



**PROCUREMENT POLICY
AS PART OF SUPPLY CHAIN MANAGEMENT**

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<p style="text-align: center;">UJ documents</p> <p>(e.g., Policies, Regulations, Guidelines, Contracts)</p> <ul style="list-style-type: none"> • UJ Statute • UJ Vision and Mission • UJ Strategic Plan • UJ Operational Plan 	<p style="text-align: center;">Other</p> <p>(e.g., Legislation, DoE and HEQC directives and guidelines)</p>
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Table of Contents

1. Preamble	4
2. Purpose	4
3. Scope	5
4. Abbreviations and Definitions	6
4.1 Abbreviations.....	6
4.2 Definitions	6
5. Principles and Values	10
5.1 Financial Principles.....	10
5.2 Ethical Principles	10
5.3 Environmental Conscientious Principles	12
5.4 Declaration of Interest	12
5.5 Confidentiality and Accuracy of Information	13
5.6 Due Care by Staff Members involved in SCM.....	13
5.7 Supplier’s Due Care.....	14
6. Delegation of Authority	14
6.1 University Council	14
6.2 Management Executive Committee	14
6.3 Bid Committees	15
7. Roles and Responsibilities	15
7.1 Supply Chain Management Function	15
7.2 Bid Committees	15
7.2.1 Bid Specification Committee (BSC)	15
7.2.2 Bid Evaluation Committee (BEC)	16
7.2.3 Awarding Committees	16
8. Basis for Best Practice	17
8.1 Elements of the SCM System	18
8.1.1 Demand Management.....	18
8.1.1.1 Annual Demand Planning.....	19
8.1.2 Acquisition Management	19
8.1.3 Logistics Management	19
8.1.4 Disposal Management	19
9. Risk Management	20
10. Partnering with the Right Supplier	21
10.5 Supplier Portal	20
10.6 Supplier Approval	22
10.7 Supplier Performance Management	22
10.8 Removal of Suppliers from the Database	23
10.9 Supplier Restriction	23
10.10 Supplier and Enterprise Development	23
10.11 Preferential Scoring.....	24
11. Unsolicited Bids	24
12. Access to Tender Information	25

13. Contractual Commitments	25
13.1 Conclusion of Contracts	25
13.2 Service-Level Agreements	26
13.3 Infrastructure Projects/Major Capital Projects	26
13.4 Correction of an Error on the Award of a Contract	27
13.5 Payments	27
13.6 Insolvency, Liquidation, Death, Sequestration or Judicial Management of Contractors.....	27
13.7 Transfer and Cession of Contracts	28
13.8 Contract Variation/Amendment	28
13.9 Contract Termination.....	30
14 Logistics Management	30
14.1 Inventory Management.....	30
14.2 Asset Disposal Management	31
15. General Procurement Conditions	31
15.1 Grievance over an Award or SCM Process	31
15.2 Non-Order Payments	32
15.3 Use of Personal Funds to Buy Goods and Services	32
15.4 Placing of Orders for Payment in another Financial Year	32
16. Policy Revision	32

<p style="text-align: center;">PROCUREMENT POLICY AS PART OF SUPPLY CHAIN MANAGEMENT</p>

1. PREAMBLE

Procurement of goods and services should be in the best interests of the University. The University's best interests are served when a transaction results in the lowest overall cost to the University, considering the quality, cost of future preventative maintenance by either the OEM supplier or alternatives, durability, acquisition price, functionality, durability and disposal costs.

The Procurement Department exists to support the University's academic and research missions through the establishment of policies and procedures that make the acquisition process convenient for the University community.

The Procurement Department further exists to:

- a) obtain equipment, goods and services at the lowest cost to the University, while ensuring optimal quality, services and availability;
- b) provide guidance and assistance to University departments regarding supplier relations, logistics issues, supplier problem resolution, product sourcing and other related purchasing issues;
- c) maximise the University's purchasing power by representing the University as a single purchasing entity to the supplier community;
- d) ensure accessibility for and fair treatment of all suppliers seeking business relationships with the University;
- e) develop programmes and services that bring value to University departments;
- f) ensure that purchase transactions comply with applicable laws and regulations;
- g) conduct competitive bidding processes for the University; and
- h) serve as the centralised purchasing entity for all departments of the University.

It is the objective of the University of Johannesburg to ensure that the procurement process is done in a fair, equitable, transparent and competitive manner to optimise the utilisation of financial resources and to ensure quality goods and services.

The Procurement Policy is supported by the Procurement Manual.

This policy creates no right for third parties.

2. PURPOSE

The purpose of this policy is to –

- 2.1 give effect to section 217 of the Constitution of the Republic of South Africa, by implementing a Supply Chain Management (SCM) system that is fair, equitable, transparent, competitive and cost effective;
- 2.2 give effect to the provisions of legislative requirements and any regulations pertaining thereto, including:

- 2.2.1. the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- 2.2.2. the Preferential Procurement Regulations of 2017;
- 2.2.3. the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- 2.2.4. the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000);
- 2.3 ensure uniformity in respect of supply chain management to manage the University's purchasing transactions effectively, irrespective of the source of funds;
- 2.4 ensure an integrated supply chain management function;
- 2.5 promote consistency in respect of the supply chain management policy;
- 2.6 provide a mechanism to ensure sound, sustainable and accountable supply chain management;
- 2.7 facilitate an efficient and cost-effective sourcing of the works, goods and services for delivery of works/goods/services to the University community;
- 2.8 manage the risk arising from the importation of goods and services and the potential exchange rate risk involved in the payment of foreign transactions; and
- 2.9 streamline, consolidate and, where possible, improve on purchasing practices.

3. SCOPE

This policy governs the procurement of goods and services across the University. Goods and services can include:

- (a) Capital goods
- (b) Standard stock items
- (c) Services including consultancy and other professional services
- (d) Maintenance of facilities and equipment
- (e) Minor works
- (f) Infrastructure projects
- (g) Procurement of any other general items required by the University

The policy is applicable to all transactions, except those relating to the following:

- a) Membership or Professional fees;
- b) Payments to Tertiary Institutions;
- c) Payments for study support;
- d) Payments for Conference/Workshop/Training fees;
- e) Journal publication and subscription costs;
- f) Employment contracts; and
- g) Supply of services from the municipality or a public entity.

4. ABBREVIATIONS AND DEFINITIONS

4.1 Abbreviations

For the purpose of this policy, unless otherwise stated, the following abbreviations shall apply:

B-BBEE	Broad-Based Black Economic Empowerment
ELG	Executive Leadership Group
EME	Exempted micro enterprise with a turnover of less than R10m
Eoi	Expression of Interest
GRV	Goods received voucher
ICS	Information and Communication Services
IT	Information Technology
MEC	Management Executive Committee
PURCO	Purchasing Consortium Southern Africa
QSE	Qualifying small enterprise with a turnover between R10m and R50m
RFI	Request for Information
RFP	Request for Proposal
RFQ	Request for Quotation
SARS	South African Revenue Services
SCM	Supply Chain Management
SMME	Small, Medium and Micro Enterprises
UJ	The University of Johannesburg
URC	The University Research Committee

4.2 Definitions

For the purpose of this policy, unless otherwise stated, the following definitions shall apply:

Authority	Meaning the necessary delegation granted to line management to approve the acquisition of goods and services to facilitate the day-to-day execution of tasks.
Bid	A process of selecting a recommended supplier from a range of potential suppliers after inviting proposals and evaluating the proposals against specific selection criteria.
Black people	The B-BBEE Amendment Act 2013 defines Black as follows: 'black people' is a generic term which means Africans, Coloureds and Indians— (a) who are citizens of the Republic of South Africa by birth or descent; or (b) who became citizens of the Republic of South Africa by naturalisation— (i) before 27 April 1994; or

	<p>(ii) on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date;</p> <p>NB: The definition of “Coloured” includes “Chinese”</p>
Broad-Based Black Economic Empowerment	<p>The economic empowerment of all black persons, including women, workers, youth, persons with disabilities and persons living in rural areas, through diverse but integrated socio-economic strategies that include, but are not limited to:</p> <p>(i) increasing the number of black persons who manage, own and control enterprises and productive assets;</p> <p>(ii) facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises;</p> <p>(iii) human resource and skills development;</p> <p>(iv) achieving equitable representation in all occupational categories and levels in the workforce;</p> <p>(v) preferential procurement; and</p> <p>(vi) investment in enterprises that are owned or managed by black persons.</p>
Business Unit	This refers to a department or functional area within the University. It can be a school, department, centre or institute within a faculty or a department within a division.
Capital Goods	Meaning durable assets that are capitalised in terms of the University’s accounting policy.
Close family member	A spouse/partner, children, sibling or parents of a person.
Closing time	The last date and hour specified in tender documents for the submission of a tender.
Competitive Tendering	A procurement method in which tenders from competing contractors, suppliers or vendors are invited by openly advertising the scope, specifications and terms and conditions of the proposed contract as well as the criteria by which bids will be evaluated.
Conflict of interest	Arises when an individual has a personal material interest in an activity, transaction, and organisation or otherwise that could be reasonably seen to have the potential to impair their objectivity or judgement in performing their duties at the University.
Contract	A legally enforceable agreement between parties that is contained in writing and signed by authorised functionaries. For purposes of this policy, a contract also includes a purchase order.
Consultancy Services	The appointment of any external natural person or legal entity by the University to render a specialised advisory service to the University.

Corruption	Dishonest or fraudulent conduct, which harms the University.
End-user	A person who requests any goods/services in the procurement process.
Engineering and construction works contract	A contract for the provision of a combination of goods and services, arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of structures, including building and engineering infrastructures.
Final award	In relation to tenders or quotations submitted for a contract, the final decision on which a specific tender or quote is accepted.
Form of offer and acceptance	Means the documents that formalise the legal process of offer and acceptance.
Fraud	Knowingly lying or practising deception to obtain a benefit or advantage.
Fronting Practice	<p>Means a transaction, arrangement or other act or conduct that directly or indirectly undermines or frustrates the achievement of the objectives of the B-BBEE Act or the implementation of any of the provisions of the Act, including but not limited to practices in connection with a B-BBEE initiative –</p> <ul style="list-style-type: none"> (i) in terms of which black persons who are appointed to an enterprise are discouraged or inhibited from substantially participating in the core activities of that enterprise; (ii) in terms of which the economic benefits received as a result of the broad-based black economic empowerment status of an enterprise do not flow to black people in the ratio specified in the relevant legal documentation; (iii) involving the conclusion of a legal relationship with a black person for the purpose of that enterprise achieving a certain level of broad-based black economic empowerment compliance without granting that black person the economic benefits that would reasonably be expected to be associated with the status or position held by that black person; or (iv) involving the conclusion of an agreement with another enterprise in order to achieve or enhance broad-based black economic empowerment status in circumstances in which - <ul style="list-style-type: none"> (a) there are significant limitations, whether implicit or explicit, on the identity of suppliers, service providers, clients or customers; (b) the maintenance of business operations is reasonably considered to be improbable, having regard to the resources available;

	(c) the terms and conditions were not negotiated at arm's length and on a fair and reasonable basis.
Functionality	The measurement according to the predetermined norms of a service or commodity designed to be practical and useful, working or operating, taking into account quality, reliability, viability and durability of a service and technical capacity and ability of a tenderer.
Head of Department	A designated official responsible for the administration as well as the financial functions in a department or directorate.
I-Proc	The self-service requisitioning application that allows end users to create, manage and track their own orders.
Long-term contract	A contract with a duration exceeding one year.
Middleman supplier	An intermediary supplier who provides little value in the supply chain, perhaps only playing matchmaker, but building in a margin.
Obsolete	No longer produced or used; out of date; to become obsolete by replacing it with something new.
Official	An employee of the University; a person contracted to work as a member of staff.
Procurement Committees	This refers to all the University three-bid committees, as constituted in line with the relevant charter.
Redundant items	No longer needed or useful; superfluous (unnecessary).
Requisition	An approved voucher that is completed in order to record all internal and external requests for goods/services.
Scope of work	Means the documentation that specifies and describes the goods, services, or engineering and construction works which are to be provided and any other requirements and constraints relating to the manner in which the contract work is to be performed.
Services contract	Means the contract for the provision of labour or work, including knowledge-based expertise, carried out by hand, or with the assistance of equipment and plant.
Supplier(s)	A supplier may be a person or an entity that provides goods or services to the University. The other common term is 'vendor'.
Supply contract	Means a contract for the provision of commodities made available for purchase.
Supply Chain Management (SCM)	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, and seeks to introduce international best practices. Six phases are distinguished in the SCM processes, namely, demand planning, acquisition management, logistics management, disposal management, risk management and performance measurement.
The University	The University of Johannesburg
Total cost of ownership	The sum of direct spend, related spend, process spend, and opportunity cost associated with a specific commodity and service

Transversal Contracts	Means a centrally facilitated contract arranged by either the Purchasing Consortium – South Africa (PURCO-SA) or the Association of South African University Directors of Information Technology (ASAUDIT) for goods or services that are required by the Higher Education sector.
University Funds	All funds managed through university cost centres (including funds generated through third stream income) are subject to UJ Procurement Policy and Procedures.

5. PRINCIPLES AND VALUES

Supply chain management (SCM) at the University shall be executed in a manner that conforms to supply chain principles. The SCM system shall be continually reviewed and improved to ensure conformity with best practices, while supporting and promoting transformation in line with the empowerment goals of the country.

It is required that the Procurement Department approves purchase orders of any type prior to the commitment of University funds.

5.1 Financial Principles

Any official engaged in procurement on behalf of the University shall seek to achieve the best value for money. The term “value” is not limited to the monetary cost of the supply but shall also consider a range of factors such as quality, service and sustainability.

Best value for money means the best available outcome when all relevant costs and benefits over the life cycle of the goods or services are considered.

5.1.1 The following factors shall be considered when considering “value”:

- a) the suitability and compliance of the goods and services being procured;
- b) the service history of the supplier;
- c) associated delivery and operating costs; and
- d) the cost of disposal.

5.1.2 Where appropriate end users, together with the Procurement and Budget and Project Management Departments, shall perform a cost-benefit analysis to determine whether an outright purchase or a lease is the best option.

5.2 Ethical Principles

Staff members engaging in the procurement process shall disclose any personal or business relationships with a supplier or contractor.

5.2.1 Staff members, acting in their official capacity, shall always ensure that in any procurement process, their professional integrity is not compromised by any situation or relationship with a supplier(s), which may reasonably be construed as constituting a conflict of interest.

5.2.2 Those staff members who have, or may be perceived to have, a vested interest in the outcome of a purchase should disclose any conflict to their supervisor and discuss whether they should exclude themselves from any role in the purchasing process.

