 The MTPA shall ensure that officials implementing the SCM system are trained and deployed in line with the requirements of the Framework for Minimum Training and Deployment issued by National Treasury and that such officials shall met the prescribed competency levels.

8 Roles and Responsibilities

8.1 SCM FOCUS

8.1.1 The roles and responsibilities of all the structures hereunder are defined only from the perspective of SCM.

8.2 THE MTPA’S BOARD

8.2.1 As the accounting authority, the Board shall ensure that the MTPA has and maintains an appropriate SCM system, which is fair, equitable, transparent, competitive and cost-effective.
8.2.2 The Board is to act with fidelity, honesty, integrity and in the best interest of the MTPA in managing its financial affairs from an SCM perspective, including the avoidance of conflict of interest and provide safeguards against favouritism, improper practices and opportunities for fraud, theft and corruption.

8.2.3 The Board may purchase or otherwise acquire, take on lease or hire, exchange, improve, sell mortgage, pledge, dispose of or otherwise deal in property of any description.

8.2.4 The Board must delegate in writing any of the powers, functions or duties entrusted, delegated, conferred or imposed on it by the PFMA, to any appointed members of the Board or its subcommittees or any employee of the MTPA or the established bid committees.

8.2.5 The Board must delegate powers to the CEO to establish the SCM function as well as the power to sub-delegate to any officials within the MTPA to ensure the smooth operation of the SCM function.

8.2.6 The Board must consider and approve bids not delegated by it.

8.2.7 The Board may direct that the prescribed procurement thresholds be lowered, but not increased.

8.2.8 The Board must approve the SCM policy.

8.3 **FINANCE COMMITTEE**

8.3.1 The Finance Committee must ensure that management has created and maintained an effective environment for supply chain management and procurement processes.

8.3.2 It may investigate any activity within its terms of reference.

8.3.3 It must assist the Board with discharging its responsibility with regard to safeguarding the MTPA’s assets.

8.3.4 In line with the Board’s delegated authority, consider the need for budget variations to accommodate requirements.

8.3.5 To ultimately monitor that expenditure of the MTPA is procured in accordance with the approved budget.

8.3.6 Review for approval by the Board, the SCM Policy of the MTPA.

8.3.7 To monitor compliance with SCM policies and procedures and relevant statutory requirements.

8.3.8 To ensure transparency, fairness, competitiveness, cost-effectiveness, promotion of black economic empowerment and social responsibility in all procurement processes.

8.3.9 To ensure the existence of an updated supplier database.

8.3.10 Ensure an effective, efficient and transparent systems of financial and risk management and internal control.

8.3.11 To consider requests for public private partnerships.

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4 This element will be expanded once the B-BBEE Act and the Codes are approved and aligned with the PPPFA
8.3.12 To consider leases.

8.3.13 Any other SCM process delegated to it by the Board.

8.3.14 To consider or approve all bids within its delegated powers.

8.4 AUDIT COMMITTEE

8.4.1 It may investigate any activity within its terms of reference and any other SCM activity delegated to it by the Board.

8.4.2 It must assist the Board with discharging its responsibility with regard to identifying audit risks in the supply chain environment that needs to be mitigated.

8.4.3 Review for approval by the Board, the SCM policy of the MTPA, when required.

8.4.4 To monitor exceptions to the procurement processes as reported to and by the Finance Committee.

8.4.5 To consider or approve all bids within its delegated powers.

8.5 CEO

8.5.1 Takes responsibility for establishing the SCM function, whether through staffing or through outsourcing/partial outsourcing.

8.5.2 Approves SCM procedures.

8.5.3 Take effective and appropriate steps to prevent irregular expenditure, fruitless and wasteful expenditure, and losses resulting from criminal conduct and expenditure not complying with the SCM policies of the MTPA.

8.5.4 Procure the services of advisors to assist in the execution of the SCM function.

8.5.5 Give direction on where the higher threshold procurement process should be applied to the lower procurement process threshold.

8.5.6 To ensure that contracts between the MTPA and its service providers are kept.

8.5.7 Is responsible for the implementation of the SCM policy and procedures and the monitoring thereof.

8.5.8 Measures SCM.

8.5.9 Report quarterly on SCM to Financial Sub-Committee and to the Audit Sub-Committee including on:

- [ ] Non-performance
- [ ] Exceptions
8.6 EXECUTIVE MANAGEMENT COMMITTEE (EMC)

8.6.1 Acting as a sounding board for the CEO on the translation of strategy into business objectives and operational plans.

8.6.2 Making inputs on the establishment of SCM policies.

8.6.3 Providing guidance and options in terms of operational expenditure.

8.6.4 Consider and recommend any proposed changes to the SCM policy and procedures.

8.7 LINE MANAGERS

8.7.1 To ensure that expenditure of the MTPA is procured in accordance with the approved budget.

8.7.2 Ensure that purchases are made in line with the approved budgets.

8.7.3 Responsible for operation of internal controls.

8.7.4 Responsible for initiating the process of procuring goods and services according to the prescribed processes.

8.7.5 Assist in identifying potential sources of expertise.

8.7.6 Motivate any exceptions to the procurement process for approval.

8.7.7 Maintain adequate documentation and systems in support of the above.

8.7.8 Manage the projects to completion.

8.8 THE SCM UNIT

8.8.1 Render all administrative support in terms of procurement of all goods and services; including appointment of consultants.

8.8.2 Procure goods and services on behalf of MTPA per approved budget.

8.8.3 Assist in minimising MTPA’s exposure to risk by ensuring the selection of reliable suppliers.

8.8.4 Contribute towards supplier development.

8.8.5 Performance management of suppliers, including contract management.

8.8.6 Facilitate bid specification committee meetings and ensure approval thereof by the CEO.

8.8.7 Monitor and report on the award of bids.

8.8.8 Communicate with contractors.

8.8.9 Check and combine bid invitations.

8.8.10 Prepare and present cases to the Bid Committees.
8.8.11 Report to the CFO (through the SCM Senior Manager).

8.8.12 Give inputs into and maintain delegations required for the proper execution of the SCM system.

8.8.13 Evaluate requisitions and documentation and present them for authorisation.

8.8.14 Evaluate achievements in terms of preferential procurement and recommend changes, if required.

8.8.15 Attend relevant training in order to specialise in this field thereby providing an efficient function to MTPA.

8.8.16 Formulate and advise on SCM policy and procedure issues

8.8.17 Negotiate and conclude agreements with suppliers

8.8.18 Exercise powers in accordance with the applicable delegations

8.8.19 Issue prescripts on SCM to MTPA.

8.9 **BID SPECIFICATION COMMITTEES**

8.9.1 **FUNCTIONS OF BID SPECIFICATION COMMITTEES**

8.9.1.1 Compilation of clear quotations/bid specifications in an unbiased manner to allow all potential bidders to offer their goods and services.

8.9.1.2 Identification and development of the relevant evaluation criteria to align with the specification as quotes/bids may only be evaluated according to the criteria stipulated in the bid documentation.

8.9.1.3 Forward the final specification to the relevant delegate for final approval or to the SCM Unit to facilitate final approval of the specification by the relevant delegate prior to advertising of bids.

8.9.2 **ESTABLISHMENT OF BID SPECIFICATION COMMITTEES**

8.9.2.1 The CEO or delegate together with the relevant EMC member responsible for the project shall establish one or more Bid Specification Committees on an ad hoc basis per project, as necessary.

8.9.2.2 The MTPA may utilise the services of any other institution’s Committee if and when required.

8.9.2.3 The member(s) of the Bid Specification Committee must be informed in writing of their appointment to this Committee and for which requirement the Committee is constituted.

8.9.3 **COMPOSITION OF BID SPECIFICATION COMMITTEES**

8.9.3.1 The Bid Specification Committee may be composed of one or more persons, taking into account operational and capital expenditure:

- ☐ Supply chain expert, if required
- ☐ Budget controller, if required
- ☐ Risk Manager, where required
☐ Line managers, or

☐ One or more officials of the requisitioning department, or

☐ A committee appointed by the Board or delegate, or

☐ One or more suitably qualified officials for the specific requirement, or

☐ An external consultant may be appointed if deemed necessary, provided that the task is executed under the direction of the Chief of a department concerned or higher.

8.10 BID EVALUATION COMMITTEES AND OTHER BID EVALUATION STRUCTURES

8.10.1 FUNCTIONS OF EVALUATORS AND BID EVALUATION COMMITTEES

8.10.1.1 The Bid Evaluation Committee (BEC) will evaluate all bids received above the quotation threshold and all evaluations below the bid threshold where a value based judgement is required. All other requirements below the bid thresholds will be evaluated by a person with the delegated evaluation responsibility.

8.10.1.2 The BEC should be familiar with the evaluation criteria. The BEC will evaluate offers received within the quotation threshold where the requirement is technically complex and/or there are risks involved that warrant this process.

8.10.1.3 Evaluation must be done in accordance with the criteria specified in the bid/quote documentation.

8.10.1.4 The BEC / evaluator will submit a report and recommendations regarding the award to the Bid Adjudication Committee (BAC) / relevant adjudication structure for consideration and/or approval.

8.10.1.5 Members of the BEC may present their reports to the BAC to clarify uncertainties if requested to do so. Such members shall not have any voting power on the BAC.

8.10.2 ESTABLISHMENT OF BID EVALUATION COMMITTEES

8.10.2.1 The CEO or delegate must establish one or more Bid Evaluation Committees, as necessary per requirement. This must be established on an ad hoc basis.

8.10.2.2 The MTPA may utilise the services of any other institution’s Bid Evaluation Committee if and when required.

8.10.2.3 Bid Evaluation Committees shall be appointed in writing before the closing date for bids that must be evaluated by the Committee. The Committee will disband after the award of the bid.

8.10.2.4 Should a member declare a conflict of interest at any stage, the member may not be part of the BEC and must be replaced by a member of suitable expertise.

8.10.2.5 An official may not be a member of the BEC and the BAC/Adjudication Structure for the same bid.

8.10.2.6 No person other than a member of the Bid Evaluation Committee or the official rendering the Secretariat function is allowed to attend the meeting, unless the person act as observer for learning purposes. Such observer must complete a declaration of interest form and must sign a confidentiality undertaking.
8.10.3 COMPOSITION OF BID EVALUATION COMMITTEES

8.10.3.1 A BEC should consist of at least three members.

8.10.3.2 The BEC should be cross-functional and should comprise of supply chain practitioners and officials from the user department requiring the goods/services.

8.10.3.3 If considered necessary, appoint additional persons with suitable expertise from other departments/institutions with voting rights. This may include as required:

- Risk expert
- Financial expert

8.10.3.4 If considered necessary, appoint additional experts in an advisory capacity only with no voting rights.

8.10.3.5 The CEO or delegate must appoint one of the members of the BEC as the chairperson of the Committee. The chairperson must be an official with the rank of at least a Chief.

8.10.3.6 Should the committee members have to change after its original constitution, the reasons must be justifiable and must be recorded.

8.11 ADJUDICATION STRUCTURES

8.11.1 ADJUDICATION FUNCTIONS

8.11.1.1 The relevant adjudication structure considers the report and recommendations made by the BEC or the delegated official(s) who performed the evaluation and makes:

- A final award; or
- A recommendation to the delegate of the Board to make a final award; or
- A recommendation to Board to make a final award; or a recommendation on how to proceed with the relevant procurement.
- Make another recommendation to the Board

8.11.1.2 The relevant adjudication structure assesses the process followed in making the recommendation to ensure that the SCM policy has been complied with in full.

8.11.1.3 The relevant adjudication structure/BAC must ensure that:

- All necessary quotation/bid documents have been submitted.
- Disqualifications are justified and that valid and accountable reasons/motivations were furnished for passing over of quotes/bids.
- Scoring, as applicable, has been fair, consistent and correctly calculated and applied.
- Prospective suppliers’ declarations of interest have been taken cognisance of.

8.11.1.4 The relevant adjudication structure/Bid Adjudication Committee must consider and rule on all
reports/recommendations regarding the amendment, variation, extension, cancellation or transfer of contracts awarded.

8.11.1.5 The relevant adjudication structure must obtain clarity from members of the Bid Evaluation Committee if required.

8.11.1.6 The delegated official or the BAC shall approve the recommendation submitted and award the contract, if delegated to do so.

8.11.1.7 If the adjudication structures other than the Board are not delegated to award a specific bid, they shall comment on the recommendations made and forward it together with the report to the Board who shall finally award the contract.

8.11.1.8 All adjudication structures shall refer the recommendation back to the relevant evaluation structure when they do not agree with the recommendation to endeavour to sort out the differences if they are process related.

8.11.1.9 Should the adjudication structures other than the Board or delegate not agree with the recommendations made by the BEC, only the Board or delegate may make the final award.

8.11.1.10 The Bid Adjudication Committee may also, if and when required to do so, consider for approval the recommendations of the Bid Specification Committee to ensure that:

- A proper and unbiased specification is compiled for the specific requirement.

- A proper TOR is drawn up for the service required clearly indicating the scope, the ratio between price and functionality, the evaluation criteria as well as their weights and values.

- Strategic sourcing principles were applied and that the market was properly researched and analysed.

- The necessary funds are available.

- If and when applicable, in addition to the GCC, appropriate special requirements and conditions of contract are specified.

- The preference point system prescribed and the appropriate goals are identified and points allocated for these goals are consistent with the requirements of the PPPFA Regulations.

- Where appropriate, ranges have been set (indicating breakdown of points/percentages as provided for in the relevant sliding scales for the selected specified goals).

8.11.1.11 The BAC will also, where delegated to do so, consider for approval the request for deviations from the normal procurement procedures.

8.11.2 ESTABLISHMENT OF ADJUDICATION STRUCTURES

8.11.2.1 The Board or delegate shall establish the necessary adjudication structures to perform the award/adjudication of quotations and bids (see the Board’s delegated powers).

8.11.2.2 The following adjudication structures must be provided for:

- A delegated official for awards up to the quotation threshold
At least one standing Bid Adjudication Committee for awards above the quotation threshold and as delegated by the Board.

The Board for awards not formally delegated to any other adjudication structure.

8.11.2.3 The adjudication structure for a specific quotation/bid cannot be an official who:

- Performed the evaluation or made a recommendation in respect of that quotation/bid.
- Served on the BEC, which processed that quotation/bid.

8.11.2.4 No advisor may form part of the final decision-making process regarding the award of bids.

8.11.2.5 The Board may utilise the services of any other institution’s Bid Adjudication Committee if and when required.

8.11.2.6 If replacement skills are available, the BAC should not be established for a period exceeding 2 years. The option is available to extend each member’s individual appointment for a period to be determined. This excludes the involvement of the CFO, the SFM and the SSCM.

8.11.2.7 Each member shall have a secundus where feasible.

8.11.2.8 A quorum for the meeting shall be at least sixty percent (60%).

8.11.2.9 The Bid Adjudication Committee shall meet at least twice monthly.

8.11.2.10 The powers and code of conduct of all committee members shall be made available to committee members and they shall sign a register as proof of receipt thereof.

8.11.3 COMPOSITION OF ADJUDICATION STRUCTURES

8.11.3.1 The BAC members must be appointed in writing by the Board or delegate and the latter will determine the term of office for members.

8.11.3.2 The Bid Adjudication Committee shall be cross-functional and shall consist of at least four senior officials constituted as follows:

- Chairperson:
  - When possible, the chairperson should be the CFO, who will cede this function to any other member in the event of not being available, or in the event of any possible conflict of interest arising from any item on the agenda.

- Vice-chairperson:
  - The vice-chairperson should be on at least EMC level or equivalent.

- Other Members:
  - Should be cross-functional comprising senior officials such as chief officers, of whom at least one must be a SCM practitioner.

All members will not be replaced at the same time to ensure a continuity of skills and consistency.
Where necessary, additional officials or advisors may be co-opted on account of their specialised knowledge.

- Secretariat:
  - An SCM official from the SCM Unit must be made available to act as secretary.

- Quorum:
  - The BAC should only consider recommendations/reports if at least sixty percent (60%) of its members are present.

- Secundi:
  - The Board or delegate may appoint secundi to temporarily replace members that are absent due to illness, leave, etc. The Board or delegate will also decide whether or not such secundi have the same powers as members.

8.11.4 DUTIES AND POWERS OF THE VARIOUS COMMITTEE MEMBERS

8.11.4.1 Committee members must adhere to the prescribed set of duties and powers.

8.11.4.2 Observers:
  - On prior request, the chairperson may allow officials to attend a meeting as observers. Observers have no participation in the proceedings, except to advise the representative (member) or the committee if permitted by the chairperson. Observers should be cautioned to maintain the confidentiality of the discussions and should sign the declaration of confidentiality and impartiality as an observer.