- 5.2.3 Open and effective competition shall be encouraged and observed to ensure equitable access to all suppliers.
- 5.2.4 Staff members shall ensure probity, fairness and accountability in all stages of the procurement process.
- 5.2.5 Staff members shall show regard for existing contracts.
- 5.2.6 Staff members engaging in procurement shall ensure that they are familiar with and comply with the University's Code of Conduct.
- 5.2.7 Staff members shall not authorise payment to a person or entity in which they have a material interest without prior written approval of the MEC.
- 5.2.8 Supplier vetting shall be done biannually, and all conflicts of interest shall be advised to the relevant ELG member as soon as it is identified.
- 5.2.9 Receipt of gifts or hospitality in relation to purchase of goods and services is not permitted.
- 5.2.10 The following are situations and relationships that could be described as constituting a conflict of interest (this does not constitute a full and exhaustive list):
- a) Financial interest of a University staff member in a supplier.
 - b) Next-of-kin or close personal relationship between a University employee and supplier.
 - c) University staff member acting as a director, member, trustee or board member of a supplier.
- 5.2.11 In line with the Higher Education Act, S34 Amendment; staff members will only be permitted to conduct business with the University if approved by Council or as delegated. Such declarations shall be made through the Human Resources Division and presented for approval as outlined in paragraph 4 and 5 of "THE MANAGEMENT OF CONFLICTS OF INTEREST IN TERMS OF SECTION 34 OF THE HIGHER EDUCATION ACT"
- Declarations are renewable annually in line with the University financial period.
- 5.2.12 Should a case arise where a staff member is unaware of the relative or friend's intention to do business with the University, they should declare immediately upon knowledge thereof, to the line management and Human Resources Division. Such declarations shall be valid for a calendar year and need to be renewed at the beginning of each financial year.
- 5.2.13 Procurement staff members or any other person involved in the procurement process must keep themselves free from any type of personal obligation to any supplier. No personal loans or compensation, whether in cash or kind, may be accepted from a supplier.

- 5.2.14 Members of staff involved in the supply chain process including Accounts Payable, must declare their direct/indirect relationship/interest with active and potential contractors/suppliers.
- 5.2.15 Potential contractors and suppliers should declare their direct/indirect relationship/interest with the University.
- 5.2.16 No procurement-related engagements are to be made without engaging the Procurement Department.
- 5.2.17 All negotiations on pricing and other conditions shall be conducted by the Procurement Department.

5.3 Environmental Conscientious Principles

Environmental conscientious principles shall be considered alongside economic and ethical principles.

5.3.1 Consideration shall be given to:

- a) The procurement of products containing materials produced in a sustainable manner and/or reconditioned or recycled components.
- b) Use of suppliers who offer product stewardship, i.e., suppliers who are willing to recollect products at the end of their life cycle.
- c) Preference for goods that are more energy-efficient and cause less pollution.
- d) Preference to those suppliers that minimise their energy consumption and adverse environmental impact, especially those with a certified environmental management system.

5.4 Declaration of interest

- a) All procurement committee members, and any person involved in the procurement, evaluation, adjudication or negotiation process, must complete and sign the applicable declaration of interest form, at each and every meeting.
- b) Any person with an interest that may affect or could be seen to affect their impartiality should immediately declare the conflict of interest in writing and withdraw entirely from the process.
- c) All staff members involved in procurement activities other than evaluation, adjudication, or negotiation, will only be required to declare an interest if they in fact have an interest in a particular matter. Should such an employee not make any declaration in a particular matter, he/she will be deemed not to have an interest in the matter. If it is later discovered that an employee did have an interest which he/she failed to declare, such employee will be found to have failed to comply with the duty to declare conflicts of interests.
- d) The University reserves the right to conduct the necessary due diligence on employees, active and prospective suppliers for procurement-related matters and take the necessary steps to ensure compliance.

5.5 Confidentiality and accuracy of information

- a) The confidentiality of information received in the procurement process should be respected at all times.
- b) Specific details of a supplier's tender should not be divulged, unless the revealing of the information is in accordance with the Promotion of Access to Information Act, 2000 (Act 2 of 2000) or a court order or through the consent of the respective supplier. The disclosure can only be made in consultation with the Office of the General Counsel.
- c) All staff members of the Procurement Department, procurement committee members, and all officials attending procurement-related meetings are bound by the UJ PROCESS FOR CONSIDERING CONFIDENTIAL BUSINESS and the confidentiality agreement, as signed.
- d) Suppliers will be bound by the conditions of the UJ declaration as signed during the request for quote or bidding process.

5.6 Due Care by Staff Members involved in SCM

In dealing with active and potential suppliers, SCM staff members and staff responsible for business unit requisitioning shall, but not be limited to:

- a) preserve the highest standards of honesty, integrity, impartiality and objectivity;
- b) be fair, efficient, firm and courteous;
- c) achieve the highest professional standards in the awarding of contracts in order to maximise value for money while adhering to high-quality standards;
- d) provide clear specifications of requirements, which encourage innovation and refer, where appropriate, to relevant technical and other standards;
- e) make available as much information as suppliers need to respond to a request for quote and the bidding process;
- f) manage the bidding process so that genuine competition is preserved and unfair discrimination is avoided;
- g) make available the broad criteria intended for the evaluation of bids, to evaluate bids objectively, and to notify the outcome promptly;
- h) debrief un-/successful bidders of the outcome of the bidding process to facilitate better performance on future occasions, within the bounds of commercial confidentiality;
- i) achieve the highest professional standards in the management of contracts;
- j) pay promptly for work done in accordance with standards as set by a legal and binding contract; and
- k) respond promptly, courteously and efficiently to suggestions, enquiries and complaints.

5.7 Suppliers' Due Care

Suppliers, active or prospective, must demonstrate "good standing" as far as all their prerequisites to doing business with the University are concerned, such as tax status and B-BBEE certification.

- a) Registration on the University supplier database is critical.
- b) Suppliers interested in bidding for advertised UJ tenders will be required to complete the specified tender documentation, including supporting proposed Service-Level Agreements or contracts.
- c) The University will still verify some key information as received.
- d) The University may implement an accreditation process for certain goods and/or service commodities.

The University will not procure work/goods/services from suppliers/contractors with members, directors or trustees who are in the employ of the University unless approval has been granted in line with paragraph 5.2.11.

6. DELEGATION OF AUTHORITY

The structures set out below give strategic direction and execution authority to the Procurement Policy.

6.1. University Council

The University Council has the ultimate responsibility for the delegation of authority.

- a) The University Council has overall accountability for the implementation of and adherence to all SCM policies and procedures, as well as all SCM activities performed under these policies.
- b) Through this policy, in line with the Delegation of Authority of the University, Council delegates its functions in terms of overseeing, planning and executing SCM in the University to the Management Executive Committee (MEC), procurement awarding subcommittees of the MEC (the Tender Committee and the Procurement Tender Committee), the Procurement Department and all other University departments referred to in this document.
- c) Any concerns relating to SCM may be referred to the Financial Sustainability Committee of Council and the Audit and Risk Committee of Council.
- d) The Council of the University is the highest authority to which SCM disputes may be escalated.

6.2 Management Executive Committee

- a) The MEC constitutes two SCM subcommittees, namely the Tender Committee and the Procurement Committee, to plan and execute SCM activities for tenders.
- b) Disputes of any nature arising within SCM must be escalated to the MEC by the Chairperson of the Tender Committee.

- c) The Tender Committee shall annually provide the SCM award reports, to the MEC and further presentation to the Financial Sustainability Committee of Council and Audit and Risk Committee of Council.
- d) The MEC has powers to authorise deviation from the normal procurement process.

6.3 Bid Committees

To ensure that the tendering process is fair, equitable, transparent, competitive and cost effective, the University constitutes a three-bid committee system. The committees are:

- a) Bid Specification Committee.
- b) Bid Evaluation Committee.
- c) Bid Adjudication Committees. The Bid Adjudication committees consist of the Tender Committee and the Procurement Tender Committee with their respective thresholds of awarding tenders.

Each committee is regulated through a charter and guidelines for ease of application.

7. ROLES AND RESPONSIBILITIES

7.1 Supply Chain Management Function

The Supply Chain Management Function is a centralised procurement activity for the University. Other functions include:

- 7.1.1 Develop and maintain procurement policies and procedures.
- 7.1.2 Ensure end-user awareness and training about procurement policies and procedures.
- 7.1.3 Identify cost reduction and cost avoidance opportunities.
- 7.1.4 Explore and evaluate opportunities to leverage on economies of scale.
- 7.1.5 Develop and investigate sources of supply.
- 7.1.6 Evaluate supplier performance.
- 7.1.7 Participate with departments in developing product and service specifications and measurement standards.
- 7.1.8 Conduct competitive bid processes.
- 7.1.9 Conduct price/cost analyses.
- 7.1.10 Negotiate contracts.
- 7.1.11 Terminate contracts.
- 7.1.12 Assist with disbursement of surplus assets or disposal of obsolete and redundant assets.

7.2 Bid Committees

7.2.1 Bid Specification Committee (BSC)

The BSC is responsible for compiling bid specifications/terms of reference in an unbiased manner to allow all potential bidders to offer their goods and/or services without favour or prejudice.

- a) The BSC is guided by the BSC Charter.
- b) The BSC is an ad hoc committee constituted based on requirements and its composition is regulated in the charter.
- c) The committee performs the following functions:
 - i. Considers and approves the technical and functional specifications submitted by the end user department.
 - ii. Sets terms of reference as submitted by the end user department.
 - iii. Determines the evaluation criteria to be included in the bid.
 - iv. Identifies appropriate preferential procurement goals and points to be allocated, consistent with the requirements of the Preferential Procurement Regulations.
 - v. Defines special conditions of contracting applicable to the commodity being sought in addition to General Conditions of Contracting or contracting documentations for engineering, construction and building works.

7.2.2 Bid Evaluation Committee (BEC)

The BEC is an ad-hoc committee constituted based on requirements and the composition is regulated in the charter.

Guided by its charter, the BEC serves to: -

- a) evaluate all bids received from above the quotation threshold;
- b) evaluate bids in accordance with the criteria specified in the bid documentation;
- c) submit a report and recommendations regarding the award to the relevant procurement awarding committee for final awarding;
- d) enable its chairperson to present their report to the procurement awarding committee to clarify uncertainties.

NB: An official may not be a member of the BEC and the Award Structure.

7.2.3 Awarding Committees

The decision-making powers regarding the final award of bids is delegated to the Awarding Committees, depending on the threshold values in this regard.

- a) Guided by the relevant charter, Awarding Committees assess the process followed in making the recommendation to ensure that the Procurement policy has been complied with in full.
- b) The relevant award structure, Procurement Tender Committee/Tender Committee must ensure that:

- i. all necessary bid documents have been submitted;
 - ii. disqualifications are justified and that valid and accountable reasons/motivations were furnished for passing over quotes/bids;
 - iii. scoring, as applicable, has been fair, consistent and correctly calculated and applied;
 - iv. cognisance is taken of prospective suppliers' declarations of interest; and
 - v. the necessary funds are available.
- c) The relevant adjudication committee shall consider and rule on all reports/recommendations regarding the amendment, variation, extension, cancellation or transfer of contracts awarded as per the approved delegation.
- d) Adjudication committees may obtain clarity from members of the BEC if required.

7.2.3.1 Procurement Tender Committee (PTC)

The PTC is a subcommittee of the MEC, constituted to adjudicate procurement requests above R500 000 and up to R1 million per transaction in value inclusive of VAT.

The PTC carries out its duties in accordance with the policies and procedures set out in this document.

7.2.3.2 Tender Committee (TC)

The TC is a subcommittee of the MEC, constituted to adjudicate procurement requests above R1 million and up to R15 million per transaction in value inclusive of VAT.

The TC carries out its duties in accordance with the policies and procedures set out in this document.

7.2.3.3 Adjudications above R15 million

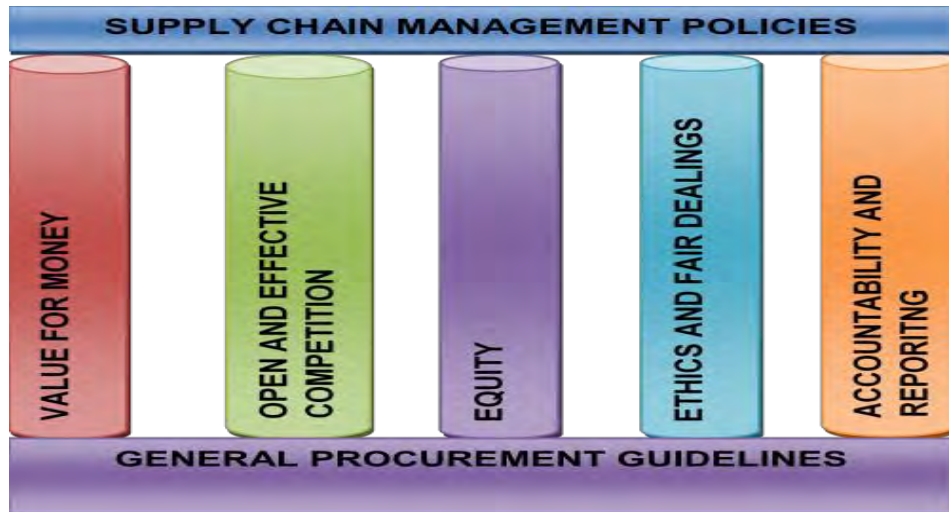
Procurement requests above R15 million and up to R50 million per transaction in value inclusive of VAT, are adjudicated by the MEC.

Awards above R50 million are ratified by the Financial Sustainability Committee of Council and the Projects and Resourcing Committee of Council.

8. BASIS FOR BEST PRACTICE

All procurement shall be concluded through the procurement system, as applicable from time to time. No procurement outside of the SCM Policy and Procedures shall be permitted.

Effective supply chain management is met by observing the five pillars of procurement. The pillars are graphically presented as follows:



The five pillars are not a prescription of standards of behaviour, ethics and accountability but a statement of commitment to an enabling procurement system.

8.1 Elements of the SCM System

In order to give effect to the above policy and principles, the University elects to apply the following elements:

- a) Procurement management that consists of methodologies employed to procure goods and services in a fair, ethical, legal, transparent, competitive and cost-effective manner to the best benefit of the University.
- b) Logistics management that provides for an effective system of inventory management.
- c) Disposal management, which is covered in the Asset Management Policy.
- d) Preferential procurement that will give effect to the principles of the B-BBEE Act and the Codes of Good Practice.
- e) Risk management for identifying, considering and avoiding potential risks in the SCM system and for determining the University's supply chain risk tolerance in accordance with the Risk Policy of the University.
- f) Ethics through which the University commits itself to a policy of fair dealing and integrity in conducting its SCM activities that are covered in the Ethics Policy.
- g) Contract and supplier performance through which the University will closely manage its contractual relationships with its contracted suppliers in a structured and focused supplier performance management programme.
- h) Recordkeeping, reporting and performance measurement that must be used to enhance the effectiveness and visibility of SCM operational activities, as well as the achievement of strategic objectives.

The elements are summarised as follows:

8.1.1 Demand Management

Demand management is the initial phase of SCM and sets the tone for all subsequent actions that are associated with SCM. Procurement or supply chain planning should precede all activities involved in procurement and SCM.

On an annual basis, as part of the budgeting and strategic planning process, known or existing needs are reviewed, and new needs are identified for the procurement of assets, goods and services to ensure that sufficient funding is available.

Should a need arise due to unforeseen circumstances that were not budgeted for, approval for procurement must be obtained from the Executive Director: Expenditure and Executive Director: Financial Governance.

8.1.1.1 Annual demand planning

The objective is to ensure that the resources required to meet the business unit goals are timely fulfilled.

The Contracts and Commodities Unit within Procurement will compile the annual procurement plan from the approved annual budget and after an analysis of the past expenditure. The plan will guide on the sourcing strategy per commodity, influence standardisation of some commodities, enable activation of strategic contracts to leverage on the economies of scale.

When procuring goods and services Procurement shall adopt optimum sourcing techniques by taking into consideration the nature of the commodity or service required, the conditions of delivery, just-in-time delivery, the prospective supplier and the preferential procurement goals.

8.1.2 Acquisition Management

Jointly with the end user, the Procurement Department shall identify the approved procedure to fill the identified need and follow it. The Procurement Department shall only honour purchases for goods and services for which there are approved funds, irrespective of the source of funds. The onus will be on the relevant Head of Department to ensure that funds are available.

For any unplanned needs, permission shall be sought from the respective Heads of Departments and signed off with the relevant Financial Business Partner.

To undertake this the steps shall include:

- a) Identifying the procurement threshold to ascertain the correct procurement procedure to be followed.
- b) Applying preferential procurement objectives and ensuring that they are incorporated in the procurement process.
- c) Identifying and implementing the procurement marketing strategy.
- d) Undertaking the contract management strategy to ensure value-added delivery of services and goods.

8.1.3 Logistics Management

Logistics management includes the following steps:

- a) Placing of orders against supplier agreements or quotations.
- b) Expediting delivery of procured goods.
- c) Supplier performance management.

8.1.4 Disposal Management

Disposal management shall ensure that unserviceable, redundant or obsolete moveable assets or goods no longer required are properly disposed of in

accordance with sustainability principles. Identifying obsolete durable resources or resources that have come to the end of their useful lives shall be done in collaboration with the University's Fixed Asset Department. This is to ensure that items that have been capitalised are timeously written off from the University's Fixed Asset Book.

This includes the following steps:

- a) Identifying redundant and obsolete equipment and assets.
- b) Assessing the assets for useful life and inspecting them for potential re-use.
- c) Determining a strategy on how redundant, obsolete items and items that cannot be re-used would be disposed of.
- d) Disposing of assets.

9. RISK MANAGEMENT

9.1 The SCM process poses risks that need to be identified and managed daily. Examples of such risks are among others:

- a) Incorrect identification of user requirements, which may lead to incorrect goods being ordered and delivered.
- b) Noncompliance with SCM rules and regulations, which may lead to irregular expenditure and audit findings.

9.2 Effective risk management is not about eliminating or avoiding risks, but rather identifying risks and managing them according to the risk management policy of the University.

9.3 Considerations for potential risks in the SCM system shall include among others:

- a) Project leaders are responsible for developing a risk register for each project, including management and monitoring of the risk.
- b) Risks shall be proactively identified on a case-by-case basis.
- c) Identified risks shall be allocated to the environment best suited to manage them.
- d) The University will accept the cost of risks if the cost of transferring the risk is greater than the risk of retaining such risk.
- e) The University will proactively manage risks and provide for adequate cover for residual risks.
- f) Assign relative risks to the contracting parties through clear and unambiguous contracts.

9.4 Due care must be taken in the bid administration and management process to minimise the risk of litigation by unsatisfied service provider(s).

10. PARTNERING WITH THE RIGHT SUPPLIER

10.1 The University ascribes to sound principles and practices of supplier management and development to ensure the following:

- 10.1.1 Equal opportunities for all suppliers.
 - 10.1.2 Development and management of SMME and B-BBEE.
 - 10.1.3 Mutually beneficial relationships based on fairness, transparency, trust and good ethical conduct.
- 10.2 To ensure that the above-mentioned objectives are met the University shall maintain a list of accredited prospective service providers for goods and services, per commodity for the purpose of obtaining quotations.
- a) Up to the quotation threshold, the University will invite prospective providers (in the relevant commodity), featured on the prospective provider list, to submit a quote.
 - b) The list will be updated at least quarterly to make provision for new registrations and rotation of suppliers.
- 10.3 The University will not register and/or do business with service providers with invalid credentials, i.e., expired tax clearance with SARS, and expired B-BBEE certificate, restriction with authorities such as the National Treasury's database as a person or entity prohibited from doing business.
- 10.4 Supplier management and development shall be in line with the University's Supplier Management Framework.

10.5 Supplier Portal

Application to register as service provider at the University shall be through Oracle® iSupplier Portal.

- 10.5.1 The portal enables supplier communication through a secure, Internet-based portal.
- 10.5.2 All supplier applications will be duly evaluated and considered for approval.
- 10.5.3 Supplier application evaluation criteria.
 - 10.5.3.1 The following basic parameters shall be used in approving a supplier for use:
 - a) Certificate of incorporation.
 - b) VAT number.
 - c) B-BBEE certificate verification.
 - d) Validate Tax clearance certificate.
 - e) Perform a Procure Check to verify the following:
 - i. The company status.
 - ii. The owners/directors of the company.
 - iii. If the owners/directors are UJ employees.
 - f) The potential supplier's financial position and capacity to perform the works.
 - g) Reference checks to determine track record of prior service delivery.
 - h) A site visit shall be conducted if the potential supplier performs manufacturing, construction and/or supply of equipment that requires warehousing.

- i) Affiliation with relevant professional bodies or councils, where applicable.
 - j) The University reserves a right to conduct extensive checks on any supplier, as part of supplier due diligence and supply chain governance. To assess and mitigate counterparty, financial and anti-bribery and corruption risks; and safeguard corporate reputation, suppliers shall be screened through extensive investigative due diligence resources. The analytics shall help provide more insight and uncover multiple dimensional relationships on suppliers and provide comprehensive intelligence across financial crime universe including government officials and politically exposed persons.
- 10.5.4 The level of the supplier in terms of the EME, QSE & LE status as well as the outcome of the financial ratios used to vet the supplier, will be used to determine the monetary level threshold. This threshold will not be exceeded to mitigate the risk that the supplier cannot perform larger jobs as supplier financial capacity allows.

10.6 Supplier approval

On successful verification of a prospective service provider, the request shall be presented to the Procurement Tender Committee for approval.

- 10.6.1 All qualifying applications from suppliers shall be placed on the Approved Oracle Supplier Database.
- 10.6.2 Supplier information shall be captured and maintained on the Oracle® iSupplier Portal. This will enable submission of returnable documents i.e., tax clearance and the B-BBEE certificate when they expire.
- 10.6.3 When the need arises, quotation shall be sourced from these suppliers.

10.7 Supplier performance management

Suppliers shall be periodically evaluated for workmanship and ability to meet the University's requirements, including timeous delivery of goods or services, the number of returns made due to poor quality or incorrect delivery and adherence to purchase order prices.

- 10.7.1 All new suppliers shall be evaluated on completion of the first three completed projects at the University.
- 10.7.2 Where a new service provider is being recommended for work at the University, business units and project leaders must help in completing the Supplier Performance Review form.
 - a) This will help in reviewing the workmanship and capability. The form must be filled in to determine if the performance of the supplier is acceptable.
 - b) After three acceptable supplier performance reports, the supplier will be deemed to be satisfactory for normal use and will be evaluated annually.
- 10.7.3 The supplier financial statement will be reviewed annually to adjust the threshold level.

10.8 Removal of suppliers from the database

A supplier will be removed from the database of active service under the following circumstances:

- 10.8.1 The entity ceases to exist.
- 10.8.2 The sole proprietor dies.
- 10.8.3 Liquidation/sequestration of the entity.
- 10.8.4 Continual proven non-delivery (two and more times) or unable to meet minimum specification continuously.
- 10.8.5 Non-compliance with legislation or statutory requirement e.g., tax status.
- 10.8.6 Proven fraud and/or corruption including unethical conduct.
- 10.8.7 Making a false declaration to the University.
- 10.8.8 On written request by the supplier.
- 10.8.9 By mutual agreement.

The removal of suppliers will be done in accordance with the Promotion of Administrative Justice Act 3 of 2000.

10.9 Supplier restriction

The University reserves the right to remove any supplier from the Approved Supplier Database and/or elect not to invite any supplier for future tenders if it is proven the entity or any of its directors have:

- 10.9.1 abused the University's SCM system;
- 10.9.2 committed fraud or any other improper conduct in relation to such system; and
- 10.9.3 failed to perform on any previous contract.

10.10 Supplier and Enterprise Development

Small Business Enterprises offer significant value to the economy and are contributing almost 50% towards South Africa's Gross Domestic Product. For this reason, the University of Johannesburg embarked on investing in Enterprise and Supplier Development, this is to accomplish one of the strategic imperatives, which form part of UJ's overall drive to improve and support black-owned companies, by making sure that they can compete within the University of Johannesburg's procurement process.

- 10.10.1 Supplier and Enterprise Development is set out with the specific objectives of delivering the following benefits:
 - a) Improved B-BBEE score.
 - b) Improvements in service level, operations, supplier administration and skills.
 - c) Improving supplier performance.
 - d) Resolving serious quality issues.
 - e) Improving the business relationship between the supplier and the University

- 10.10.2 The University will promote, accelerate and support the procurement of goods and services from emerging suppliers in line with the appropriate legislation and the University's preferential procurement policy.
- 10.10.3 Early payment terms shall be entered into the Supplier Development beneficiaries to ease their financial burden for each purchase order issued.
- 10.10.4 The University will, each financial year, strive to achieve a percentage of recognisable B-BBEE procurement spend in line with Preferential Procurement Strategy and set targets as approved by the MEC.

10.11 Preferential scoring

The University will, in tender/quotation documents, stipulate the preference point system to be applied in adjudication and will include criteria for the evaluation.

- 10.11.1 The contract shall be awarded to the tenderer who scores the highest points unless objective criteria justify the award to another tenderer.
- 10.11.2 Exemptions shall be granted in case of donor funds where the conditions of the agreement shall be honoured. Where the agreement is silent, procurement of goods or services will follow prescripts of this policy.
- 10.11.3 All adjudication documents will be kept on file as per the legal requirements.

11. UNSOLICITED BIDS

Unsolicited bids are proposals that are submitted by the prospective supplier(s) to the University without any requirements being identified and advertised.

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

- a) A comprehensive and relevant project feasibility study has established a clear business case.
- b) The product or service involves an innovative design, or
- c) The product or services involves an innovative approach to project development and management, or
- d) The product or service presents a new and cost-effective method of service delivery.
- e) The person or entity who submitted the proposal is the sole provider of the product or service.

11.2 To ensure transparency, fairness and restrict abuse, the University shall advertise the requirement to allow other interested parties to submit bids provided: -

- a) the RFPs are generic and shall protect the intellectual property and innovation of the unsolicited bidder;
- b) prior to advertising, the unsolicited bidder shall be informed of the University's intentions to invite public bids.

11.3 The University reserves the right to award the business to any competitive proposal besides the unsolicited bidder including the right to reject any bidder who may have used privileged information from the University.

11.4 The relevant Awarding Committee shall consider the recommendations and make the final award.

12. ACCESS TO TENDER INFORMATION

All tender information remains strictly confidential and will not be disclosed to any other tenderer.

12.1 The successful tenderer will be notified in writing of the acceptance of the tender.

12.2 Tenders are not available for perusal by the public. When divulging information, a balance must be achieved between one party's right to access of information and the other's right to confidentiality.

12.3 The University can withhold information if the release or publication of the information will:

- a) impede law enforcement; or
- b) be contrary to public interest; or
- c) harm the University's legitimate interests; or
- d) hinder fair competition between providers by revealing any proprietary information of any tenderer.

12.4 A complaint/appeal received before an award is made must be dealt with to the satisfaction of the relevant awarding committee. Legal advice shall be sought if necessary. The process followed must be beyond reproach and must be responded to in writing before a final award is made to minimise the risk to the University.

12.5 A complaint or appeal lodged after an award has been made must be received within three weeks of the decision being made known. The policy on access to information must be followed and complaints or appeals must be responded to in writing within a reasonable time. Legal advice shall be sought if necessary.

13. CONTRACTUAL COMMITMENTS

13.1 Conclusion of contracts

Formal contracts are concluded only if this is stated as a requirement in the quotation/tender document. A copy of the contract shall be included in the tender document for suppliers to accept and sign the contract agreement or advice of variation thereto.

This is to ensure that contracts are duly signed timely after the tender is awarded before an order is issued.

13.1.1 Quotations

To award a quotation, the Procurement Department threshold as outlined in the Procurement Manual shall apply.

- a) All the necessary documentation shall be signed in line with the relevant delegation of authority to commit the University.
- b) All signatories must ensure that they are satisfied that all the necessary conditions are included prior to signing.
- c) The relevant Buyer shall inform the successful provider of the acceptance of

the quotation and liaise with the provider to initiate the execution. Up to a predetermined monetary value for quotations, the official with the necessary delegated authority shall sign all necessary documentation to commit the University.

13.1.2 Tenders

The obligation for the University shall arise once the contract/SLA is duly signed by all parties and submission of an official purchase order.

13.1.3 In the event suppliers request a change in conditions of the formal agreement the Office of the General Counsel must vet the proposed changes before the document is approved and signed off.

13.1.4 Once the contract is concluded, a purchase order shall be placed with the successful provider.

13.1.5 The relevant construction [JBCC, NEC, FIDIC (Joint Building Contracts Committee, New Engineering Contract, *Fédération Internationale Des Ingénieurs-Conseils* - International Federation of Consulting Engineers)] contract will be utilised for all construction-related purposes.

13.2 Service-level agreement(s)

A service-level agreement, which supplements the formal contract, defines the relationship between the contracting parties and spells out services and activities to be executed, due dates and turnaround times.

13.2.1 Service-level agreements should be compiled with the tender specifications to ensure that tenderers accept conditions applicable in the tender process.

13.2.2 This is to avoid complex legal clarification and time-frame delays of signing of service-level agreements when tenders have been awarded.

13.3 Infrastructure Projects/Major Capital Projects

13.3.1 Retention

Retention as determined by the relevant construction contract will be held by the University on all progress payments made and will be paid out in accordance with the contract.

13.3.2 Performance guarantee

A performance guarantee equal to the value of the project is required on all building contracts in the form of a financial security provided by the contractor to secure the performance of the contractual obligations.

This shall provide for a monetary amount that may be called upon by the beneficiary of the guarantee in the event of a contractor's failure to perform its obligations under the contract.

13.4 Correction of an error on the award of a contract

Any errors identified on the intent to award a contract must be reported immediately to the Tender Manager, for rectification.

13.5 Payments

Payments made to suppliers shall be in accordance with the contract conditions. This shall be on confirmation that the service has been rendered (including installations certified to be in good working order) or goods have been delivered.

13.5.1 Prepayment of Purchase Orders

Before placing orders where pre-payment is required, steps should be taken to obtain a guarantee or warranty from the supplier covering the following contingencies:

13.5.1.1 Faulty goods/services.

13.5.1.2 Terms for late or non-delivery.

13.5.1.3 Loss or damage in transit.

13.5.1.4 Failure to meet obligations.

13.5.1.5 Failure to meet specifications.

13.5.2 Where necessary, a letter of credit should be arranged. This is to provide the supplier with the guarantee that the payment will be released promptly on receipt of goods and/or service to an acceptable standard.

13.5.3 Prepayment of suppliers is not encouraged and shall only be allowed when an alternative suitable supplier cannot be found. The possible risk to the University shall be assessed before paying for goods and services in advance.