8.11.5 RESOLUTION OF DISAGREEMENTS ON AWARD OF CONTRACTS

8.11.5.1 Where the relevant adjudication structure disagrees with the recommendation of the relevant BEC on the adjudication of a contract, the request with the recommendation of the BEC, the commentary and reasons of the adjudication structure is to be submitted to the Board or delegate for a final decision provided that the delegate and its members did not form part of either the BEC or the adjudication structure who disagreed with the BEC.

8.11.5.2 The Board may obtain advice as deemed necessary, including advice from outside the MTPA.

8.12 DISPOSAL COMMITTEE

8.12.1 COMPOSITION OF A DISPOSAL COMMITTEE

8.12.1.1 A Disposal Committee should consist of at least three officials.

8.12.1.2 The CEO or delegate must appoint one of the members of the Disposal Committee as the chairperson of the committee.

8.12.1.3 One of the members of the Disposal Committee must be proficient in logistics management.
8.12.1.4 In addition to the abovementioned members of the Disposal Committee, the chairperson may at any time during the process of evaluation of specialised stores/equipment, co-opt additional members who posses specialised knowledge in the relevant field in writing.

8.12.1.5 An official who is in direct control of stores/equipment, which is to be evaluated may not serve as a member of the Disposal Committee, but can assist the Disposal Committee in the evaluation process.

8.12.2 FUNCTIONS OF A DISPOSAL COMMITTEE

8.12.2.1 The Disposal Committee subsequently convenes on the date previously arranged by the chairperson of the Disposal Committee.

8.12.2.2 Inspect all items that appears on the disposal certificate.

8.12.2.3 Make recommendations on the following issues:

- Whether items should be disposed of.
- The appropriate disposal method.
- Ensure the disposal is accounted for in the financial records.
- Maintain a disposal register.

9 Procurement Principles

9.1 PROCUREMENT PRINCIPLES

9.1.1 the MTPA shall adhere to the procurement principles as noted hereunder.

- **Transparency**
  The procurement process shall be open and predictable and shall afford each prospective bidder timely access to the same and accurate information.

- **Equal treatment**
  All bidders and suppliers shall be treated equally throughout the whole procurement process and shall be given access to the same information.

- **Effectiveness**
  The MTPA shall strive for SCM system effectiveness and shall carry out its procurement processes as cost-effectively as possible while meeting the commercial, regulatory and socio-economic goals of government in a balanced manner appropriate to the procurement requirement.

- **Efficiency**
  The MTPA shall strive to standardise and simplify procedures where appropriate to enhance SCM system effectiveness and shall carry out its SCM processes as cost-effectively and efficiently as possible. The MTPA shall strive to build relationships with suppliers, shall ensure good working practices and shall encourage innovative solutions for suppliers.
<table>
<thead>
<tr>
<th>Competitiveness</th>
<th>The MTPA shall satisfy its requirements through competition unless there are justifiable reasons to the contrary.</th>
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<tbody>
<tr>
<td>Fairness</td>
<td>All bidders and contractors shall be dealt with fairly and without unfair discrimination. Unnecessary constraints shall not be imposed on bidders/contractors and commercial confidentiality shall be protected.</td>
</tr>
<tr>
<td>Ethics</td>
<td>All suppliers shall be treated equally whilst promoting certain empowerment objectives, all stakeholders shall conduct business and themselves professionally, fairly, reasonably and with integrity, all interests shall be disclosed and all breaches shall be reported.</td>
</tr>
<tr>
<td>Proportionality</td>
<td>The product/service requirements stipulated in the specification/terms of reference and the qualification requirements attached thereto must be appropriate, necessary and in reasonable proportion to the product/service being procured.</td>
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<tr>
<td>Uniform application</td>
<td>The MTPA shall ensure the application of a SCM policy and a streamlined SCM process and documentation that is uniformly applied by the MTPA, all things being equal. The procurement process shall be simple and adaptable to advances in modern technology to ensure efficiency and effectiveness.</td>
</tr>
<tr>
<td>Responsibility</td>
<td>Each practitioner shall be responsible for their decisions and actions relative to their SCM responsibilities, the SCM process as well as in the implementation of concluded contracts. The MTPA shall have a system, when warranted by circumstances, to investigate and hold liable both employees and relevant private parties dealing with the MTPA, for their decisions and actions relative to their procurement responsibilities, the procurement process as well as in the implementation of concluded contracts.</td>
</tr>
<tr>
<td>Openness</td>
<td>The MTPA shall ensure a procurement process and a subsequent contract award and implementation according to the predetermined specification in line with the best practice procurement principles.</td>
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<tr>
<td>Value for money</td>
<td>The MTPA shall achieve value for money through the optimum combination of whole life cost and quality (or fitness for purpose) to meet the customer’s requirements while maximising efficiency, effectiveness and flexibility. The MTPA shall apply the following TCO philosophy to the procurement of goods and services in achieving value for money.</td>
</tr>
<tr>
<td>Commitment to safety, health and the environment</td>
<td>The MTPA is committed to the health and safety of its personnel and its suppliers in the application of its SCM process. The MTPA is committed to the preservation of the environment, minimising pollution and the improved use of natural resources in the application of its SCM processes and more specifically in the design</td>
</tr>
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</table>
of the specifications/terms of reference for each requirement.

The MTPA shall apply preventative measures in situations of scientific uncertainty where a course of action could harm the environment.

10 Ethics in Supply Chain Management

10.1 GENERAL

10.1.1 The MTPA commits itself to a policy of fair dealing and integrity in the conducting of its SCM activities.

10.1.2 All officials rendering SCM functions and role players in the SCM system are required to promote mutual trust and respect and an environment where business can be conducted in a fair and reasonable manner and with integrity.

10.1.3 All officials rendering SCM functions should ensure that they perform their duties efficiently, and effectively, in accordance with the relevant legislation and regulations.

10.1.4 The MTPA will abide by the MTPA Code of Conduct, the Code of Conduct for SCM practitioners and the Code of Conduct for bid adjudication committees. These Codes shall direct all SCM practitioners and role players in their conduct within and with the MTPA. Non-compliance shall be subject to the appropriate action.

10.2 THE HIGHEST ETHICAL STANDARDS

10.2.1 An official rendering the SCM function, who becomes aware of a breach of or failure to comply with any aspect of the SCM system, must immediately report the breach or failure to the CEO in writing provided that the CEO reports such cases to the Board at the first appropriate opportunity. Should the breach or failure involve the person to whom the report must be made, the breach must be reported in writing to the Chairperson of the Board or the relevant Minister as appropriate.

10.2.2 The Board shall take all reasonable steps to prevent abuse of the SCM system in terms of Treasury Regulation 16A9.2 (a).

10.2.3 The Board or delegate has the power to disregard the bid of any bidder if that bidder, or any of its directors have:

10.2.3.1 Abused the MTPA’s SCM system.

10.2.3.2 Committed fraud or any other improper conduct in relation to such system.

10.2.3.3 Failed to perform on any previous contract.

10.2.4 All allegations against a practitioner or any other role player, of corruption, improper conduct or compliance failure with the SCM system shall be investigated by the Board or delegate who will, when justified:

10.2.4.1 Take steps against such official or other role player and inform the National Treasury and the Provincial Treasury of such steps.
10.2.4.2 Report any conduct that may constitute an offence to the SAPS.

10.3 DECLARATION OF BIDDER’S PAST SCM PRACTICES

10.3.1 The standard bidding document pertaining to the declaration of bidder’s past SCM practices must accompany all bids invited.

10.3.2 Bidders are required to complete and sign the declaration pertaining to the bidder’s past SCM practices.

10.4 DECLARATION OF INTEREST

10.4.1 If a SCM practitioner or other role player, or close family member, partner or associate of such practitioner or other role player, has any private, business or commercial and financial interest in any contract to be awarded, that practitioner or other role player must:

10.4.1.1 Disclose that interest.

10.4.1.2 Withdraw from participating in any manner whatsoever in the process relating to the contract.

10.4.1.3 They should not place themselves under any financial or other obligation to outside individuals or companies and organisations that might seek to influences them in the performance of their official duties.

10.4.2 An official rendering SCM functions must recognise and disclose any conflict of interest that may arise.

10.4.3 All delegated officials of adjudication structures and members as well as the secretary should be required to declare their financial interest annually.

10.5 EQUAL TREATMENT

10.5.1 All SCM practitioners and other role players must treat all suppliers and potential suppliers equitably.

10.6 ACCOUNTABILITY

10.6.1 A SCM practitioner and other role players must be scrupulous in their use of public/organisational property and funds.

10.7 OPENNESS

10.7.1 Officials should give reasons for their decisions and actions.

10.8 CONFIDENTIALITY

10.8.1 Any information that is the property of the MTPA or its suppliers/service providers shall be protected at all times.

10.8.2 No information regarding any bid/contract/bidder/contractor may be revealed as such an action will infringe on the relevant bidder’s / contractor’s personal rights.
10.9 **INDEPENDENCE**

10.9.1 All SCM practitioners and role players may not use their position for private gain or to improperly benefit another person.

10.10 **GIFTS AND HOSPITALITY**

10.10.1 All SCM practitioners and role players must ensure that officials do not compromise the credibility or integrity of the SCM system through the acceptance of gifts or hospitality or any other act.

10.10.2 The MTPA shall maintain a gift and hospitality register.

10.10.3 Any gifts/invitations accepted in line with the HR Manual must be reported to the Board by the CEO.

10.11 **IRREGULAR EXPENDITURE**

10.11.1 In terms of Section 54 (1) (g) of the PFMA, all cases of irregular expenditure involving the procurement of goods and services must immediately be reported to the National Treasury.

10.11.2 An irregular expenditure register must be maintained.

10.11.3 The MTPA must take appropriate disciplinary steps in cases of irregular expenditure.

10.11.4 The MTPA may forward submissions to the National Treasury or the relevant authority to request condonation for non-compliance with the PFMA or other legislation respectively where good reasons exist and where steps can be highlighted to avoid reoccurrence of this type of irregular expenditure.

10.11.5 In instances where irregular expenditure is not considered relevant for condonation or where National Treasury or the relevant authority does not condone the irregular expenditure, immediate steps must be taken to recover the irregular expenditure from the responsible employee, if he/she is liable in law.

10.11.6 All irregular expenditure incurred must be forwarded to the finance division to disclose as a note to the annual financial statements and on the balance sheet in the formats required.

10.12 **FRAUD AND CORRUPTION**

10.12.1 The Prevention and Combating of Corrupt Activities Act shall be adhered to.

10.12.2 The MTPA is to ensure that all officials, clients and other stakeholders (including suppliers) are made aware of the implications of The Prevention and Combating of Corrupt Activities Act by way of its bidding processes.

10.12.3 Fraud prevention plans shall be instituted.

10.12.4 All SCM practitioners or other role players must assist the Board in combating corruption and fraud in the SCM system.

10.12.5 The Board or delegate must reject a proposal for adjudication if he/she determines that the supplier recommended for adjudication, has engaged in corrupt or fraudulent activities in competing for the contract in question.
10.13  COMBATIVE PRACTICES

10.13.1 The use of combative practices shall not be allowed.

10.14  INTERNAL ABUSE OF PREFERENTIAL PROCUREMENT SYSTEM

10.14.1 The Board shall ensure that the preferential procurement system is not abused for any purpose, neither for the benefit of the MTPA nor for the benefit of any potential supplier/contractor or individual.

10.14.2 All conduct, dealings and actions are to be bona fide.

10.14.3 Any employee suspected of acting contrary to this policy, will be dealt with in terms of Section 83 of the PFMA.

10.15  EXTERNAL ABUSE OF PREFERENTIAL PROCUREMENT SYSTEM, INCLUSIVE OF FRONTING

10.15.1 The MTPA shall vigorously pursue all legal remedies available in the event that the preferential procurement points system is abused, particularly through, for example, but not limited to the following ways:

10.15.1.1 That a supplier or contractor is suspected of contravening Regulation 13 of the PPPFA.

10.15.1.2 Has promised, offered or given a bribe during the bidding process and/or after conclusion of the contract.

10.15.1.3 Has acted in a fraudulent manner or in bad faith or in any other improper manner during the bidding process or after conclusion of the contract.

10.15.1.4 That an agreement was entered into with the contractor on the strength of information furnished by him/her, and it became apparent after conclusion of such agreement that the information provided was incorrect.

10.15.2 The MTPA will endeavour, where possible, to identify fronting before a contract is awarded.

10.15.3 To protect both parties to an agreement, potential suppliers, contractors and government officials must be made aware of the implications of any contraventions.

10.15.4 Potential suppliers shall be informed via the special conditions of contract and the applicable paragraphs in the GCC of implications of contraventions.

10.15.5 Where the MTPA becomes aware of a possible fronting case, the process in accordance with the Constitution, the rules of Administrative Law and the Promotion of Administrative Justice Act, shall be followed as a starting point.

10.15.6 Where, after award of a contract it becomes evident that the award made to the organisation based on incorrect information constituting fronting, the appropriate action is to be taken in accordance with all legal remedies available.

10.16  CONDUCT OF MEMBERS OF BID COMMITTEES
10.16.1 The integrity of supply chain practitioners must never be compromised and the highest level of professional competence must be maintained. Courteous conduct is expected of all delegated officials and members.

10.16.2 All delegated officials who shall act as adjudication structure and Bid Committee members must be familiar with and adhere to all relevant SCM legislation, policy and procedures, guides, practice notes and circulars.

10.16.3 Conduct of all members of bid committees and non-members must be in accordance with the relevant legislative environment, the National Treasury’s Code of Conduct for SCM practitioners, the Code of Conduct for Bid Adjudication Committees and instructions issued from time to time by National Treasury in this regard.

10.16.4 Members must accept that:

10.16.4.1 A member’s conduct at the meeting must not infringe on the rights of others.

10.16.4.2 The chairperson must be respected.

10.16.4.3 The chairperson has the right to interrupt and ask a member to stop speaking if the address is repetitive or irrelevant to the matter under discussion.

10.16.4.4 A member must stop speaking if ruled out of order by the chairperson.

10.16.4.5 Decisions are taken by general consensus or by a show of hands when a matter is decided upon by voting, with the exception of the Bid Specification and Evaluation Committees where only consensus decisions are made.

10.16.4.6 Once a decision has been taken it is final and not open for discussion unless additional information which was not available at the time of decision making can be produced.

10.16.4.7 Information and documentation are confidential.

10.16.4.8 A member (including the chairperson or vice-chairperson) shall beforehand declare his/her interest regarding any matter serving before the Committee and the member will then recuse herself/himself during the discussion of that matter. No discussion by the member concerned will be allowed prior to the serving of that submission/report and such a member may not retain that specific submission/report. Any personal interest that may infringe, or might reasonably be deemed to infringe on a member’s impartiality in any matter relevant to their duties must be recorded.

10.16.4.9 In the case of the Bid Adjudication Committee, outvoted members must abide by the majority decision of the Committee.

10.16.4.10 No communication should be made with a bidder/contractor by any member prior to or after any meeting.

10.16.5 A member of any Bid Committee, technical advisor or user representative who contravenes or fails to comply with the aforementioned, must summarily be dismissed from his/her role and appropriate steps taken against the person.
11 Risk Management

11.1 RESPONSIBILITY FOR RISK MANAGEMENT

11.1.1 The Board or delegate shall determine the MTPA’s risk appetite.

11.1.2 The MTPA shall ensure that it has and maintains an effective system of risk management.

11.1.3 The risk management process shall involve:

11.1.3.1 **Identifying** what, how and why things might go wrong and the potential consequences

11.1.3.2 **Evaluating** how serious the risks are and putting them in order of priority for treatment

11.1.3.3 **Treating or avoiding** risks, by planning and implementing strategies to reduce the likelihood they will occur and/or mitigate the seriousness of their consequences; accept them; transfer them; retain them; or avoid them. A separate risk management plan may not always be needed, but it should be clear that the process has been carried out properly

11.1.3.4 **Monitoring** risks by reviewing and documenting their management on a continuing basis to ensure that the overall strategy remains valid.

11.1.4 Aspects of risk management shall be allocated to the CFO, the SCM practitioners, the internal audit function and the Audit Committee, each of which shall ultimately be accountable to the Board for the discharge of their responsibilities.

11.2 APPLICATION OF RISK MANAGEMENT IN SCM

11.2.1 The SCM should address risk as a matter of importance at all levels of supply chain management.

11.2.2 Risks shall be identified upfront on a case-by-case basis.

11.2.3 Responsibility for managing risks should be allocated to the party (MTPA /the contractor or supplier) that can best manage such risk.

11.2.4 The costs incurred in managing risks should be commensurate with the benefits obtained. The MTPA must bear the cost of risks where the cost of transferring the risk is greater than that of retaining such risk and it must transfer the risk where this is not the case. Likewise, the level of documentation required needs to be appropriate to the value, importance and type of purchase.