13.5.4 Should the request be made that a contractor requires an advance payment or a progress payment and this is not a contract condition, payment may be made only with the prior approval as follows:

a) Requests up to R1 million inclusive of VAT – approval by Executive Director: Expenditure.

b) Requests above R1 million inclusive of VAT – approval by the CFO.

13.5.2 The conditions for advanced payment must include a pro-forma invoice and a guarantee, if necessary, as a counter-commitment to the advance.

13.6 Insolvency, liquidation, death, sequestration or judicial management of contractors

If a firm is liquidated or person is sequestered or due to any other reason cannot honour its commitment, it is regarded as a breach of contract. The provisional liquidator or administrator is given the choice of carrying out the contract or not. If not, in consultation with legal advice, a decision must be made whether a provisional claim will be registered against the supplier.

13.7 Transfer and cession of contracts

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

13.7.1 Where the request arises to transfer/cede the contract, the request shall be dealt with in conjunction with the Director: SCM or delegate and the Office of the General Counsel shall deal with transfer/cession.

13.7.2 The application for transfer/cession of contract shall be approved in line with the delegations of authority and relevant awarding committee should such a contract have been awarded through a procurement process.

13.7.3 Full reasons for transferring of the contract shall be provided and the transferee's ability to carry out the contract must be indicated. Application shall be considered on merit and considered only if it is in the best interest of the University to accept the application.

13.7.4 Applications for the transfer/cession of a contract must be completed and signed by both the transferor and the transferee and countersigned by two witnesses once approval is received.

13.8 Contract variation/amendment

A contract may be amended, varied or modified, in line with the delegated powers to achieve its original objective bearing in mind the University's best interest.

13.8.1 Amendments may not alter the original objective of the contract materially and, if they do, a new tender process must be initiated.

13.8.2 All contractual parties must agree to the amendment in writing and the amendment must be approved by the relevant authority who approved the initial contract.

13.8.3 The contractual conditions should stipulate the conditions under which amendments shall be considered and the process to be followed in such circumstance.

13.8.4 Variation Orders

It is recognised that, in exceptional cases, it may be necessary to expand or vary orders against the original contract.

13.8.4.1 Variation orders may arise in different forms and are not limited to:

- a) Alterations requested by the end user during the construction process, e.g., added facilities such as extra doors or windows.
- b) Unforeseen circumstances that emerged during the construction process, e.g., poor soil formation requiring extra foundation.

13.8.4.2 Any variation orders request exceeding 5% of the original total bid value should be issued as a new bid. However, possible problems in terms of professional liabilities and warranties that can arise when a second contractor becomes involved on the same project need to be consulted with the Office of the General Counsel.

13.8.4.3 Project leaders shall guard against the service provider/contractor starting with a partial project and thereafter simply continue with subsequent uncontested variation orders.

13.8.4.4 Variation orders shall be funded from the original budget of the project.

13.8.4.5 Where the variation arises, the original costs incurred on the tender, the variation costs – as anticipated and the updated total costs must be clearly demonstrated. Executive Director: OPS in consultation with the COO/CFO may approve requests:

- a) For new buildings a maximum of 5% contingency.
- b) For renovation to buildings a maximum of 10% contingency.

13.8.4.6 Any variation order request in excess of the limit indicated above of the contingency amount shall be approved by the relevant awarding committee subject to due process being followed before any work commences.

13.8.4.7 A full motivation from the project leader supported by the professional team reports shall advance reasons for the variation and the needed remedial work.

13.8.5 Extension of contract periods

All contracts must be renewed before the period expires. Where it becomes apparent that the renewal of the contract will not be complete in time before the new contract is implemented, the request to extend the contract shall be presented to the relevant awarding committee before the current contract expires.

13.8.5.1 The extension of the contract must be in accordance with the contract stipulations.

13.8.5.2 It should be established beforehand if the contractor is prepared to amend the contract and this must be confirmed in writing.

13.8.5.3 The contract owner shall present a motivation advancing reasons for extension and the monetary impact thereof.

13.8.5.4 If prices are amended for the extended period, the reasonableness of the prices must be established if no provision was made for this in the original contract.

13.8.5.5 In granting an extension of the stipulated time for performance of the contract, factors to be considered shall include among others agreeing to any substantial amendment of the scope of the services, substituting key staff, waiving the conditions of a contract, or making any major changes in the contract.

13.8.6 Contractual price adjustments

The contractual conditions will stipulate the circumstances under which price adjustments may be considered, the intervals for adjustments, the base date for adjustments, as well as the price adjustment formula and the process to be followed in such circumstances.

- a) The prescribed formulae must be indicated and agreed to for adjustment of prices due to the fluctuation of the indices.
- b) Only indices compiled by Statistics South Africa should be used.

13.8.7 Reduction of prices

The University will accept price reductions after the awarding of a contract if this is in the best interest of the University, unless the acceptance of the price reduction amounts to breach of contract.

13.8.8 Amendment of specifications

If a binding contract has been concluded, an amendment of the specification, whether initiated by the contractor or by the University, can be made only:

- a) after negotiation between the contractor and the University; and
- b) with the approval of the relevant committee that awarded the contract.

13.9 Contract termination

Contract termination may be effected if allowed for in the contractual conditions. Termination of a contract may be considered for a variety of reasons, such as delayed deliveries, failure to perform any other contractual obligation or if the supplier has engaged in corrupt and fraudulent practices or has become insolvent. Serious thought shall be given to the grounds for considering termination.

13.9.1 Clarity must be reached on whether the contractor will have a claim against the University or not, and if so, whether termination can be justified.

13.9.2 In consultation with the Office of the General Counsel, should termination be decided upon, the rationale shall be explained fully, and considerations shall include:

- a) the arrangements to be made for completing the contract; and
- b) whether additional costs will be recovered from the contractor.

13.9.3 The University shall cancel a contract awarded to a supplier where it is proven that the supplier committed any proven corrupt or fraudulent act during the tendering process or the execution of that contract or if any official or other role player committed any proven corrupt or fraudulent act during the tendering process or the execution of the contract.

13.9.4 Recourse in the case of incorrect information

13.9.4.1 If after award of a contract, it is proven that a contractor was awarded a contract based on supplying incorrect information, the University has the right to:

- a) recover any costs or damage that the University may have suffered as a result of the conclusion of the contract; and/or
- b) terminate the contract and recover any loss that the University may suffer as a result of having to make less favourable arrangements; and/or
- c) deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed goods or unperformed services using the current prime interest rate calculated for each day of the delay until actual delivery or performance.

14. LOGISTICS MANAGEMENT

14.1 Inventory Management

To minimise the total cost of acquiring and maintaining supplies and services the University needs to function, critical commodities shall be held as stock. Stock items are available on catalogue from the Warehouse and Distribution Department.

14.1.1 Inventory management shall include:

- a) Consolidation of stock items to avoid duplication and redundancy.
 - b) Running the warehouse in an efficient and cost-effective manner.
 - c) Maintaining an effective item identification system.
 - d) Avoid fruitless and wasteful expenditure by disposing redundant material on time.
 - e) Designing and implementing internal control systems that seek to ensure that the University minimises theft and avoidable losses.
- 14.1.2 The warehouse shall be kept in a clean, safe, tidy and comply with the health and safety standards.
- 14.1.3 Sufficient stock shall be kept at minimum and maximum levels that align with just-in-time lead times to minimise disruption in supply.
- 14.1.4 Appropriate measures will be taken to minimise the risk, associated with keeping of stock/goods as well as management of stock-outs.
- 14.1.5 The University shall ensure appropriate standards of internal controls and warehouse management are in place to ensure goods placed in stores are secured and only used for the purpose they were purchased.

14.2 Asset Disposal Management

The process of asset disposal should be transparent, equitable and fair.

- 14.2.1 All asset disposal transactions shall be through a public tender or public auction.
- 14.2.2 The appointment of auctioneers shall be through competitive bidding.
- 14.2.3 Prior to the disposal of assets, reasonable efforts shall be made to ensure that none of the business units within the University have use of the items.
- 14.2.4 Donations of University assets shall be made through the proper delegation of authority.

15. GENERAL PROCUREMENT CONDITIONS

15.1 Grievance over an award or SCM process

- 15.1.1 Persons or service providers aggrieved by decisions or actions taken in the awarding of business, may, within 14 days of the decision, lodge a written complaint to the Director: SCM or through the UJ Ethics Hotline.
- 15.1.2 The grievance should detail: -
- a) The transaction reference number.
 - b) The part of the University Policy that has been violated.
 - c) The details of the violation.
 - d) The business unit involved.
 - e) Relief sought.
- 15.1.3 In consultation with the Office of the General Counsel and Risk and Assurance Department an investigation shall be made into the allegations

and written response be provided within 14 working days from receipt of the complaint.

15.1.4 Disputes relating to running contracts or completed contracts will be resolved strictly according to the dispute resolution mechanism provided for in the signed contract document.

15.1.5 Provisions of this paragraph do not prohibit or infringe on the rights of any party to approach the Court of Law regarding the dispute in question.

15.2 Non-order payments

Purchasing of goods and/or services without an official University order (PO number) is prohibited as this hampers the procurement of goods and services in a fair and competitive manner.

15.2.1 The University is not obligated to pay suppliers where a purchase order has not been raised.

15.2.2 It will remain the financial responsibility of the staff member concerned to ensure that the goods or services acquired are duly settled with the service provider and obtain the necessary approval of the acquisition made.

15.2.3 Acquisitions finalised without a University purchase order shall be duly motivated and approved in line with the relevant delegation within the Faculty or Division.

15.2.4 These acquisitions shall be settled on approval of Executive Director: Expenditure.

15.2.5 To minimise these deviations, staff members are encouraged to seek prior permission and advise the relevant Finance Business Partner before such acquisitions are committed.

15.4 Placing of Orders for Payment in another Financial Year

It is prohibited to place orders for goods and/or services from suppliers, receiving such goods and/or services and arranging with such suppliers for such goods and services to be invoiced and paid for in another financial year.

The above prohibition does not apply to multi-year contracts and active projects.

16. POLICY REVISION

This policy shall be reviewed in line with University Policy on Policies, at intervals not exceeding 36 months to reflect strategic initiatives and best practice operational requirements as approved by the MEC.



PROCUREMENT MANUAL

TABLE OF CONTENTS

	Page Number
1. Purpose of the Manual	2
2. Delegations of Authority	2
3. Roles and Responsibilities	3
4. Basis for Best Practice (SCM Strategy)	6
5. Procurement Process and Thresholds	12
6. Partnering with the Right Supplier	28
7. Quotation/Tender Compilation	30
8. Evaluation of Tenders/Quotes	34
9. Awarding	38
10. Contract and Performance Management	39
11. Invoices and GRV's	40
ANNEXURE A – Procurement Business Flow	
ANNEXURE B – Schedule of Authorities	
ANNEXURE C – Bid Specification Committee Charter	
ANNEXURE D - Bid Evaluation Committee Charter	
ANNEXURE E – Procurement Tender Committee Charter	
ANNEXURE F – Tender Committee Charter	

PROCUREMENT MANUAL AS PART OF THE PROCUREMENT POLICY

1. PURPOSE OF THE MANUAL

The purpose of this manual is to outline an appropriate business process for the supply chain management of goods and services within the University of Johannesburg. This relates to demand management, acquisition management, logistics management and disposal management.

Efficient supply chain management is an ongoing process and includes making provision for continuous change in the needs and requirements of clients in respect of the procurement of goods and services. The interaction between the Procurement Department and the function that each of the various role players fulfils will therefore need to be reassessed and developed on a continuous basis.

The manual should be read in conjunction with the Procurement Policy and creates no right for third parties.

2. DELEGATION OF AUTHORITY

2.1 Approval of Requests

2.1.1 Through the Procurement Policy, in line with the Delegation of Authority of the University, Council delegates its functions in terms of overseeing, planning and executing SCM in the University to the Management Executive Committee (MEC), procurement awarding subcommittees of the MEC (the Tender Committee and the Procurement Tender Committee), the Procurement Department and all other University departments referred to in this document.

2.1.2 Employees in the Procurement Department must foster the highest standards of professional competence in the procurement cycle. This will include optimizing the use of all resources for which they are responsible.

2.1.3 The interests of the University must be safeguarded in all transactions and established policies strictly adhered to at all times.

2.1.4 All agreements entered into on behalf of the University must be respected and must be consistent with good business practice.

2.2 Purchasing Limits

2.2.1 The authorisation limits for the University are laid down in the Delegations of Authority, which is supported by the Schedule of Authorities.

2.2.2 The applicable purchase limits and the process for the acquisition of goods and services are outlined in **Annexure A & B** of this manual.

2.2.3 These limits and processes shall be reviewed and updated as and when necessary.

2.2.4 All changes shall be approved by the Management Executive Committee.

2.3 Ordering of Goods and Services

2.3.1 Purchase requests are only valid if the requisitions/claim forms were approved by the correct level of authority.

2.3.2 Employees in the Procurement Department shall ensure that all purchases are made without prejudice, with a view to obtain the best value for money while ensuring compliance with the strategic management objectives in respect of procurement.

- 2.3.3 Any arrangement which might prejudice or prevent the effective operation of fair competition must be avoided. All suppliers capable of providing the required value, quality and service, should be afforded an equal opportunity to compete.

3. ROLES AND RESPONSIBILITIES

3.1 Supply Chain Management

- 3.1.1 The procurement function is the sole responsibility of the Procurement Department. Their responsibilities include:
- 3.1.1.1 Obtaining quotes and requesting for bids.
 - 3.1.1.2 Negotiation of best prices, quality goods and efficient deliveries
 - 3.1.1.3 Processing of orders.
 - 3.1.1.4 Leasing/Rental of Equipment.
 - 3.1.1.5 Developing sources of supply.
 - 3.1.1.6 Expediting delivery of goods and services.
- 3.1.2 The Procurement department and Supplier Management, as part of the SCM value chain, supports the Warehousing and Distribution Department, in providing an uninterrupted flow of goods, services, and equipment required for the continual operation of the University by inter alia:
- 3.1.2.1 Securing of quality purchasing requirements at the lowest possible prices.
 - 3.1.2.2 Achieving a harmonious working relationship with suppliers.
 - 3.1.2.3 Accomplishing the buying objectives as efficiently and effectively as possible.
 - 3.1.2.4 Monitoring adequate quality control standards.
 - 3.1.2.5 Ensuring that all new suppliers are investigated and authorised prior to approval.
 - 3.1.2.6 Selecting and developing competent suppliers.
 - 3.1.2.7 Maintaining a credible supplier database.
 - 3.1.2.8 Updating of the supplier information through regular supplier qualification.
- 3.1.3 The Procurement Department works in close liaison with both the Accounts Payable Department and Fixed Assets Department to ensure proper ownership and recording of all assets acquired.
- 3.1.4 As part of commodity management, Supplier Management and Contracts and Commodities shall enable Procurement Department in assessing whether the supplier from whom goods and services are sought is already on the University's supplier database. If there is a supplier already providing similar services on the database, obtain a benchmark quotation and advise the end user of the outcome. Such advice and approval thereof should be in writing.
- 3.1.5 By approving the order for placement, the Procurement Department certifies that all duties have been carried out in accordance with the Procurement Policy.
- 3.1.6 Buyers involved with the creation of the official order may not be the recipient of the goods and/or services ordered.