11.2.5 Bid and contract documentation must clearly and unambiguously assign relative risks to the relevant bidding and contracting parties and who should take responsibility for managing it.

11.2.6 Risks must be identified and assessed together with the identification and crafting of the requirement and are essentially driven by objectives that must be achieved.

11.2.7 Projects which are material in line with the MTPA Materiality and significance framework or which are inherently complex or sensitive, a systematic approach to risk management shall be applied.

11.2.8 GUARANTEES

11.2.8.1 Performance guarantees (also known as sureties/security) should be commensurate with the degree of contractual risk to which the MTPA is exposed.
12 Preferential Procurement

12.1 PREFERENCE POINT SYSTEM

12.1.1 The application of preferential procurement and broad-based black economic empowerment must be consistent with the PPPFA and its Regulations, the Treasury Regulations and the B-BBEE Act, the Codes of Good Practice and the strategy\(^6\).

12.1.2 The MTPA shall set itself a target that it wishes to achieve through preferential procurement to the extent possible.

12.1.3 The MTPA shall stipulate in bid documents the preference point system (80/20 or 90/10) to be applied in adjudication.

12.1.4 In the acquisitioning of local goods and services or sale of assets, categories of preference shall be used in the allocation of contracts and the protection or advancement of persons or categories of persons, disadvantaged by unfair discrimination.

12.1.5 Bids must include criteria for the evaluation of quotations/bids to identify the quotation/bid that represents the best value for money.

12.1.6 No system has to be applied in respect of acquisitioning with a Rand value of less than R30 000 per case.

12.1.7 The relevant preference point formula as per the PPPFA must be used to calculate the points for price in respect of acquisitioning with a Rand value equal to, or above R30 000.

12.1.8 The maximum score must be allocated to the lowest priced acceptable bid/quote. Any other acceptable quotations/bids, which are higher in price, must score fewer points on a pro rata basis, calculated on their prices in relation to the lowest acceptable quotation/bid in accordance with a prescribed formula.

12.1.9 The 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.

12.2 EQUITY OWNERSHIP

12.2.1 Equity ownership must be promoted through the bids equal to or above R30 000.

12.3 RDP OBJECTIVES

12.3.1 The PPPFA range of specific RDP goals may be pursued. Choose goals, where possible, based on what can be realistically achieved through the specific requirement.

12.3.2 Any specific goals for which points may be awarded and the preference points allocated together with measurables for the promotion of each goal shall be clearly specified in the invitation to submit a quotation/bid and shall be measurable, quantifiable and monitored for compliance.

12.3.3 These measurables must clearly indicate how the bidder will be awarded a score out of the maximum points allocated.

\(^6\) This will be applied to its fullest extent after the alignment of the PPPFA with the B-BBEE Act.
12.3.4 It must be endeavoured to promote service providers within Mpumalanga where possible.

12.4 **PROHIBITION OF SET-ASIDES**

12.4.1 Set-asides are prohibited.

12.4.2 Exclusion of certain categories of potential suppliers from quoting/bidding for government contracts is prohibited.

12.5 **APPLICATION OF THE PREFERENCES**

12.5.1 Preference calculations or decisions, made during evaluations, shall be clear and documented.

12.5.2 Including when appointing consultants, the points-allocation for price may be replaced with a combination of points for functionality and price, which should be clearly stipulated in the TOR. The basis of departure for the division between price and functionality shall be equal importance. If not equally important, the division may be reconsidered based on circumstances.

12.5.3 If all bids received exceed the estimated Rand value linked to the preference point system applied, the bid invitation must be cancelled and re-invited stating the correct preference point system.

12.5.4 **EVALUATION OF BIDS**

12.5.4.1 Using cost estimates as a benchmark to regard bids as unacceptable or non-responsive is not allowed.

12.5.4.2 The PPPFA prescribes that the lowest acceptable bid must receive 80 or 90 points for price.

13 **Demand Management**

13.1 **SYSTEM OF DEMAND MANAGEMENT**

13.1.1 Demand management shall translate the annual performance plans of the MTPA into current and future needs, to cost and budget for it.

13.1.2 The demand management system must ensure that the resources required to support the strategic and operational commitments of the MTPA are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfies the needs of the MTPA.

13.2 **ESTABLISHMENT OF A CROSS-FUNCTIONAL TEAM**

13.2.1 Demand management or planning shall be a cross-functional exercise that brings the supply chain practitioner closer to the end-user and ensures that value for money is achieved.

13.2.2 This exercise shall involve finance; SCM representing procurement, logistics and disposal; Human Resources and end-users.

13.2.3 The cross-functional team must at least consist of the following expertise:

13.2.3.1 Relevant end user.
13.2.3.2 Human resource expertise.

13.2.3.3 Financial expertise.

13.2.3.4 Information technology expertise.

13.2.3.5 SCM expert covering all areas of SCM.

13.2.4 The SCM official responsible for the demand management function coordinates the appointment of the cross-functional team.

13.3 **ANNUAL PERFORMANCE PLANNING PROCESS**

13.3.1 The SCM Unit shall participate in the annual performance planning process.

13.3.2 Each user department shall perform an annual needs analysis of strategic objectives and programmes involving SCM, Human Resources and Finance to determine strategic sourcing that will ultimately provide best value for money.

13.3.3 **PLANNING EXCEPTIONS**

13.3.3.1 If for any reason the GM wishes to undertake unplanned procurement not provided for in the approved budgets, such procurement must be approved as delegated by the Board and as set out herein before implementation. The amended budget would then incorporate this activity once it is appropriately approved.

13.4 **ASSESSMENT OF CURRENT AND FUTURE NEEDS**

13.4.1 The annual performance plan must be analysed in terms of goods and services required over the short and medium term.

13.4.2 The frequency of the needs and the critical delivery dates must be established to support the SCM process and the budgetary process.

13.5 **ASSESSMENT OF AVAILABLE ASSETS**

13.5.1 Determine details of available stock, goods in transit, redundant and obsolete assets and assets to be renewed.

13.6 **ANALYSIS OF PAST EXPENDITURE**

13.6.1 Analyse who were suppliers of goods and services and their locations.

13.6.2 Determine the prices paid.

13.6.3 Confirm the availability of relevant specifications/terms of reference.

13.6.4 Conduct expenditure analysis for the acquisition costs, and ensure that the total cost of ownership (TCO) principle is applied, e.g. ownership cost, and inventory carrying costs.

13.7 **ANALYSIS OF SUPPLYING INDUSTRY**
13.7.1 Determine names of suppliers/service suppliers for the commodity.
13.7.2 Determine the available specifications/terms of reference.
13.7.3 Determine the location of goods as well as lead and delivery times.

13.8 SOURCING STRATEGY

13.8.1 The sourcing strategy shall determine where the goods and services can be obtained and through which selection mechanism and shall address value for money principles.

13.9 ANNUAL BUSINESS PLAN

13.9.1 The SCM Unit will participate in the business planning process.

13.9.2 The first year of the strategic plan is known as the business plan. It must provide a sufficiently detailed quantification of outputs and resources, together with service delivery indicators. The business plan must not be a wish list, but shall be flexible and adjustable while remaining within the MTEF allocation.

13.10 PROCUREMENT PLAN

13.10.1 The SCM Unit shall compile a procurement plan for procurement for each quarter of the next financial year.

13.10.2 The identified requirements in the operational plan are drawn from and summarised in a procurement plan for the next financial year.

13.10.3 Each department must submit the following information:

- full description of the goods/services and works to be procured for the forthcoming financial year and this will be broken down to quarterly to monthly basis
- A full description of the assets which have been identified for disposal
- The budgetary (financial) implications of the acquisition of these goods, services and works or disposal of assets as the case may be.

13.11 AD HOC NEEDS ANALYSIS

13.11.1 Over and above the planned needs analysis, an ad hoc needs analysis has to be done for unplanned activities during the financial year.

13.11.2 The cross-functional team will perform a needs analysis on a case-by-case basis as and when required in order to determine a sourcing strategy for the appropriate product or service that will ultimately provide best value for money.

13.12 SCOPING THROUGH A REQUEST FOR INFORMATION (RFI)
13.12.1 If sufficient information is not readily available with which to draft terms of reference/specifications, a request for information (RFI) process may be followed in order to obtain more market information.

13.12.2 The information collected in this fashion may not be used to lead to sourcing from one supplier only nor may it be used to write the ultimate specification/terms of reference around just one specific product.

13.12.3 It must be clearly stated in the RFI that the result of this process will not lead to an award and does not constitute a commitment.

13.13 DETERMINING SPECIFICATIONS/TERMS OF REFERENCE

13.13.1 Standards and technical specifications and terms of reference should promote the broadest possible competition, while assuring those critical elements of performance or other requirements for the goods and services being procured are achieved.

13.13.2 Allocate risk in the specification to the party best suited to manage the risk.

13.13.2.1 Bidding and contract conditions must not be included in specifications, but in the remainder of the full bid document.

13.13.3 Determine clear evaluation criteria prior to the invitation of the quotation/bid as offers may only be evaluated according to the criteria stipulated in the quotation/bid document.

13.13.4 Specifications should be signed off by the relevant delegated authority.

13.14 PLANNING FOR PUBLICATION

13.14.1 The MTPA shall ensure that proper planning takes place at the beginning of the year by establishing as far as possible the Government Tender Bulletin publishing dates for that year and the date of the first bulletin for the following year.

14 Prospective Supplier List

14.1 ESTABLISHMENT OF THE LIST OF PROSPECTIVE SUPPLIERS PER COMMODITY

14.1.1 The MTPA shall establish and maintain a list of prospective suppliers per commodity for the purpose of obtaining petty cash transactions and quotations.

14.1.2 The prospective supplier list shall be used effectively to promote BEE as well as the promotion of businesses owned by other HDIs and SMMEs and for development purposes of suppliers.

14.1.3 No suppliers may however be excluded from the list as result of its non-HDI/B-BBEE/SMME status.

14.1.4 The prospective supplier list must be re-advertised once a year in both local and national newspapers.
14.1.5 Prospective suppliers will be assessed in terms of predetermined evaluation criteria. Suppliers who apply for registration for a commodity not needed by MTPA must be informed in writing that they will not be registered for that reason.

14.1.6 ACCREDITED SUPPLIERS

14.1.6.1 From the original list of prospective suppliers, the BAC shall review and approve accredited suppliers/service providers.

14.1.6.2 A supplier who provides proven excellent service, who complies with the listing requirements and who submits proof of being at least a level 4 contributor or higher, can be confirmed as an Accredited Supplier by the BAC.

14.1.6.3 The list of Accredited Suppliers (as a sub-portion of the main list) must effectively provide suppliers/service providers from whom regular services can be obtained without problems.

14.1.6.4 The list should, however, still be rotated together with the prospective supplier list, as it must promote an equal opportunity to new businesses.

14.2 UPDATING OF THE LIST

14.2.1 Frequency

14.2.1.1 The prospective supplier list must be updated at least quarterly in order to accommodate additional suppliers, especially newly established black empowered businesses and other HDIs and for adding or amending categories of requirements.

14.2.1.2 Prospective suppliers must be allowed to submit applications for listing at any time.

14.2.2 Adding of categories

☐ Categories can only be added if there is a recurring need for an item/service and there is no valid contract for the item/service.

14.3 UTILISATION PROCEDURE

14.3.1 Up to the quotation threshold, the MTPA shall invite all prospective suppliers featured on the prospective supplier list (in the relevant commodity, category and/or regions/areas) and in line with the prescripts for the various thresholds, to submit a quote.

14.3.2 A supplier in the quotation threshold may only be used if he is registered on the MTPA prospective supplier list or if the supplier will be prepared to submit an application afterwards.

14.3.3 The invitation of price quotations from the supplier list shall be done in such a manner that ongoing competition amongst suppliers is promoted.

14.3.4 The rotation principle shall be applied. No supplier may be used for a second time before the following supplier has been afforded an opportunity, unless:

14.3.4.1 The next suppliers prove to be much higher in price.
14.3.4.2 There is justifiable reason why the same supplier must be used.
14.3.5 The MTPA must be in possession of a valid tax clearance certificate for all quotations above R30,000 (VAT included).

14.4 LIMITED USE / PROHIBITION OF USE OF A CATEGORY

14.4.1 Prospective suppliers must be informed if a category targeted for frequent use, will have limited future use after establishment or amendment of the list.

14.4.2 Prospective suppliers must be informed if a category targeted for frequent use, will have limited future use or no future use due to the establishment of a term contract after establishment or amendment of the list.

14.5 REMOVAL FROM THE PROSPECTIVE SUPPLIER LIST

14.5.1 Prospective suppliers may be removed from the list on request or for non-compliance with relevant legislation, proven non-delivery and proven fraud and/or corruption and/or fronting.

15 Acquisition Management: System and Process Hierarchy

15.1 SYSTEM OF ACQUISITION MANAGEMENT

15.1.1 Goods and services must only be procured in accordance with authorised procurement processes.

15.1.2 Procurement of goods and services, either through quotations or through a bidding process, must be within the threshold values as determined by National Treasury.

15.1.3 The Board shall not increase the different threshold values as determined by National Treasury.

15.1.4 Expenditure on goods and services may only be incurred in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.

15.2 HIERARCHY FOR SATISFYING REQUIREMENTS

15.2.1 When a requirement becomes known, the hierarchy set out below for satisfying requirements shall apply starting first with the hierarchy of processes of obtaining stock from internal resources and then only applying the hierarchy of processes of satisfying requirements from external sources.

15.3 OBTAIN REQUIREMENTS FROM PRE-ESTABLISHED SOURCES

15.3.1 There are a number of pre-established sources to consider:

15.3.1.1 Items in stock.

15.3.1.2 Items on pre-established MTPA contracts.

15.3.1.3 Items on pre-established national government contracts, such as for information technology and vehicles and other fleet related requirements.

15.3.1.4 List of redundant, obsolete materials and supplies, if established.
15.3.1.5 Sourcing from other government institutions, if required.

15.3.1.6 Contracts arranged by other organs of state, if required.

15.4 DIRECTIVES FOR SPECIFIC TYPES OF REQUIREMENTS

15.4.1 The specific rules guiding specific circumstances and products shall also be taken into account together with the hierarchies in the choice of processes.

15.4.2 E-COMMERCE

15.4.2.1 The Board may not acquire new information technology support for the implementation of the new SCM function without consulting the National Treasury, since the latter is currently working on the development of a systems master plan for an integrated financial management system. This plan will include the systems requirements, including e-Commerce requirements, to more fully support the adoption of the proposed integrated SCM function.

15.4.3 PUBLIC PRIVATE PARTNERSHIPS

15.4.3.1 The MTPA shall ensure that Treasury Regulation 16 is complied with when goods or services are procured through public private partnerships or as part of a public private partnership.

15.4.3.2 The MTPA may enter into public private partnerships after consultation with the MEC, as stipulated in Section 4 (4) of the MTPA Act of 2005.

15.4.3.3 MTPA may enter into a public-private partnership agreement if it can demonstrate that the agreement will:

- Provide value for money to MTPA
- Be affordable for MTPA and
- Transfer appropriate technical, operational and financial risk to the private party.

15.4.3.4 National Treasury shall always be consulted prior to entering into public-private partnerships.

15.4.4 BUILDING, ENGINEERING OR CONSTRUCTION WORKS

15.4.4.1 The MTPA shall apply the National Treasury’s instructions in respect of building, engineering or construction works as it applies to the bid documentation and the general conditions of contract.

15.4.5 APPOINTMENT OF CONSULTANTS

15.4.5.1 The MTPA shall apply the National Treasury’s instructions in respect of the appointment of consultants.

15.4.6 DISPOSALS AND RENTALS

15.4.6.1 Bids in these categories are dealt with in the same manner as other bids with the exception that since revenue is applicable; the objective is to receive the highest bidding price.
15.4.7 THIRD PARTY LEASES

15.4.7.1 Third party leases shall be permitted only when the Office of the Chief Financial Officer determines that economic benefits shall be realised. Such benefits shall include lower cash payments, beneficial financing terms, and/or decreased risk assumed by MTPA.

15.4.8 BIOLOGICAL ASSETS

15.4.8.1 Biological assets shall be procured in the same way as all other assets except that the utilisation of auctions as a procurement and disposal mechanism may take precedence in certain circumstances.

15.4.9 TERM CONTRACTS

15.4.9.1 A term contract is a contract entered into for the supply of goods, the rendering of services or the disposal of movable assets over a specified period of time, but not less than one year. This is regarded as a good sourcing strategy in relevant circumstances to improve efficiencies.

15.5 PROCURE REQUIREMENTS FROM EXTERNAL SOURCES

15.5.1 MONETARY THRESHOLDS

15.5.1.1 The Board will set the thresholds (inclusive of VAT) in line with the prescripts of National Treasury. The current thresholds are as follows and will be updated from time to time in line with National Treasury changes:

<table>
<thead>
<tr>
<th>PROCUREMENT PROCESS</th>
<th>CURRENT THRESHOLD</th>
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<tbody>
<tr>
<td>Petty cash transactions</td>
<td>Up to and including R2 000.00</td>
</tr>
<tr>
<td>Verbal or written quotations</td>
<td>Up to and including R10 000</td>
</tr>
<tr>
<td>Written quotations</td>
<td>Above R10 000 and up to and including R500 000</td>
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<td>Bids which has a range of options attached to it such as:</td>
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<tr>
<td>Advertised bids.</td>
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<tr>
<td>Limited bidding.</td>
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<tr>
<td>Other procurement arrangements and procedures such as term contracts.</td>
<td>Above R500 000</td>
</tr>
</tbody>
</table>

15.5.2 REQUIREMENTS NOT AVAILABLE FROM A LOCAL SUPPLIER (PROCUREMENT FROM ABROAD)

15.5.2.1 Should a requirement not be available from a local supplier within South Africa, international sourcing may be considered.
16 Acquisition Management: Range of Procurement Processes and Thresholds

16.1 GENERAL

16.1.1 Promote the principles of being fair, equitable, transparent, competitive and cost-effective through all procurement processes.

16.1.2 The purpose is to ensure the most cost-effective method of acquisition, i.e. purchase, lease or rental.

16.1.3 All documentation must be auditable.

16.1.4 Breakout procurement may be considered, but subdivision of requirements to circumvent the Board’s delegated powers will not be allowed.

16.2 PETTY CASH TRANSACTIONS

16.2.1 Within the petty cash monetary threshold, satisfy the requirement according to the prescribed petty cash policy without inviting quotations or competitive bids by making use of the prospective supplier list.

16.2.2 The MTPA shall ensure that a petty cash policy and procedures is in place.

16.2.3 The petty cash policy must stipulate for which items and under which circumstances petty cash may not be utilised.

16.2.4 The petty cash procedure may not be used for items available on contract.

16.3 VERBAL OR WRITTEN QUOTATIONS

16.3.1 Requirements (currently up to R10 000) may be procured without inviting competitive bids or written quotations.

16.3.2 Obtain at least 3 verbal/written quotations from the list of prospective suppliers, where applicable.

16.3.3 For the procurement of professional services, written quotations must be obtained.

16.3.4 Where no suitable suppliers are available from the list, quotations may be obtained from other possible suppliers not on the list.

16.3.5 Place the order only against written confirmation from the selected supplier.
16.4  **WRITTEN PRICE QUOTATIONS ABOVE THE “VERBAL OR WRITTEN” QUOTATION THRESHOLD**

16.4.1 Requirements may be procured by inviting written quotations from as many as possible suppliers on the prospective supplier list.

16.4.2 Where no suitable suppliers are available from the list, quotations may be obtained from other possible suppliers not on the list.

16.4.3 If it is not possible to receive at least 3 quotations, the reasons should be recorded and approved by the Board or delegate.

16.4.4 The MTPA may apply the prescripts of the PPPFA for procurement for individual transactions valued at below R 30 000, in this category. This is however not compulsory.

16.4.5 The prescripts of the PPPFA and its Regulations must be applied, i.e. that preferential procurement be applied to all transactions from R30 000 onwards and tax clearance certificates must be obtained only for transactions above R30 000.

16.4.6 The higher threshold procurement process may be applied in the following circumstances:

16.4.6.1 Procurement of professional services.

16.4.6.2 Where suppliers for specific goods/services are unknown.

16.4.6.3 Any other ad hoc circumstance as determined by the delegate.

16.5  **RANGE OF PROCUREMENT PROCESSES ABOVE THE QUOTATION THRESHOLD**

16.5.1 A competitive bidding process shall be followed as far as possible.

16.5.2 If, in a specific case it is impractical to invite competitive bids, the MTPA may procure the required goods or services by other means such as through

16.5.3 , provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the Board or delegate.

16.5.4 The MTPA may include an open and transparent, competitive pre-qualification bidding process in which only pre-qualified organisations may participate.

16.5.5 The prescripts of the PPPFA shall be adhered to.

16.5.6 Subdivision of requirements to circumvent the Board’s delegated powers will not be allowed.

16.6  **COMPETITIVE BIDDING**

16.6.1 Competitive open bidding shall be used as far as possible.

16.6.2 Competitiveness shall be maintained throughout the process and all stages of the process shall be conducted in an open and transparent manner.
16.6.3 Bids shall be advertised in at least the Government Tender Bulletin and in any other appropriate media to reach the target market, should the Board or delegate deem it necessary.

16.6.4 Two-stage bidding may be used for the invitation of major contracts.

16.6.5 Pre-qualifying of bidders may be used for large complex works.

16.6.6 **ESTABLISHMENT OF A LIST OF APPROVED SUPPLIERS**

16.6.6.1 Where goods or services of a specialised nature are required on a recurring basis, a list of approved suppliers for the supply of the goods or services may be established through the competitive bidding process.

16.7 **LIMITED BIDDING**

16.7.1 Limited bidding is only to be used if justification exists and the necessary approval has been obtained within the framework of the Delegation of Authority document after a submission has been made to this effect.

16.7.2 The MTPA will use limited bidding only in the following exceptional circumstances:

16.7.2.1 Where the MTPA applied the competitive (open) bidding process, but the bids received were all non-responsive, thus the time required to go out on the same process is not sufficient.

16.7.2.2 Where the MTPA can buy under exceptionally advantageous conditions that only arise in the very short term.

16.7.2.3 In the event that a change of supplier would compel the MTPA to obtain spare parts or additional equipment or services that are not compatible or interchangeable with existing equipment or services that were obtained from an original supplier.

16.7.2.4 The goods, services or works to be bought have to be designed by the supplier.

16.7.2.5 When goods, services or works can only be supplied or rendered by a particular supplier and no reasonable alternative or substitute exists.

16.7.2.6 There are legislative, technological or safety reasons to restrict purchases to suppliers who have proven their capability.

16.7.2.7 For the acquisition of special works of art or historical objects where specifications are difficult to compile.

16.7.2.8 Acquisition of animals for zoos and/or nature and game reserves in justifiable circumstances.

16.7.2.9 In cases of urgency due to unforeseen circumstances where lack of planning or negligence did not play a role. The relevant delegate must evaluate the reasoning for urgency

16.7.2.10 In cases of emergency.

16.7.3 The 3 categories of limited bidding which may be used are:

16.7.4 Multiple source
16.7.4.1 Where it is proven that only a few prospective suppliers exist. A market analysis report should be available as substantiation.

16.7.5 Single sourcing

16.7.5.1 Where only one amongst a number of suppliers is requested to submit a proposal and the reasons are justified.

16.7.6 Sole source

16.7.6.1 Where it is proven that only one supplier exists. Documented proof of this fact must be available.

16.7.7 Exception reporting in terms of Treasury Regulation 16A6.4 must be done. (See chapter 28 with regard to reporting).

16.8 DIRECT NEGOTIATION

16.8.1 Direct negotiations shall only be permitted after approval by the Board or delegate and shall be conducted in such a manner that none of the stakeholders is advantaged or prejudiced. Thus care should be taken to ensure that such a process does not allow the bidder concerned a second (unfair) opportunity and is not to the detriment of any other bidder nor should it materially alter the scope of the requirement.

16.8.2 Direct negotiations may only take place under the following circumstances:

- In cases of urgency due to unforeseen circumstances where lack of planning or negligence did not play a role and where following the standard competitive bidding process or the process prescribed for urgency would not be in the MTPA’s best interest.

- Owing to a catastrophic event, there is an urgent need for the goods or services (an emergency), making it impractical to use other methods of procurement because of the time involved in using those methods.

- In cases where preferred bidders were identified as preferred bidders through a competitive bidding process.

- In the case of competitive negotiation because of the technical character of the goods or construction, or because of the nature of the services, it is necessary for the procuring entity to negotiate with suppliers or service suppliers. Thus in the aforementioned case the first round of a two-stage bidding process has taken place where inter alia capacity and acceptability was established.

16.8.3 The aim is to improve the value for money outcome and clarify uncertainties, particularly with the signing of a contract, through a structured and ethical process while maintaining a competitive situation throughout the tender process.

16.8.4 Unless it is made clear in the request for tender documentation that a Best and Final Offer (BAFO) process will be adopted, no negotiations with bidders are to be conducted simply to drive down or influence the tendered price to the benefit of MTPA.

16.8.5 The official that can contractually commit the MTPA in this regard must lead the negotiation and must be supported by the user department or an appropriate technical advisor and the SCM Unit who shall facilitate the negotiations.
16.8.6 When negotiations are to be entered into, they must be conducted before supplier selection is finalised or a contract is formed.

16.8.7 Confidential records of all negotiations must be kept by the SCM, and points of agreement separately documented and confirmed with the other party.

### 16.9 URGENT PROCUREMENT

16.9.1 Irrespective of monetary value, an urgent procurement process will only apply where early delivery is of critical importance and the utilisation of the standard procurement process is either impossible, or impractical. Lack of planning shall not constitute urgency.

16.9.2 In urgent cases the MTPA may dispense with the invitation of bids and may obtain the requirement by means of quotations by preferably making use of the prospective supplier list or otherwise in any manner to the best interest of the MTPA.

16.9.3 The appropriate course of action for urgency shall be justifiable under the circumstances.

16.9.4 The nature of the urgency and the details of the justifiable procurement process followed in the circumstances will be recorded and reported.

### 16.10 EMERGENCY PROCUREMENT

16.10.1 Irrespective of monetary value, an emergency procurement process will only apply in serious, unexpected and potentially dangerous circumstances which require immediate rectification:

16.10.1.1 In the event of a threat or interruption in the MTPA’s ability to execute its mandate.

16.10.1.2 In the event of an immediate threat to the environment or human safety.

16.10.2 The standard procurement processes will be bypassed. The MTPA may dispense with the invitation of bids and may obtain the requirement by means of quotations by preferably making use of the prospective supplier list or otherwise in any manner to the best interest of the MTPA.

16.10.3 The appropriate course of action for emergency shall be justifiable under the circumstances.

16.10.4 The nature of the emergency and the details of the justifiable procurement process followed will be recorded and reported within 48 hours.

### 16.11 PROCUREMENT FROM ABROAD

16.11.1 The MTPA may procure from abroad if it can be certified in writing that:

16.11.1.1 The product/service cannot be sourced locally or through local representatives and that no other similar product will serve the purpose.

16.11.1.2 That a local sourcing process has been run without any success, by obtaining approval from the Board or delegate.

16.11.1.3 The prices of the locally available supply/service are exorbitant.

16.11.2 For procurement outside the boundaries of South Africa, the same process is followed as for the procurement within South Africa, except for the following:
16.11.2.1 Determining international advertising mechanisms.
16.11.2.2 Determining the utilisation of conditions applicable to foreign countries, such as Incoterms, if required.
16.11.2.3 Determining if the price should be indicated in foreign currency, and if so, which currency.
16.11.2.4 The estimated cost Free On Board (FOB) in foreign currency plus conversion factors.
16.11.2.5 Obtaining Reserve Bank approval for payments overseas as required and consider VAT implications.

16.12 PROCUREMENT FROM GRANTS FROM DONORS

16.12.1 The MTPA must utilise funds in accordance with donors’ procurement procedures in cases where technical assistance agreement prescribes them to do procurement according to the donors’ procedures.

16.12.2 The MTPA must adhere to the prescripts of the PPPFA and its regulations where donors do not require them to do procurement according to donors’ procedures.

16.12.3 The MTPA must adhere to the prescripts of the PPPFA and its regulations where projects are partially financed from donor funds and in accordance with a technical assistance agreement.

16.13 TERM CONTRACTS FOR REQUIREMENTS OF A RECURRING NATURE

16.13.1 The MTPA may enter into specific term contracts, which are arranged for the specific repetitive requirements of only the MTPA.

16.13.2 In terms of the SITA Act, SITA be consulted prior to the procurement of information technology goods and services.

16.13.3 MTPA shall take advantage of the RT57 Government contracts when purchasing vehicles and any other fleet related requirements.

17 Acquisition Management: Appointment of Consultants

17.1 GENERAL

17.1.1 The normal policy and procedures apply to the appointment of consultants.

17.1.2 The Board must, in terms of the PFMA regulations, comply with the National Treasury’s instructions issued in respect of the appointment of consultants.

17.2 MINIMUM REQUIREMENTS WHEN APPOINTING CONSULTANTS

17.2.1 Consultants must only be engaged when the necessary skills or resources to execute such services are not available within MTPA and sufficient training or recruitment cannot be done in time or would not be cost efficient.
17.2.2 When appointing consultants, strive to satisfy the following minimum requirements:

17.2.2.1 Meeting the highest standards of quality and efficiency.

17.2.2.2 Obtaining advice that is unbiased, that is, being delivered by a consultant acting independently from any affiliation, economic or otherwise, which may cause conflicts between the consultant’s interests and those of government.

17.2.2.3 Ensuring the advice proposed, or assignment executed, meets the ethical principles of the consultancy professions.

17.2.2.4 Any consultant involved with the drafting of specifications or TOR may not be awarded the resulting contract.

17.2.2.5 No advisor may participate in the adjudication of bids or proposals.

17.3 PROMOTING GOVERNMENT’S PREFERENTIAL POLICIES

17.3.1 When consultants are appointed, the prescripts of the Preferential Procurement Regulations, 2001, must be adhered to. These relate to the compulsory involvement of HDIs and the voluntary promotion of the RDP goals.

17.4 APPROACHES

17.4.1 The different approaches that may be followed are:

17.4.1.1 Quality and cost based selection (QCBS) where quality of services to be rendered and cost are used as selection criteria and which should be used most commonly. Technical evaluation precedes the financial evaluation.

17.4.1.2 Quality-Based Selection (QBS) used for complex assignments where innovation should be demonstrated; where the best experts are required or where the assignment could be carried out in different ways. Quality is the most important consideration.

17.4.1.3 Selection under a fixed budget which is used for simple assignments where specifications are precisely defined and budgets are fixed. Technical proposals are evaluated first, as in the QCBS approach.

17.4.1.4 Least-cost selection which is used where assignments are simple, where skills are readily available or where the organisation has a constrained budget for the specific requirement.

17.4.1.5 Selection based on consultants’ qualifications.

17.4.1.6 Single-source selection which requires the use of a transparent and equitable pre-selection process, to request only one amongst a few prospective bidders to make a proposal for justifiable reasons.

17.4.1.7 Selection of individual consultants.

17.4.2 ESTABLISHMENT OF A LIST OF APPROVED SERVICE SUPPLIERS (PANEL)
Where consultancy 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. These panels/lists should be established through the competitive bidding process, usually for services that are of a routine or simple nature where the scope and content of the work to be done can be described in detail.

18 Quotation/Bid Compilation

18.1 LANGUAGE OF QUOTATION/BID DOCUMENTS

18.1.1 The MTPA shall compile all documentation in English.

18.2 CALLING FOR BIDS

18.2.1 Bids must be invited by the SCM Unit unless other departments have been delegated to do so.

18.3 ADVERTISING OF BIDS

18.3.1 All bids must at least be advertised in the Government Tender Bulletin and on the MTPA website.

18.3.2 The relevant media shall however be considered to ensure that the target market is reached if the Government Tender Bulletin and the MTPA website are regarded as not to reach the target market. Cost must be a consideration.

18.3.3 Bids must be advertised for at least 21 days before closing time, except in urgent cases when bids may be advertised for such shorter period as the Board or delegate may determine.

18.3.4 No bids may be advertised or close between 15 and 31 December as most firms are closed during this period and advantageous bids can therefore not be ensured. The prescripts of the Government Printer regarding advertising shall be followed. However, if circumstances requires otherwise, a submission for approval must be made to the Board or delegate in this regard.

18.4 CLOSING TIME OF BIDS

18.4.1 Bids of the MTPA close at 11:00 on the day indicated in the bid documents.

18.4.2 The closing of bids must be strictly observed.

18.5 DETERMINING THE CLOSING PERIOD

18.5.1 Normal closing period is not less than 21 days from the date of the publication of the invitation to bid.

18.5.2 As a minimum requirement, where goods are to be imported, bids will close at least 5 weeks from the date of the publication.

18.5.3 The principle of allowing bidders enough time to prepare comprehensive bids must be observed.

18.5.4 Approval for the shortening or lengthening of the closing period must be obtained in accordance with the Board’s delegated authority. Reasons for the deviation must be documented and fully
motivated.

Where a shorter period is involved, care must be taken that a reasonable time, normally not less than 14 days, is allowed for the preparation of the bidder’s offer.

18.6 DETERMINING THE VALIDITY PERIOD

18.6.1 The validity period should allow the MTPA sufficient time to finalise the evaluation and award of the quotation/bid.