3.2 Procurement Department

These responsibilities can only be performed by or through the Procurement Department's staff:

- 3.2.1 Issuing and administration of all requests for information (RFIs), requests for proposal (RFPs), requests for quotations (RFQs), requests for sealed quotations and tenders.
- 3.2.2 Sourcing/making of commitments that have a financial impact (e.g. letters of intent, orders, and memorandums of understanding with suppliers, interim supply agreements and formal supply agreements/contracts) with any supplier.
- 3.2.3 Place orders on behalf of the University.
- 3.2.4 Only designated procurement officials may place orders in terms of the set threshold values.
- 3.2.5 An official order for any goods or services may only be issued if the contracted amount is provided for in the relevant budget.
- 3.2.6 Once an order has been approved and issued to a supplier, it may not be changed. Should the need for an amendment occur, a new order may be raised for the amendment or the original order be cancelled and a new purchase order generated in replacement.
- 3.2.7 Order cancellations in cases of errors must be authorised by the Procurement supervisor or manager.
- 3.2.8 Negotiate with suppliers on procurement matters.
- 3.2.9 Meet with suppliers and end users to address non-compliance issues to ensure corrective steps are taken in accordance with governance compliance.

3.3 End User

End users have the following responsibilities:

- 3.3.1 Initiate the purchase of goods or services by accurately raising an I-Proc and submit to the Procurement Department. Needs selection can be made from the commodities catalogue or otherwise an RFQ may be sent to Procurement.
- 3.3.2 Ensure that the I-Proc is approved in accordance with the delegation of authority.
- 3.3.3 On receipt of the RFQ, the Procurement Department will source quotations in line with the specifications, as defined with the need.
- 3.3.4 Requestors should ensure sufficient funds are available to honour the request.
- 3.3.5 Provide a written motivation with the electronic requisition (see Section on Preferred source procurement) when single suppliers are requested to be used.
- 3.3.6 Assess total cost of ownership for equipment purchases and engage with Operations for infrastructure support requirements. Attach approval from Operations with regard to infrastructure support including power requirements and viability assessment.
- 3.3.7 Where any changes/alterations are to be made to existing buildings, offices or new buildings, obtain prior approval from the Operations Division. This signed approval must accompany the I-Proc.
- 3.3.8 For the purchase of any hazardous material, including radioactive materials/items, obtain prior approval via the Health and Safety department from the relevant authorities (for example, the Department of Health). This approval from the appropriate authority must accompany the I-Proc.

Note: Refer to the Health and Safety Policy to determine which hazardous materials have been approved and what are the requirements for exceptions.

- 3.3.9 For the purchase of all items related to Information and Communication Services (ICS), be it computers, network or telephone cabling or data points, servers, software, printers or any telephone exchange-related items, obtain appropriate approval from ICS. This approval must accompany the I-Proc.

Note: ICS will provide a checklist of specific requirements as far as compliance with the various acts is concerned.

NO PAYMENT WILL BE MADE TO ANY SUPPLIER WITHOUT AN APPROVED UJ PURCHASE ORDER IN LINE WITH THE DELEGATION.

3.4 Bid Committees

3.4.1 Bid Specification Committee (BSC)

The BSC is responsible for compiling bid specifications/terms of reference in an unbiased manner to allow all potential bidders to offer their goods and/or services without favour or prejudice.

- a) The BSC is guided by the BSC Charter.
- b) The BSC is an ad hoc committee constituted based on requirements and its composition is regulated in the charter.
- c) The committee performs the following functions:
 - i. Considers and approves the technical and functional specifications submitted by the end user department.
 - ii. Sets terms of reference as submitted by the end user department.
 - iii. Determines the evaluation criteria to be included in the bid.
 - iv. Identifies appropriate preferential procurement goals and points to be allocated, consistent with the requirements of the Preferential Procurement Regulations.
 - v. Defines special conditions of contracting applicable to the commodity being sought in addition to General Conditions of Contracting or contracting documentations for engineering, construction and building works.

3.4.2 Bid Evaluation Committee (BEC)

The BEC is an ad-hoc committee constituted based on requirements and the composition is regulated in the charter.

Guided by its charter, the BEC serves to: -

- a) evaluate all bids received from above the quotation threshold;
- b) evaluate bids in accordance with the criteria specified in the bid documentation;
- c) submit a report and recommendations regarding the award to the relevant procurement awarding committee for final awarding;
- d) enable its chairperson to present their report to the procurement awarding committee to clarify uncertainties.

NB: An official may not be a member of both the BEC and the Awarding Committee.

3.4.3 Awarding Committees

The decision-making powers regarding the final award of bids is delegated to the Awarding Committees, depending on the threshold values in this regard.

- a) Guided by the relevant charter, Awarding Committees assess the process followed in making the recommendation to ensure that the Procurement policy has been complied with in full.
- b) The relevant awarding committee, Procurement Tender Committee/Tender Committee must ensure that:
 - i. all necessary bid documents have been submitted;
 - ii. disqualifications are justified and that valid and accountable reasons/motivations were furnished for passing over quotes/bids;
 - iii. scoring, as applicable, has been fair, consistent and correctly calculated and applied;
 - iv. cognisance is taken of prospective suppliers' declarations of interest;
 - v. the necessary funds are available.
- c) The relevant adjudication committee shall consider and rule on all reports/recommendations regarding the amendment, variation, extension, cancellation or transfer of contracts awarded as per the approved delegation.
- d) Adjudication committees may obtain clarity from members of the BEC if required.

4. BASIS FOR BEST PRACTICE

All procurement shall be concluded through the procurement system, as applicable from time to time. No procurement outside of the SCM Policy and Procedures shall be permitted.

4.1. UJ Supply Chain Management Strategy

	UJ ENVIRONMENT	SCM ELEMENTS		
SCM recordkeeping, reporting and performance measurement Risk management Preferential procurement Finance Technology Human Resources	University Strategy and Planning	Demand Management	STRATEGIC	
	SCM Strategy and Planning	Spend Analysis		
		Spend Segmentation		
		Market Analysis		
	Strategic Sourcing			
	Supply Management	Procurement Management		OPERATIONAL
		Supplier Intelligence		
		Total cost of ownership		
		RFQ/RFP/EOI		
		Competitive bidding		
		Supplier(s) selection		
	Supplier Management	Contract management and administration		
Supplier performance management (Product quality, capability and operational efficiency assessment)				
Credible supplier database				
Goods/Services/Provision	Logistics Management			
	Expediting			
Inventory Management	Receiving and dispatch		KECUTION	

	UJ ENVIRONMENT	SCM ELEMENTS	
		Warehouse management	
		Stock replenishment	
		Stocktaking	
		Handover and takeover	
		Discrepancies	
		Voucher registration	
	Disposal	Disposal Management	

4.2 Expenditure Analysis

High	BOTTLENECK	STRATEGIC
	Secure continuity of supply	(Performance-based partnerships)
	NON-CRITICAL	LEVERAGE
Low	Simplify procurement process	Competitive bidding
	Value of the commodity	
	Low	High

This analysis will be utilised to show the impact on the institution and to develop a sourcing strategy per commodity through the following steps:

- Fully understand the spend category - Total historic expenditure and volumes; analyse the expenditure per department, user and supplier; calculate total cost of ownership; and future demand projections.
- Supplier market assessment - Determine the level of competition in the market and investigate alternative products.
- Prepare a supplier survey - Evaluate supplier capabilities and capacity.

4.3 Spending Segmentation

Using the Kraljic matrix, spending analysis will enable segmentation of the University spend and alignment of the University spending with the Preferential Procurement goals. The supplier review and intelligence will provide more understanding of supplies, which are:

- of high supply risks and sourcing difficulty;
- strategically critical;
- of low value; and
- can be diversified.

The Kraljic Matrix categories are:

- Strategic** (low supply market competitiveness, high business impact):
 - These are high value goods that are critical to service delivery, have complex and/or rigid specifications and for which there are few qualified suppliers.
 - The strategy should be to form long-term partnerships with suppliers.
- Leverage** (high supply market competitiveness, low business impact):

- i. These are high-value goods that are market or price sensitive because of competition in the market.
 - ii. There are many suppliers and many product choices.
 - iii. The strategy should maximise UJ's buying power and maintain market competition.
- c) **Bottleneck** (low supply market competitiveness, high business impact):
- i. These are lower value goods with complex specifications that have a substantial impact on service delivery, have few qualified suppliers and not many alternative substitute products.
 - ii. The strategy in this case should be to manage the supply risk by ensuring continuity of supply through firm and longer-term contracts.
- d) **Non-Critical** (high supply market competitiveness, low business impact):-
- i. These are small, low-value, individual transactions and every-day products and services.
 - ii. There are many suppliers and many alternative products.
 - iii. The strategy here should be to simplify the acquisition process, and reduce the administration of transactions as far as possible by automating the purchasing process.

4.4 Framework for a construction procurement strategy

The framework will be followed for all feasible construction projects. The Campus Master Plan will inform developments and construction requirements within the University.

A combination of procurement procedures with or without eligibility criteria will be used in engineering and construction works.

1. Develop a delivery management strategy

- a) Gather and analyse information.
- b) Formulate primary and secondary procurement objectives.
- c) Make strategic delivery management decisions (leasing; purchasing power parity; implementing agent development manager; own resources or own procurement systems).
- d) Decide on delivery mode (project or programme).
- e) Package works into contracts and package orders linked to a framework agreement.

2. Contracting arrangements

- a) Allocate risk for packages
 - Options – construction; construction and maintenance; maintenance; construction, maintenance and operation; design; supply and install/supply.
 - Contracting strategy
 - Design by employer
 - Develop and construct
 - Design and construct

- Construction management
- Pricing strategy
 - Lump sum
 - Price list
 - Activity schedules
 - Bill of quantities
 - Cost reimbursable
 - Target cost
 - Cost plus
- b) Establish requirements for outsourced professional services.
- c) Package professional service contracts.
- d) Allocate risks for professional service contracts:
 - Discipline-specific or multidisciplinary service
 - Package specific, programme related or framework agreement
 - Priced contract, percentage of cost of construction, cost reimbursable or target cost.
- e) Select suitable standard form of contract.
- f) Decide on the procurement arrangements:
 - Quality strategy
 - Procurement procedure
 - Targeted procurement strategy
 - Tender evaluation method.

3. Construction procurement strategy

The construction procurement strategy is the combination of the delivery management strategy, contracting arrangements and procedure arrangements for particular construction and engineering works. It necessitates that a number of choices be made from the available options and can be used to translate a programme or portfolio of projects into a series of packages for delivery under a single contract or package order issued in terms of a framework agreement.

4. Packaging strategy

- a) The Campus Master Plan will be utilised to organise work packages into contracts.
- b) Work packages can either be linked to contracts or to a series of package orders in terms of a framework agreement, which is typically between three and five years.
- c) A package accordingly works relating to one or more projects, which can be linked to one or more programmes, and which have been grouped together for delivery under a single contract or a package order.

- d) The number of packages within a portfolio of projects establishes the number of relationships that the University has to manage and administer, and also the number of procurement transactions to be processed.

5. Pricing strategy

- a) Two types of pricing strategies are encountered in the NEC 3 (New Engineering Contract Series 3) and FIDIC (*Federation Internationale Des Ingenieurs Consceils*, known as the International Federation of Consulting Engineers) contracts, which are price based and cost based.
- b) Cost-based pricing, such as cost reimbursable and target cost, will be pursued wherever possible, in order to achieve value for money.
- c) Should the value of the development or property exceed 5% of the average income that UJ received during the two years immediately preceding such action, then Ministerial approval is required.

6. Targeting strategy

- a) A targeted procurement procedure will be followed when executing building contracts, in order to secure primary and secondary procurement objectives.
- b) Primary objectives will include construction deliverables, and secondary objectives include empowerment aspects.

7. Framework agreements

- a) Framework agreements have the purpose to establish the terms governing contracts to be awarded during a specified period, in particular with regard to price and, where appropriate, the quantity envisaged.
- b) Framework agreements entered into by the University, after a competitive selection process, will allow the University to procure work on an as-instructed (call-off) basis, over a set term, without necessarily committing to any quantum of work.
- c) Framework agreements will be utilised wherever possible as advised by the Campus Master Plan.

4.5 Procurement of IT-related goods and services

All IT-related goods and services will be acquired in line with the ICS strategy. The needs are to be included in the faculty/division demand plan in consultation with the relevant Finance Business Partner and ICS to ensure incorporation into the demand plan of the specific environment to formulate the University ICS procurement plan, as in the University ICS Procurement Strategy.

- a) The ICS procurement strategy will address the University Information Technology roadmap, including the rollout of the end-user computing strategy.
- b) This applies to all new and recurring procurement (through purchase or lease) of hardware, software and services using University funds or grant funds administered by the University.
- c) This is to ensure uniformity in the IT acquisition process, which is efficient and easy to administer while using economies of scale to ensure the greatest value for goods and services to be procured.
- d) The assessment could result in questions to the originating business unit, seeking clarification regarding the description of need and/or the scope statement. Ultimately, a decision will be made that the purchase:

- i. is a fit for the IT strategic direction;
 - ii. is not a fit, but is a valid exception;
 - iii. is not a fit, and no exception will be granted.
- e) Once the demand issues have been clearly addressed and the decision is made to proceed, the request will be registered to pursue the Request for Quotes (RFQs) or Proposals (RFPs), identify the bidders list and timetable and release.
- f) When business units contemplate the acquisition of computer hardware, software or IT services, the following process is to be utilised when there is a need for the software to function as part of the larger IT infrastructure, or for the software to be integrated with other University systems or software, REGARDLESS of the expense:
- i. Identify and describe need and define scope. Be as specific as possible in outlining the requirements and include functionality, performance (size, speed and other), capacity, retrieval frequency, storage and other elements. Identify your timing for product deployment and provide the funding source.
 - ii. Send the description of need and scope statement to ICS - Enterprise IT Architect offices at eainfo@uj.ac.za along with a list of suppliers identified to provide proposals to fulfil the requirements.
 - iii. Based on the size and complexity of the acquisition, a meeting should be arranged with the Senior Manager: Architecture and Planning to assess the project. The delivery milestones for the specific purchase will be worked out at the preliminary meeting.
 - iv. The Enterprise IT Architect office will review and assess your description of need and scope statement.
- g) **For hardware**, the assessment will include, but not be limited to:
- i. Identification of existing hardware that could possibly fulfil the need.
 - ii. Knowledge of or experience with any of the vendors identified as possible sources.
 - iii. Alternative ideas of solutions to fulfil the need.
- h) **For software**, the office will assess:
- i. Availability off the software.
 - ii. Possible availability of existing UJ licenses that could be used.
 - iii. Alternative software solutions (from third parties or within the sector network or UJ developed) to fulfil the need.
- g) **For services**, the assessment will include needed consulting services and potential other services.

4.6 Promotion of the University Branding

In order to promote consistent, quality representations of the University, all apparel and novelty merchandise displaying the University logo must be approved by the University Marketing Office.

Business units must ensure that all branding requirements for novelty merchandise and clothing displaying the University trademark (such as the University's name, logo and symbols) are ordered from a properly approved supplier.

4.7 Contracts and Standardised Goods/Services

Demand within business units should ensure support towards the University's cost containment objectives.

- 4.7.1 Specific standards shall be continually set and developed in cooperation with business units to ensure that specifications and standards of products are continuously improved.
- 4.7.2 Strategic contracts are being implemented to leverage on economies of scale, and cooperation and support from business units are critical.
- 4.7.3 Commodities for standardisation include among others:
 - a) End-user computing equipment – through ICS.
 - b) Office furniture and equipment.
 - c) Audio-visual equipment – through ICS.
 - d) Multi-function devices and phasing out desktop printing.
 - e) Consumables basket to keep as stock.
 - f) In support of Teaching and Learning and Research excellence - Library and Information Centre subscriptions shall be directly with publishers. The subscription list shall be reviewed annually to ensure it is fit for purpose and any new requests shall be presented to the Tender Committee for approval.
- 4.7.4 Purchases from contracts are encouraged, irrespective of the source of funds (University funds, research funds or funds that have been generated personally).

5. PROCUREMENT PROCESS AND THRESHOLDS

As part of acquisition management, all possible methods of obtaining the requirements should be considered.

- In order to determine the appropriate selection mechanism, it is necessary to first decide the monetary value of the project or acquisition and then to determine the monetary threshold in which the activity belongs.
- For period contracts, the total value of the contract for the entire period must be calculated to determine the monetary threshold in which the contract belongs.
- The strategic sourcing approach shall be followed when requests are received from end users.

When a requirement becomes known, the following hierarchy for satisfying requirements applies:

5.1 Items available in Stock:

Obtain from stock according to prescribed process.

5.2 Items available from pre-established sources

Investigate whether the requirements are available on an existing contract and obtain from the contract accordingly.

- a) Tenders shall not be invited for items available on a contract.
- b) Small quantities may, however, be acquired outside the contract if:
 - an emergency arises; and
 - the required supplies are not readily available.
- c) The University support purchases off the transversal contracts where item lists have been included in contracts as concluded. Where items are not listed in any transversal contract, the normal quote thresholds will apply.

Should the requirements not be on contract, procure from an external source.

5.3 Items available from external sources

The estimated value of the requirement will determine the type of procurement process to be utilised. The thresholds set are as follows:

5.4 Procurement Department Thresholds

Purchase orders at the University are approved as follows:

- 5.4.1 Junior Buyer – up to R20 000
- 5.4.2 Buyer – up to R50 000
- 5.4.3 Procurement Supervisor – up to R250 000
- 5.4.4 Manager: Tenders – up to R2 million
- 5.4.5 Head of Procurement – up to R5 million
- 5.4.6 Director: Expenditure – R5 million and above

5.5 Procurement Process and Thresholds

Threshold	Process
Purchases up to R2 500	<ul style="list-style-type: none"> • Petty Cash • University Credit Card • Personal Reimbursement <p>NB: University credit card and personal reimbursement requests above this threshold should be approved in line with the relevant delegation before the expense is committed.</p>
Purchases up to R250 000	<ul style="list-style-type: none"> • Purchase from the University contract • Source no less than five quotes if commodity has a panel of suppliers on the contract • Otherwise source quotations from no less than five suppliers on the Supplier Database or in the market. <p>NB: Rotation of suppliers is critical</p>
	<p>Minor Works and Projects</p> <ul style="list-style-type: none"> • Source quotes from no less than five suppliers from jobbing contracts or in the market • Briefing session and site inspections to be conducted for minor works and projects within the threshold <p>NB: Rotation of suppliers is critical</p>
Above R250 000 and up to R500 000	<p>Sealed quotation process administered by Procurement and awarded by the Procurement Department.</p> <p>NB: Rotation of suppliers is critical</p>
Above R500 000 up to R1 million	<p>Closed tender process awarded by the Procurement Committee.</p> <ul style="list-style-type: none"> • Nominate a minimum of 10 suppliers to participate unless there are less than 10 suppliers on the Supplier Database or in the market for the commodity. <p>NB: Rotation of suppliers is critical</p>
Above R1 million up to R15 million	<p>Competitive bidding process awarded by the Tender Committee.</p>
Above R15 million up to R50 million	<p>Competitive bidding process recommendation by the Tender Committee awarded by MEC.</p>
Above R50 million	<p>Management Executive Committee on recommendation of the Tender Committee.</p>
	<p>Financial Sustainability Committee of Council and, where applicable to infrastructure and ICS projects, the Projects and Resourcing Committee of Council.</p>

5.5.1 Selection mechanisms up to R250 000 (VAT Included)

5.5.1.1 Petty cash

For some requirements it may not be possible or economically viable to procure goods and services through written quotation or competitive bidding processes. This

situation will arise where the total costs of engaging in written quotation or competitive bidding far outweigh the value of the item(s) or services being sought.

- a) This situation is envisaged only for items or services below R2 500 (VAT included). If the monetary value of the requirement falls within the petty cash threshold (up to R2 500, VAT included), it satisfies the requirement according to the prescribed petty cash policy.
- b) The R2 500 (VAT included) should be the total value of all of the user requirements for a particular item or service for the entire financial year or the requirements must be so incidental that it is not viable/feasible to establish a contract or keep stock.
- c) This mechanism might also be utilised in an emergency situation where the total value of the goods or service is below R2 500 subject to an authorised process being followed.
- d) Only Heads of Departments may authorise petty cash purchases.
- e) The thresholds indicated in the petty cash policy for the float as well as transactions must be strictly adhered to.
- f) All transactions must be recorded and documentary evidence must be submitted.
- g) If a contract exists for the supply of a specific requirement, the petty cash procedure may not be used to obtain such a supply.

5.5.1.2 Request for quotation (RFQ)

The RFQ process must be followed for all requirements within the quotation threshold. Requirements may be procured by obtaining written quotations from as many suppliers as possible.

- a) The request for quotations shall contain a detailed specification compiled by the end user.
- b) A request for quotations shall be initiated by the Procurement Department and forwarded to the suppliers.
- c) Buyers shall invite and accept written quotations from as many suppliers as possible that are active as suppliers per commodity.
- d) If there are too many suppliers on the commodity database, invite quotations from at least five suppliers. Invitation of suppliers shall be on a rotation basis.
- e) Where no suitable providers are available from the list of prospective providers, quotations may be obtained from other possible suppliers on the potential suppliers' database or market.
- f) If it is not possible to receive the minimum number of written quotations, the reasons shall be recorded and approved by the Supervisor in Procurement.
- g) If the University is in possession of a supplier's original valid tax clearance PIN, it is not necessary to obtain a new tax clearance PIN when a price quotation is submitted from that specific provider. This provision may be applied, only if the PIN in possession is about to expire.
- h) In line with the preferential procurement goals, requirements up to R30 000 shall be procured from local and emerging suppliers.

- i) Where there are frequent requirements, when the amount per transaction is less than R250 000, such requirements shall be consolidated and a contract be established through a competitive bidding process.
- j) Splitting of requirements with the sole intention of circumventing any of the procurement mechanisms listed will constitute a breach of this policy and shall result in a disciplinary offence.

5.5.2 Selection mechanisms above R250 000 (VAT Included)

Competitive (open) bidding is to be used as far as possible for all procurement above R250 000. Competitiveness shall be maintained throughout the process and all stages of the process shall be conducted in an open and transparent manner.

Goods, works or services may not be split into parts or items of lesser value to avoid complying with the requirements of the prescribed thresholds.

- a) When determining transaction values, a requirement for goods, works or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.
- b) Tenders shall be through invitation, depending on the threshold or advertisement in appropriate media to ensure greater exposure for prospective tenderers. Advertisement costs shall be borne by the requesting department.
- c) All participants relating to tenders will sign a declaration of confidentiality and a conflict-of-interest declaration. This includes project leaders, consultants and approvers.
- d) If in a specific case it is impracticable to invite competitive tenders, the requirements may be procured through a deviation, provided that the reasons for deviating from inviting competitive tenders are justifiable, properly documented and approved by the relevant Awarding Committee (i.e. Procurement Tender Committee or the Tender Committee).
- e) Selection mechanisms include:
 - Sealed Quotation
 - Closed Tendering
 - Competitive Tendering
 - Limited Tendering

The greatest opportunity for competitiveness and promotion of preferential procurement shall be pursued at all times.

To ensure transparency and equitability when procuring goods and services, competitive bidding shall be pursued when –

- a) The value of goods or services are above R500 000 (VAT included).
- b) Procuring goods and services required are for long-term contracts.
- c) Procuring services are classified as essential.

These mechanisms are further explained:

5.5.2.1 Sealed Quotations

The request for a sealed quotation process applies to all transactions from R250 000 to R500 000 inclusive of VAT. The sealed quotation process is similar to the tender process and is administered by the Procurement department.

- a) The project leader must submit detailed specifications or Bills of Quantities (for construction-related requirements). The specifications must be approved (signed) by the relevant HOD and be attached to the I-Proc.
- b) Procurement will schedule a consultation session with the project leader in order to determine possible suppliers and project timelines.
- c) Sealed quotations will be requested from as many as possible suppliers by the Procurement department, these may be suppliers on an active panel of suppliers or potential suppliers.
- d) If a site visit is required, Procurement will include the requirement in the Request for Quotation.
- e) The evaluation and award will be made in consultation with the Project Leader supported by the nominated technical team and will include Preferential Procurement scoring.
- f) All disputes regarding the award of a sealed quotation process will be escalated to the Procurement Tender Committee for a final decision.

5.5.2.2 Closed tendering

Close tenders may be considered for all transactions above R500 000 and up to R1 million inclusive of VAT, where necessary. The process shall be administered by the Tender Office.

- a) The specifications must be approved (signed) by the relevant HOD and be attached to the I-Proc.
- b) The Tender Office shall allocate a Tender Specialist to the project, once registered.
- c) On receipt of signed/approved specifications/TOR, the relevant Tender Specialist shall compile a complete tender document.
- d) The Tender Specialist shall administer the entire procurement process including invitation of bidders.
- e) The Tender Specialist shall schedule a Specification meeting duly constituted as outlined in the BSC charter for consultation with the project team to determine specifications, possible suppliers and project timelines.
- f) Proceedings of the consultation meeting shall be kept for record purposes.
- g) Requests through an invitation shall be made to as many as possible suppliers from the list of active suppliers for the commodity being sought or from the list of potential suppliers who provide similar commodities.
- h) Should there be a need for a site visit, samples or proof of concept will be included in the requirements in the Request for Quotation.
- i) The request shall indicate the closing date, validity period and the mode of participation in the process, including the address where the services must be rendered.

- j) At closing an evaluation meeting shall be held to make an award, and where the Evaluation Committee shall be constituted in line with the BEC charter. The award will take into account the responsiveness of the offers received in relation to the technical/functionality requirements and include Preferential Procurement scoring.
- k) The BEC report shall be presented to the Procurement Tender Committee for awarding.

5.5.2.3 Competitive tendering

This mechanism ensures participation of all prospective tenderers to stimulate competition and equitable testing of the market. Tender specifications must be clear and precise and the evaluation should be in compliance with the specifications, set criteria, price and preferential procurement scoring. An award will be made by the relevant tender committee.

Splitting of requirements with the intention of circumventing any of the procurement mechanisms listed in this policy, will not be allowed.

Competitive bidding may where necessary include two-stage bidding, pre-qualifying bidders or the establishment of a list of approved suppliers.

5.5.2.3.1 Advertised Tenders

The business unit making the request shall compile a comprehensive specification for the required goods, or terms of reference (TOR) in the case of professional services through the facilitation of the Tender Specification Committee.

- a) The Tender Office shall allocate a Tender Specialist to the project, once registered.
- b) On receipt of signed/approved specifications/TOR, the relevant Tender Specialist shall compile a complete tender document.
- c) The relevant Tender Specialist shall administer the entire procurement process including advertising in the relevant media.

5.5.2.3.2 Request for Information

A requirement may be approached with flexibility and innovation by using the expertise available in the market. An RFI process may be followed to gather market information relating to:

- a) products;
- b) alternatives; and/or
- c) suppliers.

RFIs may be used to pre-select suppliers based on specific criteria and only those meeting the criteria may be allowed to participate in a subsequent RFP or tender. No award can be made from an RFI.

5.5.2.3.3 Request for Proposal

Competitive bidding will be handled procedurally and where required, a briefing site meeting may be requested to share information with the bidders.

- a) The Tender Office shall allocate a Tender Specialist to the project, once registered.
- b) On receipt of signed/approved specifications/TOR, the relevant Tender Specialist shall compile a complete tender document.

- c) The Tender Specialist shall administer the entire procurement process including invitation of bidders.
- d) The Tender Specialist shall schedule a Specification meeting, duly constituted as outlined in the BSC charter, for consultation with the project team to determine specifications, possible suppliers and project timelines.
- e) Proceedings of the consultation meeting shall be kept for record purposes.
- f) Requests shall be through an advertisement to ensure fair testing of the market.
- g) Should there be a need for a site visit, samples or proof of concept, this will be included in the requirements.
- h) The request shall indicate the closing date, validity period and the mode of participation in the process including the address where the services must be rendered.
- i) The Evaluation Committee shall be constituted in line with the BEC charter. The award will take into account the responsiveness of the offers received in relation to the technical/functionality requirements and include Preferential Procurement scoring.
- j) At closing, an evaluation meeting shall be held to make an award, where selection may be in favour of the quality of the proposal and not price alone.
- k) The BEC report shall be presented to the relevant Awarding Committee (i.e. Procurement Tender Committee or Tender Committee) for award, in line with the delegated authority.

5.5.2.3.4 Request for Tender

Tenders shall be solicited using one of the mechanisms indicated below and the tender evaluation methods as described. Potential tenderers are invited to register interests for the planned acquisition of goods or services. The list of suppliers who have submitted expressions of interest may be used as the basis for conducting a select tender process.

5.5.2.3.4.1 Two-Stage Tendering

In the case of contracts for large complex projects or works of a special nature, a two-stage tendering procedure may be used, under which:

- a) first unpriced technical proposals are invited, subject to technical clarifications and adjustments, to be followed by amended tendering documents and the submission of final technical proposals and priced tenders in the second stage;
- b) the mechanism is also appropriate in the procurement of equipment, which is subject to rapid technological advances, such as major computer and communications systems;
- c) the method of evaluation, including the allocation of points, shall be clearly stipulated in the tender document;
- d) points shall be split into points for price and points for functionality.

A two-stage bidding process shall also be allowed when:–

- a) the requirements are not easily determinable and it is ideal to engage the market in firming up the requirements;
- b) there are sensitive projects where it is undesirable to prepare complete detailed technical specifications;

- c) complex projects require multiple stages before award and require a longer period to complete;
 - i. the first stage entails issuing out an RFI to the market through a competitive process;
 - ii. the second stage entails issuing out a detailed RFP to only shortlisted suppliers.

5.5.2.3.4.2 Pre-qualifying tenderers (only when necessary)

Pre-qualification is necessary for large or complex works, such as custom-designed equipment, specialised services, design and build, or management contracting.