18.6.2 Quotations up to the value of R30 000.00 should be valid for at least 14 days from the closing date of the bid. A longer period may be set if problems with the evaluation are anticipated, but preferably not longer than 60 days.

18.6.3 Other quotes and bids must be valid for at least 60 days from the closing date of the bid. A longer period may be set if problems with the evaluation are anticipated, but preferably not longer than 90 days. Approval must be obtained from the Board or delegate for periods other than 60 days.

18.6.4 An extension of validity must be requested in writing from all bidders before the expiry date.

18.7 AVAILABILITY OF BID DOCUMENTS

18.7.1 Bid documents must be ready and available before the requirement is advertised.

18.7.2 Bid documents may be collected by or may be e-mailed or posted to prospective bidders.

18.8 SALE OF BID DOCUMENTS

18.8.1 The MTPA shall as a general rule not sell its bid documents, but make it available free of charge, unless otherwise approved by the Board or delegate.

18.9 RESPONSES RECEIVED

18.9.1 The MTPA shall maintain a register/list of responses to the advertisement or the individuals/organisations targeted in the case of quotations.

18.9.2 The response list must contain the following information:

18.9.2.1 Bid number.

18.9.2.2 Name of the bidder who documents were issued to.

18.9.2.3 Name of the person/organisation that collected the bid on behalf of the bidder.

18.9.2.4 Name of the person/organisation on whose behalf the document is collected, the phone number, the fax number and contact person of the prospective bidder.

18.9.3 The same particulars as mentioned above, where applicable, must also be collected where bid documents are requested by phone.

18.10 ELEMENTS FOR INCLUSION IN BID DOCUMENTS
18.10.1 The MTPA’s bid documents shall promote uniformity by at least standardising bid documents where possible, and shall encourage competition.

18.10.2 Bid documentation including the general conditions of contract, shall be in accordance with the instructions of National Treasury.

18.10.3 Bidders shall all receive the same information in documentation and should be assured of an equal opportunity to obtain additional information on a timely basis to ensure fairness.

18.10.4 Where feasible, large requirements may be divided into smaller more manageable requirements to accommodate SMME’s.

18.10.5 Where feasible, subcontracting and joint ventures with SMME’s should be promoted.

18.10.6 Bid documentation shall include evaluation and adjudication criteria, including the criteria prescribed in the PPPFA and the B-BBEE Act 7.

18.10.7 QUOTATION/BID DOCUMENTATION PACK

18.10.7.1 The quotation/bid documentation pack shall consist of at least the following:

- Covering page
- Submission conditions and instructions
- Standard bid documents
- Specification/TOR containing the expected output and deliverables as well as schedule of delivery.
- Evaluation criteria
- General conditions of contract.
- Special contract conditions, if applicable and with certain aspects noted hereunder:
  - Requirements and principles for retention and release of retention. It is condition that any retention should not exceed more than ten (10) % of any progress certificate / invoice and on overall a maximum of 7.5% of the tendered price (inclusive of taxes, contingencies and escalation). Retention should be aligned to the period required to prove acceptable quality of suppliers and completion of contracts but should not extend beyond a period of twelve (12) months from full completion of works; provided that deficiencies have been rectified and risks fully mitigated. Give special consideration to emerging suppliers without increasing risk to MTPA.
  - Payment conditions should be clearly articulated. Under normal circumstances provide for payment within 30 days of submission of progress certificate / invoice, subject to the delivery of supplies / works within quality requirements of the bid documentation. Payment within 14 days could be effected for emerging contractors without increasing risk to MTPA.
  - Performance guarantees required should be commensurate with the degree of

7 Will be applied once the official alignment has taken place.
contractual risk to which the MTPA is exposed. Performance bonds in engineering and construction works contracts should be waived in low, low risk contracts or where a third party carries the risk of failure in an acceptable manner.

☐ Copy of the draft formal contract or service level agreement (SLA), where applicable should you wish to enter into such formal contract. Formal contracts are concluded only where this is stated as a requirement in the quotation/bid document.

18.11 PRE-BID INFORMATION SESSIONS/SITE MEETINGS

18.11.1 If an information session/site meeting is held, minutes of the meeting should be circulated to all prospective bidders in the case of non-compulsory session and only to those who attended in the case of compulsory sessions.

18.11.2 Each attendee to such session shall sign the attendance register.

18.11.3 Bids/quotes should not close within less than fourteen (14) days from such meetings/information session and minutes of such meetings should reach attendees of such meetings at least 1 week prior to the closing date.

18.11.4 Any additional information, clarification, correction of errors, or modifications of bid documents should be sent to each recipient of the original bid documents in sufficient time before the closing date and time for receipt of bids to enable bidders to take appropriate actions.

18.11.5 Compulsory site meetings for prospective bidders should only be required when it is viewed absolutely essential for purposes of orientation and clarification of the specification/terms of reference.

18.12 CHANGING OF INFORMATION BEFORE CLOSING TIME

18.12.1 It is preferable to cancel a bidding invitation and to invite fresh bids if conditions or the specification or any other information have to be materially changed before the closing time or if mistakes are discovered in the documents before the closing time. Changes will be regarded as material if such changes potentially could have influenced the bidders that could have responded.

18.13 POSTPONEMENT OF CLOSING DATE

18.13.1 The closing date may be postponed only if all prospective bidders can be advised of the postponed date in writing before the original closing date.

18.13.2 In the case of an advertised bid invitation, the closing date may be postponed only if the postponed date can be advertised in the Government Tender Bulletin and other media where applicable, before the original closing date.

19 Receiving and Opening of Responses

19.1 RECEIVING AND OPENING PROCEDURES FOR QUOTATIONS
19.1.1 A fair and transparent process shall be followed for the closing, receiving, opening and processing of quotations.

19.1.2 **VERBAL OR WRITTEN QUOTATIONS**

19.1.2.1 The delegated official shall obtain and receive the quotations. However, the award is to be approved by a different delegated official.

19.1.3 **WRITTEN QUOTATIONS**

19.1.3.1 Quotations must be submitted in writing preferably by hand or per post, but may also be faxed containing a signature or e-mailed in PDF format provided that an original signature be obtained before the award of the contract.

19.1.3.2 Bid box procedures may be used where the circumstances so require.

19.2 **RECEIVING AND OPENING PROCEDURES FOR BIDS**

19.2.1 A fair and transparent process shall be followed for the closing, receiving, opening and processing of bids.

19.2.2 Bidders shall be allowed to submit bids by mail or by courier or by hand.

19.2.3 A bid box shall be visible on the premises of the MTPA and shall be accessible between 08:00 and 16:30 Mondays to Fridays excluding public holidays.

19.2.4 A bid box shall always be locked in order to prevent unauthorised removal of bids, unless bids are collected.

19.2.5 At least two delegated officials must be present during opening of bids on the date and precise time of closing as specified.

19.2.6 At the precise closing time of the bid, the bid box is locked to prevent late submission of bids into the box where after all bids in the box are removed for processing.

19.2.7 Bids must be opened in public and at the time stipulated in the bid documents after the period for the submission of bids has expired.

19.2.8 Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out.

19.2.9 Information on bids received must be captured in a bid register.

19.2.10 Bids shall be date stamped to indicate the date and time of receipt of bids.

19.2.11 Any alterations appearing on bid documents must be initialled by the delegated officials.

19.2.12 A lockable facility for the storing of bids must be available.

19.3 **ADMISSION**

19.3.1 **ADMISSION OF QUOTATIONS**
19.3.1.1 Written quotations received by facsimile transmitter, telegram, telex, e-mail or similar media may be accepted as valid if received before the closing time.

19.3.2 ADMISSION OF BIDS

19.3.2.1 Bids received by facsimile transmitter, telegram, telex, e-mail or similar media do not meet the requirements and must be summarily rejected.

19.3.2.2 Only original bid documents or photocopies of facsimiles, which are submitted in the prescribed manner and where all essential forms are originally signed in ink before submission, may be accepted as valid.

19.3.2.3 Bidders shall be allowed to submit bids by mail, by courier or by hand into the bid box or at the physical address of the MTPA (reception, over the counter at the SCM Unit as applicable) before the closing time of the bids.

19.3.2.4 All bids will then be kept unopened in safe custody until the closing date and time of the bids.

19.3.3 CONFIDENTIALITY

19.3.3.1 After public opening of bids, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards should not be disclosed to bidders or other persons not officially concerned with the process, until the successful bidder is notified of the award.

19.3.4 BIDS RECEIVED LATE

19.3.4.1 Bids are late if it is received at the address indicated in the bid documents after closing date and time.

19.3.4.2 Bids received late shall not be considered and shall be returned unopened to the bidder.

19.3.4.3 Where no bid or no acceptable bid has been received, the bid has to be re-advertised.

19.4 DEALING WITH UNSOLICITED BIDS

UNSOLICITED DEFINED

19.4.1 An unsolicited bid means a submission that must be innovative, unique and provided by a sole supplier.

19.4.2 An unsolicited proposal/concept means any proposal/concept received by the MTPA outside its normal procurement process that is not an unsolicited bid.

19.5 DEALING WITH UNSOLICITED BIDS

19.5.1 The MTPA is not obliged to consider unsolicited bids received outside a normal bidding process.

19.5.2 If the Board or delegate decides to consider an unsolicited quotation/bid, it may do so only if:

19.5.2.1 The product or service offered in terms of the quote/bid is a unique innovative concept that will be exceptionally beneficial to, or have exceptional cost advantages for the MTPA.

19.5.2.2 The person who made the offer is the sole supplier of the product or service.
19.5.2.3 The need for the product or service by the MTPA has been established during its strategic planning and budgeting processes.

19.6 CRITERIA FOR CONSIDERATION OF AN UNSOLICITED PROPOSAL

19.6.1 The MTPA is not obliged to consider an unsolicited proposal but may consider such a proposal only if it meets the following requirements:

19.6.1.1 A comprehensive and relevant project feasibility study has established a clear business case; and

19.6.1.2 The product or service involves an innovative design; or

19.6.1.3 The product or service involves an innovative approach to project development and management; or

19.6.1.4 The product or service presents a new and cost-effective method of service delivery.

19.6.2 The unsolicited proposal must contain the following information in terms of the proponent:

19.6.2.1 The proponent’s name, address identification or registration number (if a corporation), VAT registration number and the contact details of its authorised representative;

19.6.2.2 Identification of any confidential or proprietary data not to be made public;

19.6.2.3 The names of other South African institutions that have received a similar unsolicited proposal;

19.6.2.4 The proponent’s current SARS Tax Clearance Certificate;

19.6.2.5 A declaration of interest in the standard format;

19.6.2.6 A declaration of the proponent’s past SCM practices; and

19.6.2.7 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 MTPA or any other institution.

19.6.3 The unsolicited proposal must set out the following information in terms of the product or service offered:

19.6.3.1 A concise title and abstract of the proposed product or service;

19.6.3.2 The objectives, approach and scope of the proposed product or service;

19.6.3.3 A statement describing how the proposal is demonstrably innovative and supported by evidence that the proponent is the sole provider of the innovation;

19.6.3.4 The anticipated benefits or cost advantages to the MTPA including the proposed price or total estimated cost for providing the product or service;

19.6.3.5 A statement showing how the proposed project supports the MTPA’s strategic growth and development plan and its other objectives; and

19.6.3.6 The validity period of the proposal, which may not be less that six months.
19.7 UNACCEPTABLE UNSOLICITED PROPOSALS

19.7.1 The Board or delegate must reject the unsolicited proposal if the proposal:

19.7.1.1 Relates to known institutional requirements that can, within reasonable and practicable limits, be acquired by conventional competitive bidding methods;

19.7.1.2 Relates to products or services which are generally available;

19.7.1.3 Does not fall within the institution’s powers and functions;

19.7.1.4 Does not comply substantially with the criteria for consideration;

19.7.1.5 Has not been submitted by a duly authorised representative of the proponent; or

19.7.1.6 Contravenes the provision of any law.

19.7.2 If the Board or delegate decides to reject the unsolicited proposal, it must:

19.7.2.1 Notify the proponent thereof by registered post;

19.7.2.2 Ensure that the MTPA does not make use of any of the intellectual property or proprietary data in the unsolicited proposal; and

19.7.2.3 Return to the proponent all documents received in the unsolicited proposal including any copies of these documents.

19.8 EVALUATION OF COMPLIANT UNSOLICITED PROPOSALS

19.8.1 If the Board or delegate decides to consider the unsolicited proposal, the proponent must be informed thereof by registered mail.

19.8.2 The unsolicited proposal must be considered as appropriate in terms of the following categories and their stipulations:

19.8.2.1 Compliant unsolicited bid

19.8.2.2 Public Private Partnership compliant unsolicited proposal

19.8.2.3 Non-Public Private Partnership compliant unsolicited proposals

19.9 UNSOLICITED PROPOSAL AGREEMENT

19.9.1 If the MTPA decides to proceed with the unsolicited proposal, the Board or delegate must negotiate an unsolicited proposal agreement with the proponent through which to guide the process in terms of, amongst other matters potential reimbursement costs pertaining to developing the technical and other materials, the procedure for further developing the project and responding to issues raised, the allocation of responsibility for developing bid documents, the confidential treatment of information and the purchase of intellectual property rights, if any.

19.9.2 If the MTPA and the proponent cannot reach consensus in calculating costs, then the MTPA will not be responsible for any costs which the proponent has incurred, but it may not implement the
unsolicited proposal for the current or next financial year and may not utilise at any time the proprietary information provided by the proponent as part of its unsolicited proposal.

19.10 PROCUREMENT

19.10.1 If the unsolicited proposal agreement is concluded, the MTPA must prepare and issue bid documents.

19.10.2 The bid process to be followed when procuring a service provider shall include:

19.10.2.1 The preparation of a Request for Qualification (RFQ) to test the market for the existence of other private entities capable of providing the product or service;

19.10.2.2 The preparation of a draft contract for the provision of the product or service should there be no adequate response to the RFQ;

19.10.2.3 The preparation of the Request for Proposals (RFP) with a draft contract should there be one or more adequate responses to the RFQ;

19.10.2.4 Conducting a competitive bidding process among the firms qualified in the RFQ and the proponent; and

19.10.2.5 Reimbursing the proponent should the proponent not be awarded the contract for the provision of the product or service at the conclusion of the competitive bidding process.

19.10.3 The foregoing bid processes must be developed by the MTPA, disclose that the bid originated from an unsolicited proposal; and provide the agreed costs and terms of payment to the proponent, and require that all bidders, save for the proponent, make allowance for these costs and pay such costs to the proponent directly, if their bid is successful.

19.11 USE OF EXTERNAL CONSULTANTS

19.11.1 After receiving an unsolicited proposal and before either considering the proposal the MTPA may seek advice from independent consultants or experts, provided that:

19.11.1.1 An appropriate confidentiality undertaking be obtained from any such person; and

19.11.1.2 The cost of obtaining independent advice will be incurred by the MTPA, unless the proponent withdraws the proposal prior to entering into an unsolicited proposal agreement, in which event the proponent will be liable to the MTPA for these costs.

19.12 USE OF UNSOLICITED PROPOSAL

19.12.1 The MTPA may not:

19.12.1.1 Use any data, concept, idea or other part of an unsolicited proposal as the basis or part of the basis, for a solicitation or in negotiations with any other firm unless the project proceeds to procurement and the proponent is notified of an agrees to the intended use; provided that, this prohibition does not preclude the use of any data, concept or idea in the proposal that also is, or becomes, available from another source without restriction; or
19.12.1.2 Disclose information identified in the unsolicited proposal agreement as confidential.

19.13 NOTIFICATION, REPORTING AND RECORDS

19.13.1 Upon receipt of an unsolicited proposal, the MTPA must (in writing) notify the relevant National Treasury contact person within ten working days of such receipt.

19.13.2 The Board must report all concluded unsolicited proposal agreements in their annual report.

19.13.3 The Auditor-General may audit such agreements.

19.13.4 The MTPA must submit a copy of a concluded unsolicited proposal contract to the Office Auditor-General.

19.14 TRANSITIONAL ARRANGEMENTS

19.14.1 All unsolicited bids which have been submitted to the MTPA prior to 17 March 2009 and not yet concluded, must be considered under the MTPA’s SCM system.

19.14.2 All unsolicited proposals submitted to the MTPA before 17 March 2009 and for which an unsolicited proposal has not yet been concluded must be considered under this policy, together with such provisions of the MTPA’s SCM Policy that are not inconsistent herewith.

19.14.3 All unsolicited proposals submitted to an institution after 17 March 2009 must be considered under this policy, together with such provisions of the MTPA’s SCM Policy that are not inconsistent herewith.

20 PUBLIC PRIVATE PARTNERSHIPS

20.1 GENERAL

20.1.1 The MTPA shall ensure that Treasury Regulation 16 is complied with when goods or services are procured through public private partnerships or as part of a public private partnership.