- a) This ensures that invitations to tender are extended only to those who have adequate capabilities and resources.
- b) Pre-qualification should be based entirely on the capability and resources of prospective tenderers to perform the particular contract satisfactorily, taking into account:
 - i. Capabilities with respect to personnel, equipment and construction or manufacturing facilities.
 - ii. Financial position.
- c) The scope of the contract and the criteria for qualification shall be sent to those who responded to the advert. All applicants that meet the specified criteria shall be allowed to tender.
- d) The Tender Office shall inform all applicants of the results of pre-qualification.
- e) As soon as pre-qualification is completed, the tender documents shall be made available to the qualified prospective tenderers.
- f) Verification of the information provided in the submission for pre-qualification shall be confirmed at the time of award of contract and award may be denied to a tenderer that is judged to no longer have the capability or resources to successfully execute the contract.

5.5.2.4 Limited tendering

Limited tendering is permitted where the competition is limited in one way or another. Otherwise limited bidding is only to be used if justification exists and the necessary approval has been obtained within the delegated powers in the following exceptional circumstances:

- a) In the event that a change of supplier would compel the University 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.
- b) The goods, services or works to be bought have to be designed by the supplier.
- c) When goods, services or works can only be supplied or rendered by a particular supplier and no reasonable alternative or substitute exists.
- d) There are legislative, technological or safety reasons to restrict purchases to suppliers who have proven their capability.
- e) Justification for making use of limited tendering shall be properly motivated and approved by the Head of Department in line with the Procurement department. The approval shall be in line with the relevant delegation.

5.5.2.4.1 The categories of limited tendering shall be:

- a) Multiple source: There is limited competition, hence only a few prospective tenderers are allowed to make a proposal. This should be based on a thorough analysis of the market.
- b) Single source: This should be based on a thorough analysis of the market and use of a transparent and equitable pre-selection process, to request only one amongst a few prospective tenderers to make a proposal.
- c) Sole source: There is no competition and only one tenderer exists.

5.5.2.4.2 Preferred Source

The University acknowledges that there are occasions when products/services may be purchased from a specific preferred source. Purchasing goods and services from a preferred source may occur when:-

- a) only one supplier manufactures or renders goods and services due to the unique nature of the requirements; or
- b) goods and services already in the University's value chain/employ are only supplied by an Original Equipment Manufacturer(OEM) or by a licensed agent thereof; or
- c) there is a requirement for compatibility, continuity and alignment.

Such requests shall be considered when they meet at least one of the criteria below and such justifications will only be accepted with proper supporting documentation that has been approved by the executive director/dean of the department.

i. Compatibility with existing equipment

The products have to be purchased to interface directly with or attach to equipment of the same manufacturer, since no other manufacturer's product will correctly interface with existing equipment. (Dedicated product services may also be involved.)

ii. Compatibility for instructional purposes

Products have to be purchased to supplement existing equipment in a classroom/laboratory/office.

iii. Compatibility for research

The main purpose of acquiring equipment or supplies is to replicate specific experiments, using the exact same products that produced the original results.

iv. Single supplier

Based on market analysis, sourcing only from one supplier can be allowed:

- Where it is proven that there is no competition for the supply of the goods and services being sourced and only one supplier exists.
- Only one supplier can be identified to supply a compliant product or service. Proof of this must be attached.
- In support of a signed contract or agreement.

Authorised agents must produce a letter from the OEM beforehand to enable proper award consideration. For transparency and fairness all requirements categorised to be sourced from sole suppliers may be advertised to tender in the market.

5.6 Other Procurement Arrangements

5.6.1 Negotiation

The negotiation mechanism may be used when:-

- a) procuring goods and services from single or sole suppliers;
- b) the annual price increases;
- c) determining contract terms and conditions;
- d) finalising the award of business with preferred bidders provided that such negotiations:
 - i. do not allow any preferred bidder a second or unfair opportunity;
 - ii. are not to the detriment of any other bidder;
 - iii. do not lead to a higher price than the bid as submitted;
 - iv. require the bidding document or Request for Quotation document to specify that negotiations will be conducted in finalising the award;
- e) approval or mandate to negotiate with any supplier(s) are to be obtained in writing from the relevant Awarding Committee or relevant delegated official in line with the delegation of authority;
- f) the mandate to negotiate at least includes the following:
 - i. reasons for negotiations;
 - ii. negotiations parameters;
 - iii. objectives of the negotiations; and
 - iv. supplier(s) to be negotiated with;
- g) the outcome of the negotiations is to be approved by the relevant Awarding Committee and/or delegated authority before awarding.

5.6.2 Urgent Procurement

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 impossible, or impractical.

- a) In urgent cases the University may obtain the requirement by means of quotations, preferably making use of the list of prospective providers or otherwise in any manner in the best interest of the University.
- b) The nature of the urgency and the details of the procurement process followed shall be recorded and reported.
- c) However, delay in initiation of the requirement shall not qualify as justifiable reason to initiate urgent procurement.
- d) A duly approved motivation justifying the urgency must be submitted by the business unit in line with the relevant delegations of authority and approved by the Director: Expenditure. Where tender thresholds are applicable:
 - i. above R500 000.00 including VAT, a requisition and motivation for overriding policy must be approved by the Executive Director: Expenditure; and
 - ii. above R1 million by the Chief Financial Officer (CFO).

5.6.3 Emergency Procurement

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

- a) In the event of an immediate threat that compromises the University environment or human safety or the ability of the University to execute its mandate, the standard procurement processes may be bypassed;

Where it is not possible to liaise with the Procurement Department, the business unit must, within the next working day advise the Procurement Department of such an emergency.

- b) The relevant ELG member may authorise the Head of Department to remedy the emergency upon the realisation thereof.
- c) The business units shall inform the Head of Procurement in writing within 48 hours of the incident, of the following:
 - i. The nature of the emergency.
 - ii. The motivation shall include the date and time thereof.
 - iii. The details of the procurement action taken.
 - iv. The envisaged results, had the standard procurement process been followed.
- d) The Procurement Department shall record such incidents for reporting to the Awarding Committees.
- e) Incidents will normally constitute events such as disaster (e.g. damage to assets, flood, fire) or essential services' system failures or riots-related events.

5.6.4 Purchases using University cards

The University has entered into an agreement with various bankers to use their corporate purchasing card facility. The purpose of the card is to offer an alternative method of acquiring and paying for lower value purchases.

5.6.4.1 The Cash Management Department within the Financial Governance and Revenue Division coordinates card administration, monitors transactions and liaises with the bankers.

5.6.4.2 With the approval of the line manager and the relevant ELG member, a purchasing card is allocated to a nominated staff member of the department. Final approval is granted by the Executive Director: Financial Governance and Revenue or delegate.

5.6.4.3 A purchasing card may be used, subject to the applicable conditions set out below:

- a) All cardholders must familiarise themselves with the University applicable policies upon collection of the card.
- b) The purchasing card is the property of the University and may be used only for University purchases.
- c) All purchases must remain within the card limits and in accordance with the University's Financial Policy.
- d) The University reserves the right to revoke and cancel any card where a pattern of non-compliance to the University is identified.

- e) In such an event, the cardholder is required to return the card immediately to the relevant line manager.

5.6.4.4 Responsibilities of line management

To enable fulfilment of the requirements line management shall identify cardholder(s) and apply to the Executive Director: Financial Governance and Revenue.

- a) Stipulating daily, monthly and transaction limits on expenditure.
- b) Monitoring, approving and signing off expenditure transacted on the purchasing card.
- c) The line manager and the ELG member are ultimately responsible for all expenses on the purchasing card.
- d) Reporting the misuse of a purchasing card immediately to the Executive Director: Financial Governance and Revenue. Investigating the misuse and/or requesting further enquiry.

5.6.4.5 Responsibilities of cardholders

- a) The cardholder is responsible for the safekeeping of the card and its security number (CVC), as well as for card transactions.
- b) Use of the card by a staff member after it has been reported lost or stolen will be regarded as fraud and the University will take legal action.
- c) The cardholder must sign the card immediately upon receipt.
- d) The cardholder must return the card to the line manager immediately upon termination of employment. Cards are non-transferable and new staff members should apply for new cards.
- e) Expired cards must be destroyed.
- f) The cardholder is responsible for monitoring the relevant electronic bank statements received and also for reconciliation of statements with receipts.
- g) The cardholder is responsible for allocating expenses to the relevant expense accounts, according to the chart of accounts, on a monthly basis.
- h) All original receipts and invoices must be attached to the monthly statement and forwarded to the Purchasing Card Administrator.
- i) Duplicate slips/receipts must be obtained for any lost slips/receipts.
- j) Disputes about expenditures must be followed up immediately with the bank and the Finance department be notified thereof.

5.6.4.6 Lost or stolen cards

The loss or theft of cards must be reported and the following steps should be taken immediately:

- a) Immediately report the stolen card on the dedicated toll-free number.
- b) Inform the relevant Head of Department and ELG member.
- c) Alert the Purchasing Card Administrator to monitor any further purchases and supply proof that the card has been stopped at the relevant bank.

5.6.4.7 Use of the card

- a) Failure to use the card in accordance with University policy may constitute a breach of policy, but is not limited to it, and may result in the withdrawal of the card and disciplinary action being taken.
- b) Transgressions include, but are not limited to:
 - i. Purchase of items for personal use.
 - ii. Failure to supply all supporting transaction documents within the prescribed period to the Finance department.
 - iii. Failure to report a lost card.
 - iv. Illegal use of the card by unauthorised users.
- c) Original supporting documentation should be forwarded to the Purchasing Card Administrator's office within 30 days of the transaction. Failure to do so will result in cost recovery from the cardholder's salary.
- d) The card may not be used for:
 - i. fuel/parking costs;
 - ii. purchasing capital items (e.g. printers, cellphones, laptops and desktops);
 - iii. donations;
 - iv. payment of fines;
 - v. cash withdrawals;
 - vi. travelling expenses (e.g. conference-related payments);
 - vii. equipment repairs;
 - viii. store items (e.g. printer cartridges); and
 - ix. software licenses and programmes.

5.6.4.8 The card may only be used for the following payments:

- a) Any other exceptional office stationery not available at the Warehouse as stock.
- b) Office supplies and consumables.
- c) Membership fees.
- d) Departmental catering and smaller functions, with pre-approval of an ELG member.

5.6.5 Purchasing by means of grants from donors

The University will utilise donor funds in accordance with donors' procurement procedures in cases where donor agreements prescribe that the University should procure according to donor procedures. The University will adhere to its own policies and procedures where donors do not instruct it to procure according to donor procedures.

5.6.6 URC - Request for purchases

When a need to purchase specialised equipment for research purposes arises, the

request will be submitted to the University Research Committee (URC). Once the request is supported for procurement, procurement shall be pursued through a preferred source mechanism depending on the nature of the equipment being purchased.

- a) A written motivation and any relevant documentary evidence to support the request shall be presented for processing by the Procurement Department.
- b) Procurement Department shall pursue the approval of the request in line with relevant delegation of authority. The motivation, including the signed standard one-pager to proceed, will be submitted to the relevant awarding committee.
- c) For ease of procurement:
 - i. Funds should be confirmed to honour the requirements.
 - ii. Purchases are in accordance with the rules of the fund.
 - iii. Other considerations shall include:
 - Related financial cost, including total cost of ownership. These shall take into account: -
 - Customs clearance and related duties.
 - The exchange rate applicable at the time of transacting.
 - Letter of Credit (L/C).
 - Foreign Exchange Contract (FEC).
 - Shipping (if not included in the quote).
 - Area remedial work to set up the required infrastructure.
 - Operating costs.
 - Maintenance costs.
 - Downtime costs.
 - End-of-life costs.
- d) The motivation should indicate the exceptional circumstances in order to justify the deviation from the normal process. The motivation should be approved by the relevant Head of Department and the Executive Dean of the faculty concerned. The cost impact should include:
 - i. Acquisition and all its components (delivery costs, installation costs, commissioning costs, etc.).
 - ii. Operating costs and all its components such as energy, spares, costs of maintenance.
 - iii. End-of-life costs such as de-commissioning and removal costs.
- e) For day-to-day research laboratory supplies or office-related supplies, the department concerned may liaise with the Procurement Department for creation of preferred suppliers' listings.
- f) Each environment will be assessed on merit and a business case for the preferred supplier listing be presented to the Bid Awarding Committee on an annual basis.

5.6.7 Purchasing from abroad

When supplies/services cannot be obtained locally purchases may be done from abroad. For procurement outside the boundaries of South Africa, the same process is followed as for the procurement within South Africa. Business units must always endeavour to find an agent in the country for a product that they are about to purchase.

Consideration shall include among others that:

- a) it has been established that the product/service required cannot be sourced locally or through local representatives;
- b) no other alternative or similar local product will serve the purpose;
- c) if the prices of the locally available supply/service are exorbitant compared to the import at the landed cost inclusive of all duties and taxes; and
- d) rate risks.

All purchases from abroad will be regulated further by the Procurement Policy on Import and Foreign Exchange.

5.6.8 The appointment of consultants

Consultants are appointed principally for the following reasons:

- a) To provide specialised services for limited periods without any obligation of permanent employment.
- b) To benefit from superior knowledge and transfer of skills while executing an assignment.
- c) To provide independent advice on the most suitable approaches, methodologies and solutions of projects.

Consultants may be appointed when the necessary skills are not available within the University and to make an appointment:

- i. The procurement process must be competitive to ensure fair testing of the market. This should take into consideration the type of skills that is needed and the quality relating to the project.
- ii. The appointment relationship is that of a supplier-delivering-a-service and not of an employer-employee relationship.
- iii. Appointment of individuals as consultants should only be considered when consulting teams or team resources are not required and where a distinct and clear advantage to the University can be demonstrated.
- iv. Proper scope of work, predetermined time frame and specific deliverables must be clearly defined before any appointment is made. The conditions must be contained in a contract that must be concluded with the consultant before any work starts.
- v. If the assignment includes an important component for training or transfer of knowledge and skills, the TOR should indicate the objectives, nature, scope and goals of the training programme, skills to be transferred, time frames and monitoring and evaluation arrangements. The cost for the training should be included in the consultant's contract and in the budget for the assignment.
- vi. Consultants should not be hired for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a

position of not being able to carry out the assignment in the best interest of the University.

- vii. To protect the University data, appointed consultants shall, where necessary, sign the non-disclosure agreement.
- viii. Any request to procure consultancy services up to R250 000 shall be signed by the relevant ELG member within faculties or divisions. Requests, in exceptional circumstances, are to be duly motivated and presented for consideration and approval by the CFO. The motivation shall include reason for not pursuing the proper procurement process in making the appointment.

6. PARTNERING WITH THE RIGHT SUPPLIER

6.1 General

- 6.1.1 The University will promote, accelerate and support the procurement of goods and services from suppliers in line with the appropriate legislation and the University's preferential procurement strategy.
- 6.1.2 The University will, each financial year, strive to achieve a percentage of recognisable B-BBEE procurement spend as approved by the MEC.

6.2 Access to the requirements

Where feasible, the University will, in tender documents, allow subcontracting and joint ventures with small, medium and micro enterprises (SMMEs) and B-BBEE enterprises where the B-BBEE enterprise or SMME may be unable to fulfil all tender requirements due to the size or nature of the requirement. The main contractor will remain the principal contractor and will be accountable for the joint party or subcontracting party regarding all aspects of the contract.