20.1.2 The MTPA shall apply the PPP Toolkit for Tourism which provides practical guidelines developed to boost the strategic tourism sector of the economy. Furthermore, National Treasury’s PPP Manual and Standardised PPP Provisions issued in terms of section 76(4)(g) of the PFMA will be applied where directives are not covered by the Tourism Toolkit.

20.1.3 In the process of considering a PPP, all other legislation covering the specific environment must be taken into consideration.

20.1.4 The MTPA may enter into public private partnerships after consultation with the MEC, as stipulated in Section 4 (4) of the MTPA Act of 2005.

20.1.5 MTPA may enter into a public-private partnership agreement if it can demonstrate that the agreement will:

20.1.5.1 Provide value for money to MTPA
20.1.5.2 Be affordable for MTPA and
20.1.5.3 Transfer appropriate technical, operational and financial risk to the private party.
20.1.6 National Treasury shall always be consulted prior to entering into public-private partnerships.

20.1.7 As soon as the MTPA identifies a project that may be concluded as a PPP, the Board or delegate must in writing:

20.1.7.1 Register the PPP with the relevant treasury;
20.1.7.2 Inform the relevant treasury of the expertise within that institution to proceed with a PPP;
20.1.7.3 Appoint a project officer from within or outside the institution; and
20.1.7.4 Appoint a transaction advisor if the relevant treasury so requests.

20.1.8 The two main scenario’s for tourism PPPs are as follows:

20.1.8.1 The small cap route will be applied for business opportunities characterised by relatively small capital investments of up to R10 million, few employees, and relatively low turnover, typically activity-based or making use of existing infrastructure or requiring relatively small infrastructure investments. The PPP feasibility and procurement mechanisms are simplified, quick and appropriate, and the standard PPP agreement terms are tailored specifically for SMMEs.

20.1.8.2 The large cap route will be applied for business opportunities entailing sizeable investments in accommodation, retail, restaurants and conferencing (with associated activity-based exclusive components), characterised by substantial private party capital investment of R10 million or more, sizable turnover, relatively high project risks, and will have suitably long contract periods. Consequently, the PPP feasibility and procurement mechanisms, and the terms of the PPP agreements provided for these large cap projects are robust but clear.

21 Evaluation Process

21.1 GENERAL

21.1.1 All bids duly lodged shall be taken into consideration and evaluated.

21.1.2 The MTPA shall base evaluation solely on an examination of the relevant statutory and/or predetermined evaluation criteria.

21.1.3 Evaluation criteria shall promote the areas of finance (commerce), technical compliance/ability and preferential procurement.

21.1.4 Members involved in the evaluation process shall be honest, fair, impartial, and transparent.

21.1.5 Bid Evaluation Committees should be familiar with and adhere to prescribed legislation, directives and procedures in respect of SCM.

21.1.6 All evaluators/members of bid evaluation committees should be cleared at the level of “CONFIDENTIAL” and should be required to declare their financial interest annually.

21.1.7 No person should interfere with the SCM system of the MTPA; or amend or tamper with any quotation/bid after its receipt.
21.2 REASONS FOR REJECTION

21.2.1 The MTPA must reject a proposal for the award of a contract if the recommended bidder has committed a proven corrupt or fraudulent act in competing for the particular contract.

21.2.2 The MTPA may disregard the bid of any bidder if that bidder, or any of its directors:

21.2.2.1 Have abused the SCM system of the MTPA.

21.2.2.2 Have committed proven fraud or any other improper conduct in relation to such system.

21.2.2.3 Have failed to perform on any previous contract and the proof exists.

21.2.3 Such actions must be communicated to the Provincial and the National Treasury.

21.3 COMPLIANCE CHECK PROCEDURES

21.3.1 Before actual evaluation the official(s) responsible for the SCM function shall do a compliance check that the quotation/bid documentation complies with the predetermined conditions and that all required forms and information are submitted, completed in full and legible. Should bidders not comply with disqualifying criteria, they must be disqualified.

21.3.2 Compulsory disqualifying criteria are:

21.3.2.1 Non attendance of a compulsory site visit / information session.

21.3.2.2 Any material misrepresentation found to form part of the bidder’s submission.

21.3.2.3 Any proven contact with any member of MTPA to influence the outcome of the bid evaluation.

21.3.2.4 Bids received after the closing time and date.

21.4 COMMUNICATION WITH BIDDERS

21.4.1 During bid evaluation, all communication to and from tenderers must be in writing (fax or registered post) and must be limited to clarification and/or confirmation of bidder’s submission.

21.4.2 Any required communication must not impact on the bid price and the material presentation included in the bid submission.

21.4.3 Any information required beyond the above principles must be formulated in writing with the same worded request and format reaching all short listed bidders to provide same with a reasonable, fair and equitable opportunity to respond, putting all bidders on an equal footing.

21.4.4 Any interaction with bidders prior to award must be done within the principle that no participating and qualified bidder(s) are/is being disadvantaged.

21.4.5 Absolute care must be taken that an impression is not created that a specific bidder is advantaged through allowing him/her to improve him/her bid to improve his/her bid.

21.4.6 At no time must the impression be given or any indication provided that his/her bid has been accepted prior to the approval by the relevant authority.
21.4.7 In case of a change in the scope of services, all participating qualified bidders must be given a fair and equitable opportunity to revise their offers through a totally confidential process.

21.4.8 It is critical that all bidding documents and records are kept in absolute confidentiality and in secret until final award is made.

21.4.9 Any attempt by the bidder or by members of the Bid Adjudication Committee to communicate outside the above mentioned principles will lead to cancellation of the said tender resulting in re-issuing.

21.5 SIGNING OF BIDS

21.5.1 In order to avoid confusion regarding precisely what must be signed for a valid bid, the Invitation to Bid or photocopy thereof must be signed in ink.

21.5.2 All declarations must also be signed to qualify as valid claims.

21.6 TAX CLEARANCE CERTIFICATES

21.6.1 The MTPA must reject any bid from a supplier who fails to provide written proof from SARS that the supplier either has no outstanding tax obligations or has made arrangements to meet outstanding tax obligations.

21.6.2 As proof that there are no outstanding tax obligations, a valid Tax Clearance Certificate must be submitted in the original.

21.6.3 In all cases where the bidder did not submit the Certificate by the closing time, or the certificate is not in the original or not valid, the bidder must be afforded an opportunity and be requested to submit the Certificate within 14 days from the date of the request. Recommendations with regard to such matters must be submitted to the relevant evaluation and adjudication structures.

21.6.4 No contracts may, however, be awarded to bidders who have failed to submit the original Tax Clearance Certificate within the relevant period and they must be reported to SARS.

21.6.5 If the MTPA is in possession of a supplier’s original, valid Tax Clearance Certificate, it is not necessary to obtain a new Tax Clearance Certificate each time a price quotation or bid is submitted from that specific supplier. This provision may be applied only if the closing date of the price quotation or bid falls within the expiry date of the Tax Clearance Certificate that is in the MTPA’s possession. Whenever this ruling is applied, cross-reference must be made to the original, valid Tax Clearance Certificate for audit purposes.

21.6.6 Prior to the award of a bid, the MTPA should verify the Tax Clearance Certificate submitted by a potential contractor at any SARS branch office nationwide. SARS will confirm such verification by electronic mail or per facsimile. Records of all verifications should be kept for audit purposes.

21.7 SUBMISSION AND SIGNING OF DECLARATIONS OR CERTIFICATES

21.7.1 In all cases where the relevant preference claim form has to be submitted and a supplier had the intention to claim as evidenced by the fact that he did fill in the preference form or gave other indications of wishing to claim preference, the bidder must be allowed to complete and/or sign the declaration.
21.7.2 Recommendations with regard to such matters must be submitted to the relevant evaluation authority and adjudication structure.

21.8 DECLARATION OF INTEREST

21.8.1 A form for the declaration of a supplier's position and interest vis-à-vis the evaluating structure, must be included with the quotation/bid documents.

21.8.2 An official who is involved in the evaluation and recommendation process, or who is in any way involved with the procurement process, shall also certify, as part of the recommendation that he/she complies with The Prevention and Combating of Corrupt Activities Act. All officials who can influence the award of a quotation/bid are seen as officials who are involved in the recommendation process.

21.8.3 The register of attendance of disclaimer for the members of the Bid Evaluation Committee and the Bid Adjudication Committee must contain the following:

21.8.3.1 "I, the undersigned, accept that all information, documentation and decisions regarding any matter serving before the Committee are confidential. I, therefore, undertake not to make known anything in this regard. I also declare that I did not purposefully unlawfully favour or prejudice anyone in the decision making process in the recommendation and award of the quotation/bid."

21.8.4 All officials who are involved in the decision making process must sign a similar affidavit.

21.9 SUPPLIERS’ OWN CONDITIONS

21.9.1 The conditions as contained in the quotation/bid documents enjoy precedence. All suppliers must accept these conditions. However, it sometimes happens that suppliers set their own conditions, which might be in conflict with the quotation/bid conditions. Such own conditions set by suppliers can be recommended for acceptance where it is in the interest of the MTPA to do so and where the interests of other suppliers are not prejudiced.

21.9.2 Where the suppliers' own conditions are not in the best interest of the MTPA, the supplier must be requested to withdraw the conditions.

21.9.3 If suppliers are not prepared to withdraw unacceptable or conflicting conditions, reasons why such conditions must be accepted must be submitted to the relevant adjudication structure for approval or alternatively the quotation/bid may be passed over.

21.10 EVALUATION LESS THAN R30 000

21.10.1 For quotations less than R30 000, where the requirement is not technically complex and where there are no major risks involved, formalised bid evaluation committees are not compulsory and the relevant delegated authority may perform the evaluation and submit the recommendation to the relevant adjudication structure.

21.10.2 The evaluation must still be based on an examination of the relevant statutory and/or predetermined evaluation criteria.
21.11 EVALUATION FROM R30 000 AND UP TO THE QUOTATION THRESHOLD

21.11.1 For quotations from R30 000 and up to the quotation threshold, where the requirement is not technically complex and where there are no major risks involved, formalised bid evaluation committees are not compulsory and the delegated authority shall evaluate quotations received and submit a recommendation regarding the award of the quotations to the relevant adjudication structure.

21.11.2 The evaluation and adjudication structures should be composed of different members to ensure that a transparent review of the evaluation is undertaken.

21.11.3 Quotations are to be evaluated against the predetermined criteria in the quotation document. The criteria to be taken into account, are inter alia:

21.11.3.1 Compliance with the specification / TOR and conditions of the quote.

21.11.3.2 Preferential procurement:

- Price
- Functionality
- Goals (equity as well as socio-economic)

21.11.3.3 Capability / ability of the bidder to execute the contract.

21.12 BID EVALUATION COMMITTEE FOR PROCUREMENT ABOVE THE QUOTATION THRESHOLD

21.12.1 Above the quotation threshold, a Bid Evaluation Committee shall evaluate bids received and submit a recommendation regarding the award of the bids to the Bid Adjudication Committee.

21.12.2 Bids are to be evaluated against the predetermined criteria in the bid document. The criteria to be taken into account, are inter alia:

21.12.2.1 Compliance with the specification/TOR and conditions of the bid.

21.12.2.2 Preferential procurement:

- Price.
- Functionality.
- Goals (equity as well as socio-economic).

21.12.2.3 Capability/ability of the bidder to execute the contract.

21.12.2.4 National Industrial Participation Programme requirements.
21.13 CONSIDERATION OF ADDITIONAL INFORMATION

21.13.1 Information received after the closing date, may only be taken into consideration if it would not influence the original recommendation made, which must be based on the original information received from suppliers.

21.13.2 During the consideration of quotations/bids, communication by the MTPA with suppliers may take place only with the express prior approval of the relevant adjudication structure or delegate.

21.14 CANCELLATION OF QUOTATIONS/BIDS

21.14.1 Should it be determined through the evaluation process that no acceptable quotations/bids were received; a recommendation to cancel the quotation/bid must be submitted for approval as part of the evaluation report.

21.14.2 The reasons why no acceptable quotations/bids were received by the closing date and time must be investigated before a decision is made what alternative process must be followed to satisfy the requirements.

21.14.3 The requirement may now be re-advertised / re-invited or a specific number of pre-identified service providers may be targeted.

21.14.4 The evaluation report must contain the request for cancellation accompanied by the perceived reasons determined through the investigation as well as a recommendation on the alternative process to be followed to satisfy the requirements.

21.14.5 The relevant adjudication structure shall approve all cases where quotations/bids:

21.14.5.1 Are to be cancelled.

21.14.5.2 New quotations/bids are to be solicited because of the cancellation.

21.14.5.3 Negotiations with the preferred bidder are to take place to determine a reduction in the scope and/or a reallocation of risk and responsibility. A substantial reduction in the scope or modification to the bidding documents may require re-bidding.

21.14.6 Where quotations/bids are to be cancelled all bidders must be informed in writing of the cancellation or the cancellation must be advertised in the Government Tender Bulletin and on the MTPA website.

21.15 NEGOTIATIONS

21.15.1 Without the prior approval of the relevant adjudication structure, no negotiations may be conducted with suppliers regarding any aspect, which might in any way affect the prices i.e. that may change the order in which quotes/bids will be ranked.

21.15.2 Where such negotiations are authorised, the relevant adjudication structure must ensure that the negotiations take place at least at the middle management level and that the agreement, which is reached, is placed on record in writing.
21.16 CONFIRMATION OF PRICES

21.16.1 A legal contract cannot be concluded by the acceptance of an offer where it is obvious to any reasonable person that a price is out of line with other market prices and/or previous quoted prices. Confirmation of whether the price is correct or not, must be obtained from the supplier in such cases.

21.16.2 Only confirmation of the correctness of the price is involved and not negotiation for a better price.

21.17 VERIFYING PREFERENCES

21.17.1 Verification is required whenever it is clear that the claimed preference is incorrect or when reasonable doubt exists that the bidder is entitled to the preference in any way at all.

21.18 AMENDMENT OF PRICES PRIOR TO LAPSE OF VALIDITY

21.18.1 An amendment of a quoted price during the original validity period is not allowed.

21.19 EXTENSION OF VALIDITY PERIOD

21.19.1 Extension of validity must be finalised while the quotations/bids are still valid.

21.19.2 If a bidder should reduce his / her quoted price as a result hereof, the reduction may be considered only if the supplier would have been the successful contractor irrespective of the reduction. In other words the case is evaluated at the original quoted price and if successful, it is accepted at the reduced price.

21.19.3 In cases where the quoted price is increased when the validity period expires and the quotation/bid concerned is either no longer recommended for acceptance or is recommended for acceptance at the higher price, the disadvantageous or incremental costs must be reported to the Board.

21.20 NEW AND UNPROVEN PRODUCTS

21.20.1 A bid may not be rejected summarily simply because the bidder or the product which he offers is unknown.

21.21 COUNTRY OF ORIGIN

21.21.1 The MTPA shall not purchase any requirements from any country where the South African government has placed an embargo on trade relations with such country or where there is an embargo on a product from a foreign market.

21.22 DEVIATIONS FROM SPECIFICATIONS

21.22.1 Quotations/bids with acceptable deviations from specification may be recommended for acceptance, provided that the competitiveness of another supplier is not adversely affected.

21.23 ALTERNATIVE OFFERS

21.23.1 Regardless of whether the supplier also submits offers conforming strictly to specification,
alternative offers may be considered and accepted provided that the other suppliers are not prejudiced. If the alternative offer does not meet the specification requirements, in that it is lower than the specified requirements and the deviations are acceptable, the other suppliers must be approached in cases where they might possibly be prejudiced, with a view to obtaining offers for the delivery of a product or service with the same or similar acceptable deviations. Such cases must be submitted to the relevant Bid Evaluation Committee for consideration and the relevant adjudication structure for approval.

21.24 IMPROVEMENT ON SPECIFICATION

21.24.1 A quotation/bid received which offers an improvement on the specification may be accepted provided that the other suppliers are not prejudiced.

21.25 EQUAL OFFERS

21.25.1 When offers are equal in all respects on a comparative basis, thus scoring equal total points, the successful supplier must be the one scoring the highest number of preference points for HDI/SMME/specified goals as stated in part 3, 12 (8) of the PPPFA Regulations.

21.25.2 Should two or more offers still be equal in all respects, the award shall be decided by the drawing of lots in accordance with the delegated powers.

21.25.3 Where bid prices for a portion of a series of sub-items within a bid are equal and it is necessary for these items to be obtained from the same bidder, then the lowest overall bid for that portion of the bid may be recommended for acceptance.

21.26 ADDITIONAL QUANTITIES

21.26.1 Before an award has been made, additional quantities may be accepted up to the maximum percentage provided for in the delegated powers.

21.26.2 All suppliers concerned must be approached for offers for the larger quantities.

21.26.3 Where the additional quantities are more than the percentage provided for in the delegated powers, a fresh or a supplementary bid must be invited.

21.27 SAMPLES

21.27.1 Notwithstanding the requirement that samples must be submitted not later than the date and time specified in the bidding documents, samples may be received up to the time that it is required for evaluation. The recommendation of a bid must, however, not be delayed because a sample, which was received late, still has to be evaluated.

21.28 COMPARISON OF QUOTED PRICES

21.28.1 The quoted prices of all items must be brought to a comparative basis, where applicable, by deducting preferences and other benefits, and adding implied contract price adjustments in the case of non-firm prices and delivery and other costs where applicable.

21.28.2 Where purchases are accompanied by a maintenance contract and the future costs of the maintenance are known, the discounted present value of all the future costs must be added to the purchase cost in order to calculate a comparative price. Where these costs are not known, a
typical scenario must be set in the quotation/bid document and priced by each supplier in order to obtain comparative prices.

21.28.3 The quoted prices of suppliers who are not registered in terms of the VAT Act, must for purposes of comparison be accepted as being inclusive of VAT. The MTPA must do price comparisons on these quoted prices and any transaction as a result of acceptance of such quoted prices will under no circumstances be subject to the levying of an additional tax.

21.29 COMPARATIVE PRICES: BIDS FOR CONTRACTS WITH A DURATION OF MORE THAN THREE YEARS

21.29.1 Where bids for contracts with a duration of more than three years are received, comparative prices, where necessary, must be calculated on the basis of the discounted net present values of the various offers.

21.29.2 A specific escalation rate determined by the market factors should form part of the bid. This rate will then be used to calculate the tariffs for each of the future years.

21.30 CONFIDENTIALITY

21.30.1 After public opening of bids, information relating to the evaluation process may not be disclosed to interested parties or other persons not officially concerned with the process, until the successful bidder is notified of the award.

21.31 SUBCONTRACTING AND JOINT VENTURES

21.31.1 It is incumbent upon the MTPA to take care that:

21.31.1.1 Subcontractors and partners in joint ventures are engaged in fair and reasonable conditions of contract.

21.31.1.2 Contractors who contravene the contract conditions potentially be designated as restricted persons.

21.31.2 Secured payment options may only be considered where it can be justified.

21.32 PRESENTATIONS HELD BY BIDDERS

21.32.1 All or only the short-listed bidders may be invited for presentations to the Bid Evaluation Committee after the evaluation of functionality if the bid document provided for this option. The score obtained during the presentation may only influence the functional score.

21.33 CLEARANCE OF SUPPLIERS PRIOR TO THE AWARD OF A CONTRACT

21.33.1 TAX CLEARANCE CERTIFICATE

21.33.2 Prior to the award of a bid, the MTPA should verify the Tax Clearance Certificate submitted by a potential contractor at any SARS branch office nationwide. SARS will confirm such verification by electronic mail or per facsimile.

21.33.3 Records of all verifications should be kept for audit purposes.
21.33.4 REstricted Persons

21.33.4.1 The MTPA must check the National Treasury database prior to awarding any contract to ensure that no recommended bidder, nor any of its directors, is listed as companies, directors or persons prohibited from doing business with the public sector.

21.33.4.2 This List of Restricted Suppliers is managed and maintained by the SCM Office within the National Treasury.

21.33.5 National Industrial Participation Programme

21.33.5.1 The MTPA must obtain clearance for a recommended bidder from the Department of Trade and Industry in respect to contracts which are subject to the National Industrial Participation Programme of that Department.

22 Adjudication

22.1 Adjudication Structures

22.1.1 The Bid Evaluation Committee and the Bid Adjudication Committee or equivalent structures for a specific requirement shall be composed of different members to ensure that a transparent review of the evaluation is undertaken.

22.2 Awards Up to the Quotation Threshold

22.2.1 The official delegated the adjudication and award function, shall finalise the award.

22.2.2 All quotations up to the quotation threshold not specifically delegated, shall be finally adjudicated and awarded by the Bid Adjudication Committee or the Board as delegated.

22.3 Powers of the Adjudication Structure Up to the Quotation Threshold

22.3.1 The official acting as the Adjudication Structure assesses if the specific procurement process followed, is in line with the approved policy and procedures, that the evaluation is fair and sound, the deal is acceptable and in the MTPA’s best interest, and then approves/rejects the recommendation.

22.3.2 The function must be carried out in line with the award functions stipulated under the roles and responsibilities section.

22.3.3 Any decision regarding the adjudication and award of a contract is final.

22.4 Awards Above the Quotation Threshold

22.4.1 The Bid Adjudication Committee shall be the Adjudication Structure who will finally award bids above the quotation threshold and up to its delegated authority.

22.4.2 Above the delegated authority of the relevant Bid Adjudication Committee, the BAC endorses the recommendation and the Board will finally award the bids as adjudication structure.
22.5 POWERS OF THE ADJUDICATION STRUCTURE ABOVE THE QUOTATION THRESHOLD

22.5.1 The function must be carried out in line with the award functions stipulated under the roles and responsibilities section.

22.5.2 The BAC assesses if the specific procurement process followed, is in line with the approved policy and procedures, that the evaluation is fair and sound, the deal is acceptable and in the MTPA’s best interest, and then approves/rejects the recommendation or make a final recommendation to the Board for final award where the BAC is not delegated to finally award.

22.5.3 Where the BAC finds that the recommendation is not correct or not in the MTPA’s best interest after consultation with and referral back to the evaluation structure, the reasons for not supporting the review are submitted to the Board for finalisation of the adjudication and award.

22.5.4 Members of the Bid Evaluation Committee may present their reports to the Bid Adjudication Committee and clarify any uncertainties.

22.5.5 The BAC and the Board has the power to amend or cancel concluded agreements if delivered goods and services do not conform to specifications.

22.5.6 Any decision regarding the adjudication of a contract is final.

22.6 NIP PROGRAMME

22.6.1 The MTPA must, within 5 working days after the award of a contract that is in excess of R10 million (ten million rands) inclusive of VAT, submit details of such a contract to the dti.

22.7 CANCELLATION OF QUOTATIONS/BIDS

22.7.1 Should no or no acceptable quotations/bids be received, approval to cancel the quotation/bid must be obtained, providing reasons therefor.

22.7.2 Where quotations/bids are to be cancelled all bidders must be informed in writing of the cancellation.

23 Contractual Commitments

23.1 CONCLUSION OF CONTRACTS

23.1.1 The official(s) responsible for the SCM function must finalise the adjudication by issuing the letter of intent of acceptance of an offer to the preferred bidder.

23.1.2 A contract is only concluded when the negotiations of the contract are finalised and the preferred supplier accepts the terms of contract (whether in the form of a letter of acceptance, the contract form, including a service level agreement or a formal contract) offered by the MTPA which have been approved by the appropriate authority.

23.1.3 Where the standard contract form is not sufficient, an appropriate contract should be drafted. A contract must be in writing.
23.1.4 The acceptance of a successful bid must be in writing and must be sent by registered/certified mail or as indicated in a special condition; the principle being that there must be a mechanism of proof of delivery.

23.1.5 Up to a predetermined monetary value for quotations, the official with the necessary delegated authority shall sign orders or other necessary documentation to commit the MTPA.

23.1.6 Up to a predetermined monetary value for quotations, the official with the authority to award may be the official who contractually commits the MTPA.

23.1.7 Above the predetermined monetary value, an official with the necessary delegated authority to contractually commit the MTPA shall sign the letters of acceptance and contract form or other necessary documentation to commit the MTPA.

23.1.8 The official with the necessary delegated authority to commit the MTPA, must be satisfied that all the necessary contractual conditions have been included prior to signing.

23.1.9 The MTPA’s contract documents shall promote uniformity across the entity.

23.1.10 Both parties to the contract shall sign the contract form or formal contract in duplicate.

23.1.11 If a formal contract is concluded, an order must still be placed with the successful supplier.

23.1.12 Legal copies shall be kept in a safe place for judicial reference.

23.2 SERVICE LEVEL AGREEMENT

23.2.1 A service level agreement (SLA) may be compiled and signed if required.

23.3 TIME OF CONCLUSION

23.3.1 The contract is concluded at the time that the letter of acceptance is posted even if the contract form and formal contract is only signed at a later date, unless stated otherwise in the quotation/bid documents. See par 31.2 of the GCC.

24 Access to Bidding Information

24.1 INFORMATION ACCESS

24.1.1 All bidding information remains strictly confidential.

24.1.2 Every bidder shall be informed of final bid results.

24.1.3 The information of one bidder shall not be disclosed to any other bidder.

24.2 INFORMING THE SUCCESSFUL BIDDERS

24.2.1 The successful bidder must be notified in writing by registered or certified mail or other mechanism for which proof of delivery can be established, of the acceptance of their bid within the original validity period of the bid.
24.2.2 The information of other bidders will not be disclosed to the successful bidder.

24.3 **INFORMING THE UNSUCCESSFUL BIDDERS**

24.3.1 All unsuccessful bidders must receive a letter of regret in writing indicating that they were unsuccessful.

24.3.2 On written request, any bidder should be provided with the reasons why his / her own bid was unsuccessful.

24.3.3 Where performance guarantees have been provided with the bids the guarantees must be returned to the unsuccessful bidders within a period of 14 days.

24.4 **DISCLOSURE OF INFORMATION**

24.4.1 Bids are not available for perusal by the public.

24.4.2 When divulging information, a balance must be struck between one party’s right to access of information and the right to confidentiality of the other party and in line with PAIA and PAJA.

24.4.3 Where no bid has been accepted, particulars of the bids received are not made public.

24.4.4 The MTPA can withhold information if the release or publication of the information:

   24.4.4.1 Will impede law enforcement; or
   24.4.4.2 Will be contrary to the public interest; or
   24.4.4.3 Will harm the legitimate interests of the MTPA; or
   24.4.4.4 Will hinder fair competition between suppliers by revealing any proprietary information of any bidder.

24.5 **DEALING WITH COMPLAINTS/QUERIES**

24.5.1 If an indication is received that a person or organisation is unhappy with a process followed or an occurrence, that person/organisation must be encouraged to place the issue in writing and forward it to the MTPA to be dealt with or to report the issue to the tip-offs line where appropriate.

24.5.2 A response to any written query received during a bid process, must be facilitated by the relevant delegate within the SCM Unit. If the query is process related, it can be signed off by the relevant delegate and then issued to the person raising the query.

24.5.3 Should a query be of a serious nature or constitute a dispute, objection or complaint before or after the award of the bid, this issue must be escalated to the independent person within the MTPA delegated to deal with such issues in conjunction with the SCM Unit or other relevant parties. The principle is to try and avoid legal challenges or to have pre-warning of potential legal challenges.

24.5.4 A complaint received before an award is made, must be dealt with to the satisfaction of the CEO. The process followed is to be beyond reproach and responded to in writing before a final award is made to minimise the risk for the MTPA.
24.5.5 A complaint received after an award has been made, must be responded to swiftly in writing and to the satisfaction of the CEO.

24.5.6 A supplier not satisfied with the ultimate written response by the MTPA to a complaint, has the right to escalate such complaint to the National Treasury, to the Public Protector and ultimately to a court of law.

24.5.7 All complaints shall be reported on a monthly basis.

24.6 PUBLISHING OF AWARD

24.6.1 Awards shall be published in the Government Tender Bulletin and other media by means of which the bids were originally advertised.

24.6.2 Certain information must be made available on the MTPA website.

25 Sales of Assets and Goods and Letting of Assets

25.1 SALE OF ASSETS AND GOODS

25.1.1 The MTPA shall apply the same policies to the sale of assets and goods as for the procurement thereof.

25.1.2 Any sale of immovable State property must be at market related value unless National Treasury approved otherwise.

25.1.3 The determination to sell assets and goods must first be made in terms of the MTPA’s disposal policy.

25.2 LETTING OF ASSETS

25.2.1 National Treasury Regulations shall be applied in cases involving the letting of MTPA assets.

25.2.2 The letting of immovable state property (excluding state housing for officials and political office bearers) must be at market-related tariffs, unless the National Treasury approves otherwise.

25.2.3 No state property may be let free of charge without the prior approval of the National Treasury.

25.2.4 The Board or delegate must review, at least annually when finalising the budget, all fees, charges, rates, tariffs or scales of fees or other charges relating to the letting of state property to ensure sound financial planning and management.
26 Contract/Project Management

26.1 GENERAL RESPONSIBILITIES

26.1.1 The relevant user department takes responsibility for day-to-day management and monitoring of a contract in line with the contractual conditions.

26.1.2 The SCM Unit takes responsibility for maintaining original contract documentation and monitoring contracts in terms of renewals, transfers, terminations, amendments and price adjustments.

26.2 MANAGING THE CONTRACT

26.2.1 The MTPA shall ensure that all reasonable steps are taken to properly enforce a contract.

26.3 CORRECTION OF AN INCORRECT ACCEPTANCE

26.3.1 Mistakes in the letter of acceptance, contract form and/or formal contract must be reported immediately to the official in charge of the SCM Unit.

26.3.2 Every effort must be made without delay to recover the original letter of acceptance, contract form and/or formal contract from the contractor.

26.3.3 Where it is not possible to recover the original, all particulars of the incorrect acceptance must be reported to the relevant adjudication structure together with a recommendation regarding the corrective steps that are envisaged.

26.4 PLACING ORDERS

26.4.1 In all instances orders must be issued with specific reference to the quote received from the service provider.

26.4.2 Except as noted below, no services shall be rendered prior to the issuance of a written order, which will be duly authorized in line with financial delegations of MTPA. Such order must be issue the next business day.

26.4.2.1 Urgent attention to limit injuries on animals and people provided that the necessary quotes have been received or where the urgency of the situation requires a service provider to commence.

26.4.2.2 In cases of emergency

26.4.2.3 Emergency unfunded codes

26.4.3 Orders are to be placed by the delegate in accordance with the relevant contract and in accordance with the instructions of the financial policy.
26.5 PLACING ORDERS NEAR THE END OF THE CONTRACT PERIOD

26.5.1 Placing orders near the end of the financial year in order to only spend unused funds in the budgets is not allowed.

26.5.2 Where, for a given period of time, no valid contract exists, goods, services or works must be obtained in accordance with the delegated powers.

26.5.3 The obtaining of requirements must be restricted to what is absolutely necessary.

26.6 CONTRACT MONITORING

26.6.1 Contracts must be constantly monitored to ensure that contractual obligations are met and that contracts run with as little disruption as possible.

26.6.2 The SCM Unit must notify the user department timely of any term contract expiry that will allow the user department sufficient time to decide whether to renew the contract or not.

26.6.3 The user department must ensure that the contractor performs according to the stipulations of the contract in delivering the goods or services on time, in the correct quantity and to the required standard.

26.6.4 Regular meetings must be held with contractors during the contract period to discuss progress, deliverables, foreseeable problems and/or amendments to contracts.

26.6.5 Trademark/Brand name

26.6.5.1 If a bid is accepted for a particular trademark/brand name, that trademark/brand name must appear on the product and substitute products must not be accepted.

26.6.6 Contract samples

26.6.6.1 Where a contract is awarded on the grounds of evaluation of a representative sample, such sample is kept for the contract period and is regarded as the contract sample. Deliveries are then compared with it in order to ensure that the quality does not deteriorate. However, if it does not correspond exactly with the contract sample, the consignment must be rejected and the contractor requested to remove and replace it immediately.

26.6.6.2 Samples kept by the MTPA for control purposes may be accepted as partial execution of the contract, in which case the contractor must be requested to deliver only the balance. If a sample is not accepted as partial delivery, the contractor must be requested to collect it after termination of the contract.

26.7 NON-CONTRACTUAL PURCHASES

26.7.1 Small quantities of supplies or minor services may be procured outside of the contract in the following circumstances:

26.7.1.1 In cases of emergency; or

26.7.1.2 When the contractor's point of supply is not situated at or near the place where the supply or service is required; or
26.7.1.3 If the contractor's supplies or services are not readily available.

26.7.2 Purchases outside the contract must be restricted to requirements that are absolutely necessary to satisfy the immediate requirement and the action must always be justifiable against the contract conditions.

26.7.3 Acquisitioning procedures must in all instances be followed when procuring outside of existing contracts.

26.8 PAYMENTS

26.8.1 Under normal circumstances payment is made for supplies in accordance with the contract conditions only after they have been delivered and, where applicable, installed, in good working order.

26.8.2 The Reserve Bank rules must be observed when making payments abroad.

26.9 OVER-/UNDER-DELIVERIES

26.9.1 Over- or under-deliveries may be accepted in accordance with the Board's delegated powers.

26.10 DISCOUNTS ON INVOICES

26.10.1 In cases where a discount is not a contract condition and a contractor indicates a discount on his/her invoice, this discount must be utilised if possible, for instance by making payment within the time limit specified on the invoice. However, orders must at all times be placed in accordance with the contract conditions, i.e. non-contractual discounts must not be taken into consideration when placing orders.

26.11 INSOLVENCY, LIQUIDATION, DEATH, SEQUESTRATION OR JUDICIAL MANAGEMENT OF CONTRACTORS

26.11.1 In terms of paragraph 26 of the GCC, the MTPA has certain options, which it may exercise in the case of insolvency.

26.11.2 The risk to the MTPA is the determining factor and the choice with the smallest degree of risk is preferred.

26.12 TRANSFER AND CESSION OF CONTRACTS

26.12.1 The contractual conditions should stipulate the conditions under which transfers/cessions shall be considered and the process to be followed in such circumstance.

26.12.2 Applications for the transfer/cession of contracts must be completed and signed by both the transferor and the transferee and countersigned by two witnesses. Full reasons for the transferring of the contract must be provided and the transferee's ability to carry out the contract must be established and reported to the Board or delegate.
26.13 TRANSFER OF CONTRACT PAYMENTS

26.13.1 Transfer of payments may be considered in cases where a contractor makes application on an official letter signed by the CEO or delegate, for monies due to the contractor, to be paid to another person or organisation, such as a bank or supplier of materials.

26.13.2 Contract payments may be transferred on the recommendation of the MTPA and with the relevant adjudication structure’s approval only.

26.13.3 Written confirmation must be obtained from the contractor as requests for transfer of payment received from another person or organisation cannot be considered favourably.

26.13.4 Every application must be dealt with on its own merits. Favourable consideration will result only where it is not to the detriment of the MTPA.

26.14 CONTRACT VARIATIONS/AMENDMENTS

26.14.1 Contracts may be amended/varied/modified according to the Board’s delegated powers to achieve the original objective of the contract.

26.14.2 Amendments may not materially alter the original objective; as such amendments should form part of a new bid invitation.

26.14.3 All contractual parties must agree to the amendment in writing.

26.14.4 No contract can be amended after the original contract has ceased to exist.

26.14.5 EXTENSION OF CONTRACT PERIODS

26.14.5.1 The extension of a contract shall be finalised before the current expiry date of the contract.

26.14.5.2 Where prices are amended for the extended period, the reasonableness of the prices must be established.

26.14.6 EXTENSION OF DELIVERY PERIODS

26.14.6.1 Delivery periods may be extended according to the Board’s delegated powers.

26.14.7 AMENDMENT OF CONTRACT CONDITIONS

26.14.7.1 Amendments may be considered on their merits bearing in mind the best interest of the MTPA. Amendments, which prejudice the MTPA, can be agreed to only with the approval of the relevant adjudication structure.

26.14.8 AMENDMENT OF SPECIFICATIONS

26.14.8.1 Where a binding contract has been concluded, an amendment of the specification whether initiated by the contractor or by the MTPA, can be made only after negotiation between the contractor and the MTPA and through the facilitation of the relevant adjudication structure.

26.14.9 CONTRACTUAL PRICE ADJUSTMENTS

26.14.9.1 The contractual conditions shall stipulate the circumstances under which price 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.

26.14.9.2 The prescribed formula will be used for adjustment of prices due to the fluctuation of the indices.

26.14.9.3 Indices compiled by Statistics South Africa will be used for price adjustments.

26.14.9.4 Rate of Exchange (ROE) fluctuations are only allowed on the imported content of the commodity.

26.14.10 NON-CONTRACTUAL ADJUSTMENT OF PRICES

26.14.10.1 Non-contractual adjustment of prices is normally not allowed.

26.14.10.2 When contractors suffer a loss as a result of their own negligence, price adjustments not covered by the contract are not favourably considered. However, where a contractor suffers loss as a result of circumstances beyond his control, or as a result of incorrect action by the MTPA and particularly when such loss might cause his/her downfall, non-contractual price adjustments may be considered by the MTPA. Such adjustments are to the disadvantage of the MTPA and the necessary prior approval must be obtained.

26.14.11 REDUCTION OF PRICES

26.14.11.1 The MTPA must accept price reductions after award of a contract where this is advantageous to the MTPA, unless the acceptance of the price reduction amounts to breach of contract.

26.15 UNSATISFACTORY PERFORMANCE

26.15.1 Continuously communicate unsatisfactory performance to contractors in writing compelling the contractor to perform according to the contract and thus to rectify or to restrain from unacceptable actions.

26.15.2 Apply the GCC rules where applicable.

26.15.3 Before action is taken in terms of the GCC or any other special contract condition applicable, the MTPA must warn the contractor in writing that action will be taken in accordance with the contract conditions unless the contractor complies with the contract conditions and delivers satisfactory supplies or services within a specified reasonable time.

26.15.4 UNSATISFACTORY PERFORMANCE: NATIONAL TREASURY’S ROLE

26.15.4.1 National Treasury must establish a mechanism to receive and consider complaints regarding alleged non-compliance with the prescribed norms and standards; and

26.15.4.2 National Treasury must make recommendations for remedial actions to be taken if non-compliance of any norms and standards is established, including recommendations of criminal steps to be taken in the case of corruption, fraud or other criminal offences.

26.15.5 RESTRICTION

26.15.5.1 The MTPA may in terms of Treasury Regulations 16A9.2:

- Disregard the bid of any bidder if that bidder, or any of its directors-
- Have committed fraud or any other improper conduct in relation to such system; or
- Have failed to perform on any previous contract; and

26.15.2 The Board may restrict any supplier in line with the PPPFA and in line with Treasury Regulation 16A9.1(c) from doing business with the public sector for a period not exceeding 10 years if such a supplier obtained preferences fraudulently or if such a supplier failed to perform on a contract based on specified goals. Due process must be followed and Provincial Treasury and National Treasury must be informed.

26.15.3 The Board may also amend/uplift any restriction imposed by it.

26.15.4 The MTPA must inform the National Treasury of any action taken in terms of the aforementioned paragraphs under the restriction heading.

### 26.16 CONTRACT TERMINATION

26.16.1 The MTPA must cancel a contract awarded to a supplier of goods of services:

26.16.1.1 If the supplier committed any proven corrupt or fraudulent act during the bidding process or the execution of that contract.

26.16.1.2 If any official or other role player committed any proven corrupt or fraudulent act during the bidding process or the execution of that contract that benefited the supplier.

26.16.2 Termination of a contract may be considered for a variety of reasons, as stipulated in paragraphs 21.6, 23 and 26 of the GCC, such as delayed deliveries, failing to perform any other contractual obligation or if the supplier has engaged in corrupt and fraudulent practices and insolvency.

26.16.3 Contract termination may also be effected if allowed for in the contractual conditions and if both parties agree to the termination in writing.

26.16.4 Any case for contract termination must be presented to the CEO or higher authority through the BAC and the Legal division must have been involved to determine the risk for the organisation.
27 Logistics Management

27.1 REQUISITION

27.1.1 No issuing of store items or the commencement of the procurement process may take place without a properly completed requisition form.

27.2 ORDER ADMINISTRATION

27.2.1 An order must be placed either when a pre-determined stock level is reached or when a request is received from an end user for an item, which is not held in stock.

27.2.2 A predetermined day for requisitioning shall be indicated for requisitions. Staff shall refrain from requesting stock directly from the SCM Units at an individual level and only authorised staff may issue or collect stock.

27.2.3 An order shall be placed based on the existence of a valid contract, bid or quotation (whichever is applicable) after the procurement process.

27.2.4 Each order shall be appropriately authorised by the delegated person.

27.2.5 Only orders created via the official MTPA mechanism will be deemed valid by the MTPA.

27.2.6 A procurement file detailing the contract, bid, quotations, the conditions and a history of execution shall supplement each contract.

27.2.7 Clear payment instructions shall be indicated to the Accountant when submitting an invoice for payment and valid authorisation for prepayments and other deviations from this policy should be submitted prior to processing of invoices.

27.3 STORES MANAGEMENT

27.3.1 The store function is the receiving, storing as well as the issuing of inventory.

27.3.2 All suppliers utilised must be reported on, with each order placed, prior to payment of the services rendered or goods received for compliance in terms of supplier’s rotation.

27.3.3 Equipment or stock must be stored in such a way that the possibility of loss, damage, exposure, deterioration or perishing thereof is minimised or eliminated completely. By lack of a physical store, the function must still be performed.

27.3.4 A detailed stock description for stock items shall be kept.

27.3.5 Stores and equipment may not be received or issued unless the necessary documentation is available for such transactions and is duly signed.

27.3.6 Duplicate keys of all lockers, cabinets, padlocks and other storage areas should be readily available and shall be controlled by a responsible delegated official.

27.3.7 PROCEDURE FOR THE RECEIPT OF GOODS
27.3.7.1 Items must be delivered to the official responsible for the receiving function of a specific item at the relevant department.

27.3.7.2 Check items for quality, quantity and if delivered according to specification.

27.4 CODING OF ITEMS

27.4.1 All fixed assets are to be classified in terms of a unique identifying item number and description.

27.4.2 All items must be classified as either a non-consumable or consumable item for accounting purposes.

27.5 INVENTORY MANAGEMENT

27.5.1 In cases where storage space is very expensive or not available, the just-in-time delivery principle must be used.

27.5.2 Minimum and maximum inventory levels for all store items shall be determined based on the usage, the lead and delivery times.

27.5.3 Incidences of stock shortages or Stock Outs should be minimised. Allowance for a safety margin shall be determined and added to the minimum level to cover unforeseen circumstances.

27.6 ASSET MANAGEMENT

27.6.1 An asset record must be kept per office to determine which assets and quantities have been issued to a specific asset controller/holder.

27.6.2 Asset controllers must be appointed in writing.

27.6.3 All assets on asset records must be marked with a unique identifying asset number.

27.7 FIXED ASSET REGISTER

27.7.1 A central fixed asset register of all applicable assets or groups of assets of the MTPA must be maintained at the finance division.

27.8 STOCKTAKING

27.8.1 All assets kept on an asset record are to be subjected to a stock take once every financial year.

27.8.2 A stock take programme must be compiled.

27.8.3 A stock take report must be produced.

27.9 HANDING AND TAKING OVER PROCEDURES

27.9.1 Uninterrupted determination of responsibility and accountability must be maintained at all times. To ensure continuity, formal handing and taking over should take place whenever there is a change in personnel.
27.9.2 All stores and equipment discrepancies must be properly recorded, investigated and item record cards adjusted accordingly, when handing and taking over are effected between officials.

27.10 DISCREPANCIES

27.10.1 Discrepancies are to be investigated as it is identified.

27.10.2 The investigation report with recommendations must be submitted to the CEO or delegate to decide whether identified losses are recoverable or irrecoverable. Losses or damages suffered by the MTPA because of an act committed or omitted by a person working for the MTPA, must be recovered from such a person, if such a person is liable by law.

27.11 SERVICES

27.11.1 ACCOUNTING REGISTRY SERVICE

27.11.1.1 The prescripts of the National Archives Act of South Africa and National Treasury Regulations are applicable to the SCM registry.

27.11.2 LABOUR SAVING DEVICES

27.11.2.1 Labour saving devices are managed in terms of the contract and service level agreement with the service provider.

27.11.2.2 Photocopying and duplicating machines shall be placed in a well-ventilated room.

27.11.2.3 Ensure that machines are regularly serviced as stipulated in the contract.

27.11.2.4 Execute proper control over the use of machines such as the prevention of unauthorised use or misuse for private purposes.

27.11.3 REPAIR SERVICES

27.11.3.1 When a need for repair services is identified, the normal procurement process must be followed to select a supplier if the product is not under warranty or on contract.

28 Disposal Management

28.1 GENERAL

28.1.1 Disposal of movable assets must be at market related value or by way of price quotations, competitive bids or auction, whichever is the most advantageous to the MTPA, unless otherwise determined by the National Treasury.

28.2 OBsolescence Planning

28.2.1 An obsolescence plan may be determined for an asset to ensure that when the asset can no longer be maintained or used for its original purpose, that there is a plan to replace it.

28.3 Renewal Planning
28.3.1 A renewal plan must be determined for assets that have reached the end of its useful life including game.

28.4 DISPOSAL DECISION
28.4.1 A disposal form shall be completed by the employee who identified the asset for possible disposal.
28.4.2 Asset disposal decisions are to be made within an integrated service and financial planning framework.

28.5 DISPOSAL STRATEGY
28.5.1 The MTPA shall establish a disposal strategy to determine the best mechanism of disposal for each asset.
28.5.2 Biological assets shall be disposed based on the report back from the annual game census; the report shall provide method to dispose such assets.

28.6 METHODS OF DISPOSAL
28.6.1 Methods of disposal considered, must be in line with the allowed options and in line with the directives set for specific commodities such as for computer equipment.
28.6.2 The MTPA must, when disposing of computer equipment, firstly approach any state institution involved in education and/or training to determine whether such an institution requires such equipment.
28.6.3 If there is no need, computer equipment may be disposed of by another approved disposal mechanism.
28.6.4 Problem animals shall be disposed by way of public tender.

28.7 ALTERNATIVES TO DISPOSAL
28.7.1 Where assets have been identified as under-performing, or no longer functionally suited to delivery needs, alternatives to disposal can be considered such as increased utilisation, refurbishment or an upgrade of the asset. The cost and benefit of such alternatives should be included in the disposal plan.
28.7.2 Assets shall be inspected for possible re-use, thereby effecting the disposal process by means of donation, selling or recycling (including possible use by other Government divisions).

28.8 DISPOSAL PROCEDURE
28.8.1 COMPLETION OF A DISPOSAL CERTIFICATE
28.8.1.1 The Disposal Committee must complete a disposal certificate which must be forwarded to the CEO for finalisation and approval.

28.8.2 DISPOSAL REGISTER
28.8.2.1 The MTPA will maintain a disposal register of all disposed items in a work sheet to the asset register.

29 Recording, Reporting and Supply Chain Performance Measurement

29.1 The MTPA must submit to the Provincial Treasury and the National Treasury such SCM information as that Treasury may require and in such format and at such intervals as specified.

29.2 The MTPA will implement an information gathering, recording, reporting and performance measurement system to facilitate the above and to promote good governance.

29.3 RECORD KEEPING

29.3.1 RECORD KEEPING STRUCTURE

29.3.1.1 Records can be maintained either manually or electronically in accordance with the MTPA’s Document Management Policy.

29.3.2 RECORDS TO BE KEPT

29.3.2.1 The following records must be maintained:

- Record of gifts and hospitality received
- Record of verbal and written quotations
- List of bid documents issued
- Record of ad hoc bids
- Record of Specific Term Contracts
- Record of urgency and emergency procurement
- Record of complaints received from bidders or contractors
- Record of instances of fraud or corruption
- Record of fruitless and wasteful expenditure
- Record of circulars distributed within the MTPA.

29.3.3 REGISTERS TO BE KEPT

29.3.3.1 Irregular expenditure register.

29.4 REPORTING

29.4.1 The MTPA shall report six-monthly to the Board on SCM and quarterly to the Finance Committee.
29.5 REPORTING TO NATIONAL TREASURY

29.5.1 CONTRACTS REPORTING QUESTIONNAIRE

29.5.1.1 The MTPA shall continue to report to National Treasury on their progress in the implementation of SCM.

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

29.5.2 IRREGULAR EXPENDITURE REPORTING

29.5.2.1 Report all irregular expenditure immediately to the National Treasury.

29.5.3 RESTRICTIONS IMPOSED BY THE MTPA

29.5.3.1 Report all restrictions imposed by the MTPA immediately to the National Treasury.

29.6 EXCEPTION REPORTING

29.6.1 The MTPA shall, within 10 working days after the incident, report to National Treasury and the Auditor-General in respect of all procurement above the value of R1 million (VAT included) done in terms of Treasury Regulation 16A6.4 (dispensing with prescribed competitive bidding process).

29.7 REPORT TO the dti

29.7.1 The MTPA must, within 5 working days after the award of a contract that is in excess of R10 million, submit details of such a contract to the dti.

29.8 ASSESSMENT/MEASUREMENT OF SUPPLY CHAIN PERFORMANCE

29.8.1 The MTPA shall measure and monitor the SCM policy and process through a performance measurement system to ascertain whether government's objectives and targets set have been achieved. In this regard complete records pertaining to SCM will be kept.

29.8.2 The MTPA shall monitor and assess the performance of all contractors during the contract period.

30 DEPARTURE FROM AND FAILURE TO COMPLY WITH THIS POLICY AND THE PROCEDURES

30.1 Any departure from this Policy and its subsequent procedures, if not duly authorised in writing, will result in disciplinary action in terms of Section 83 of the PFMA and the approved Human Resources Policy of the MTPA.