- 6.2.1 In implementing the sourcing initiatives, all suppliers shall be a minimum B-BBEE level 4.
 - a) The University shall conduct business with suppliers who holds B-BBEE Level 1- 4 with a confirmed percentage of BO and/or BWO.
 - b) Automatic Level 4 suppliers shall be considered for commodities where there is limited competition in the market.
 - c) An exemption shall be granted when sourcing for specialised services with proven limited supply and in support of agreements which are with organs of the state.
- 6.2.2 Priority shall be given to suppliers with at least 51 % black ownership and/or greater than 30 % black female ownership and/or at least 51% black designated groups' ownership.
- 6.2.3 Should there be a scenario where an active supplier does not meet the requirements as stipulated in 6.2.1 or 6.2.2, a B-BBEE development plan to achieve the above shall be sought from the respective supplier. The B-BBEE development plan shall not exceed a five-year duration. This is to ensure that all active suppliers are not disadvantaged but are given an opportunity to improve their ratings.
- 6.2.4 All suppliers on the UJ supplier database shall renew their B-BBEE certificate at UJ on an annual basis.
- 6.2.5 All University spending for quotations threshold upto R30 000 be targeted towards local economies empowerment. It is recommended that this spending

be targeted towards Black Owned (BO) and Black Women Owned (BWO) entities

6.3 Preferential Procurement scoring

- 6.3.1 The University will, in tender/quotation documents, stipulate the preference point system to be applied in adjudication and will include criteria for the evaluation.
- 6.3.2 The contract shall be awarded to the tenderer who scores the highest points, unless objective criteria justify the award to another tenderer.
- 6.3.3 However, when any donor funds are accepted and utilised for procuring goods or services, the donor's rules will apply.
- 6.3.4 All adjudication documents will be kept on file as per the legal requirements.

6.4 Supplier and Enterprise Development

6.5

- 6.4.1 The University will endeavour to promote supplier development and enterprise development in line with the Codes of Good Practice and the B-BBEE amendment Act of 2013.
- 6.4.2 (EMEs) with a turnover of up to R10 million, and qualifying small enterprises (QSEs) with a turnover between R10 million and R50 million and at least 51% black owned may be allowed earlier payment terms after receipt of a valid original invoice and supportive documentation. This applies in instances where early payment terms were part of the contract or where the facility was agreed at the time when the supplier was included on the supplier database to promote supplier development. Other initiatives shall include development and coaching in various aspects of managing and running a business.

6.5 Monitoring and Performance measurement

The University will record its procurement spend and report annually to MEC and Council and its subcommittees on its preferential procurement spend.

6.6 Exemption from full compliance with the University policy

The MEC may, on request, exempt the University from all the above provisions if –

- a) The likely contract for goods and services are acquired from international suppliers or an organ of state; and/or
- b) It is in the University's interest.

6.7 Supplier performance management

Suppliers shall be periodically evaluated for workmanship and ability to meet the University's requirements, including the number of returns made due to poor quality or incorrect delivery and adherence to purchase order prices.

- 6.7.1 All new suppliers shall be evaluated on completion of the first three completed projects at the University.
- 6.7.2 Where a new service provider is being recommended for work at the University, business units and project leaders must help in completing the Supplier Performance Review form.

- a) This will help in reviewing the workmanship and capability. The form must be filled in to determine if the performance of the supplier is acceptable.
 - b) After three acceptable supplier performance reports, the supplier will be deemed to be satisfactory for normal use and will be evaluated annually.
- 6.7.3 The supplier financial statement will be reviewed annually in order to adjust the threshold level.

7. QUOTATION/TENDER COMPILATION

The University shall compile all documentation in English.

Depending on the threshold, invitation shall be made of relevant suppliers or advertising shall be chosen for publication in the relevant media to ensure that the target market is reached.

7.1 Advertising

In all cases, tenderers must be allowed sufficient time to prepare comprehensive responses.

7.1.1 The invitation/advertisement shall provide detailed description of the requirement, including the contract period applicable. Other inclusion shall be:

- a) The place of work, installation or delivery.
- b) Tender number.
- c) Closing date and time.
- d) Tenders obtainable from: University of Johannesburg, street address, postal address, email address, contact person for enquiries, telephone number and office hours (Mondays to Fridays).
- e) Whether site meetings, information/briefing sessions are applicable and whether they are compulsory or not.
- f) Submission and delivery mode for tenders.

7.1.2 Since most companies close between 15 and 31 December no tenders may be advertised during or close to December.

7.2 Determining the closing period, including a shorter or longer period

All advertisements shall be for the minimum period of 14 days before closing time, except in cases when a shorter period is approved by the relevant bid committee.

7.2.1 A longer closing period may be necessary where a complex response is required from tenderers.

7.2.2 In justifiable cases tenders may be advertised for a shorter period as the Tender Committee may determine.

- a) Sufficient motivation should provide the committee with assurance that all prospective tenderers are able to deliver a response in a shorter time.
- b) Consideration for a shorter closing period should allow adequate time for responses to be prepared and submitted and should not disadvantage any prospective tenderer from participation.

7.3 Determining the validity period, including a shorter or longer period

- 7.3.1 Depending on the complexity of the project a validity period, of between 60 to 90 days shall be determined and be outlined in the tender document, to allow the University sufficient time to finalise the evaluation and award process.
- a) Quotations shall remain binding for acceptance for at least 14 days after the closing date.
 - b) Tenders/proposals/offers shall remain valid for at least 60 days from the closing date. A longer period may be set if required, but preferably not longer than 90 days.
- 7.3.2 The Tender Specialist responsible for the invitation of the tenders shall be responsible for the extension of the validity period, if and when required, before the validity lapses.
- 7.3.3 An extension of tender validity, if justified in exceptional circumstances, should be requested in writing from all tenderers before the expiration date.
- 7.3.4 The extension shall be for a minimum period to allow for completion of the evaluation, and to obtain the necessary approvals and award the contract.

7.4 Availability of tender documents

Tender documents will be available on the date on which the requirement is advertised.

7.5 Handling of responses

The University shall maintain a register to record information on all tender documents issued and responses received from suppliers participating in the tender.

7.6 Elements for inclusion in tender documents

To ensure uniformity in the tendering process, all tenderers shall receive the same information in documentation and are assured of an equal opportunity to obtain additional information on a timely basis to ensure fairness.

Where feasible, subcontracting and joint ventures with emerging businesses are encouraged.

- 7.6.1 Tender documentation shall include terms of reference or specification, evaluation and award criteria and the relevant conditions and forms.
- 7.6.2 The evaluation criteria, the weights and the percentage for functionality, as well as the percentage split between price and functionality, shall be determined before the tender document is published.

7.6.3 Specifications/Terms of Reference

The specifications should be written in an unbiased manner to allow all potential tenderers to offer their goods and/or services. It is recommended that specifications should be approved by the relevant committee (BSC) prior to advertisement of tenders as tenders may only be evaluated according to the criteria stipulated in the tender documentation.

- a) Specifications and/or terms of reference must be compiled by the subject matter expert – either within the business unit requiring the work or the help of an external specialist properly appointed to support on the project.
- b) The specifications must be comprehensive and clear in order to allow tenderers the opportunity to address the requirement in detail.

- c) Functionality criteria shall form an integral part of the tender to guide capability of the tenderers to meet the requirements. Such criteria shall:
 - i. relate directly to the goods, services or engineering and construction works that are being procured and to matters that cannot directly be expressed in monetary terms;
 - ii. be justifiable in terms of projected procurement outcomes;
 - iii. enable the most economically advantageous offer to be established; and
 - iv. to the extent practicable, be objective and quantifiable.
- d) Functionality criteria may include criteria such as:
 - i. technical merit;
 - ii. response to (ability to relate to) the proposed scope of work/project design;
 - ii. aesthetic and functional characteristics;
 - iii. safety and environmental characteristics;
 - iv. quality control practices and procedures, which ensure compliance with stated employer's requirements;
 - v. reliability;
 - vi. durability;
 - vii. organisation, logistics and support resources relevant to the scope of work;
 - viii. qualifications and demonstrated experience of the key staff (assigned personnel) in relation to the scope of work;
 - ix. demonstrated experience of tendering entity with respect to specific aspects of the project / comparable projects;
 - x. running costs;
 - xi. after-sales service and technical assistance;
 - xii. delivery date; and
 - xiii. delivery period or period of completion
- e) The tender process shall not be initiated if:
 - i. specifications are incomplete or unsigned by the line management (Project Leader, HOD and/or ELG member – depending on the delegated level); and
 - ii. the appropriate approvals of the interdependent department, such as Operations or ICS, are not submitted.

7.7 Quotation/tender document pack

The documentation pack will consist of the following:

7.7.1 Standard University tender document.

7.7.2 Specification/Terms of reference.

7.7.3 General conditions of contract.

7.7.4 Special contract conditions.

7.7.5 Copy of the proposed contract/SLA where applicable.

7.7.6 Elements to take into account when compiling quotation/tender documentation pack

7.7.6.1 Allocate a sequential tender number.

7.7.6.2 The closing period and time of the tender.

7.7.6.3 Validity period applicable.

7.7.6.4 The price must be quoted in Rand.

- 7.7.6.5 Compliance with any statutory requirements deemed necessary.
- 7.7.6.6 Whether a briefing session is required or not.
- 7.7.6.7 Evaluation criteria applicable.
- 7.7.6.8 Evaluation method.
- 7.7.6.9 The format in which the tender must be submitted.
- 7.7.6.10 Methods of tender delivery allowed.

7.8 Tender briefing session

Tender briefing sessions shall be arranged to provide all prospective tenderers an opportunity for information sharing and clarifications.

- 7.8.1 Invitations will guide on whether the attendance of the briefing session is compulsory or not. The invite will also specify the date, time and venue of these sessions.
- 7.8.2 Site visits might be required in some cases to enable prospective tenderers to measure distances or clarify complex specification details. In these cases, it will be compulsory for tenderers to attend the briefing session and site visit.
- 7.8.3 Minutes of the briefing session meeting shall be kept and may be provided on enquiry through a proper information request process.
- 7.8.4 All tender briefing sessions shall be chaired by an official of the Tender Office.

7.9 Changing of information before closing time

Should the conditions of the issued tender change before closing time, the following shall apply:

- 7.9.1 Where major amendments are made to the specifications or a major mistake is being discovered, the tender invitation shall be cancelled and new tenders be invited.
OR
- 7.9.2 An addendum to the existing documentation if mistakes are discovered and/or changes being made are not major and will not influence the scope as issued shall be issued.

Sufficient time shall be given to all prospective tenderers to study the additional information clarification, correction and/or modification to the specification and/or tender document.

7.10 Postponement of the closing time

Due to unforeseen circumstances, the need may arise to postpone the closing time. This shall be done in writing to all prospective tenderers, advising them on the date postponement and indicating a new closing date before the original closing date lapses.

7.11 Receiving and opening of tenders

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

- 7.11.1 Tenderers will be allowed to submit tenders only as prescribed in the tender document and as clarified during the briefing session.

- 7.11.2 The Tender Office shall maintain a register of all tenders received.
- 7.11.3 Confidentiality of tenders received shall be observed throughout the process and submissions shall be protected from unauthorised access.
- 7.11.4 Tenders shall be marked for authenticity as proof that the tender was received not later than the closing time.
- 7.11.5 The tender shall be re-advertised where no tenders or no suitable tenders have been received by closing time.

7.11.5 Admission of tenders

Only tendering documents that are submitted in the prescribed manner and where all the essential forms are properly signed before submission, shall be accepted as valid.

7.11.6 Tenders received late

Tenders are late if they are received in the prescribed manner as in the tender documents after closing time. Tenders received late shall be recorded as such.

7.12 Multi-year contract tenders

Tenders for contracts with a duration of more than one year:

- 7.12.1 A specific escalation rate determined by the market factors shall form part of the tender.
- 7.12.2 This rate will then be used to calculate the tariffs for each of the future years.

8. EVALUATION OF TENDERS/QUOTES

The University shall evaluate a tender or quote based on the content of the documentation and the evaluation criteria stipulated, which must cover the areas of finance, functionality (technical) and preferential procurement, as well as any other criteria set as prescribed on the tender document.

8.1 The Tender Office shall establish an Evaluation Committee on an ad-hoc basis to pursue the evaluation process. The Tender Evaluation Committee shall be a cross-functional team. At least the following skills must be represented on the Committee:

- 8.1.1 Procurement expertise.
- 8.1.2 User representative – Subject matter expertise.
- 8.1.3 Sufficient financial expertise.
- 8.1.4 Sufficient technical expertise.
- 8.1.5 Additional technical expertise may be co-opted.

8.2 Members of the Evaluation Committee shall evaluate the tenders in an honest, fair, impartial and transparent manner.

8.2.1 Members are bound by the Charter of the BEC.

8.2.2 All members who are involved in the procurement process, shall declare their interest in the members register.

8.3 Evaluation committee members must be familiar with and adhere to prescribed legislation, directives and procedures in respect of the process undertaken.

- 8.4 No person should interfere with the tendering process.
- 8.5 The University shall reject any tender from a tenderer who fails to provide original written proof from SARS that their tax matters are in good standing with SARS.
- 8.6 Tender evaluation shall include successful full vetting of the shortlisted prospective tenderers and/or the recommended tenderer(s).

8.7 Compliance check

After authentication of the submission, the Tender Office shall do a compliance check and ascertain whether quotations/tenders complies with the predetermined conditions and that all required forms and information are submitted, completed in full, legible and do not warrant the tender/quote being rejected. Compliance check shall:

- 8.7.1 include verification for submission of valid tax clearance certificates;
- 8.7.2 verification that the documents have been properly signed; and
- 8.7.3 submissions are substantially responsive to the quotation/tender documents instruction regarding returnable documents.

8.8 Evaluation

Tenders are to be evaluated against the criteria outlined in the tender document. The criteria to be taken into account are:

- 8.8.1 Compliance with the specification/terms of reference and conditions of the tender.
- 8.8.2 Functionality (this shall include capability/ability to execute the works as advertised).
- 8.8.3 Preferential procurement:
 - a) Price; and
 - b) B-BBEE.
- 8.9 Evaluations are not based on consensus decisions.
 - 8.9.1 Each evaluator scores each quotation/tender individually according to the predetermined criteria and weightings as reflected in the original quotation/tender documents.
 - 8.9.2 Functionality shall be scored in terms of the predetermined judgement with fixed scores assigned to each weight. Points shall be calculated based on the score per criteria and weight scored per tenderer.
 - 8.9.3 Tenderers may be requested to clarify information that is unclear or make presentations before the BEC to provide further clarity.
- 8.10 Evaluation Committee members shall discuss the strengths, weaknesses and peculiarities of each offer.
 - 8.10.1 Relevant technical, financial and procurement expertise will be applied in the evaluation.
 - 8.10.2 Technical/functional evaluation shall be done by the subject matter expert team from the business units.
 - 8.10.3 Take cognizance of whole-life costing in the financial evaluation of tender offers.

8.10.3 Samples

Should sample testing be required, the party carrying the cost of testing shall be stated in the tender document.

8.10.3.1 Samples submitted by unsuccessful tenderers may be collected if the tenderers request to do so.

8.10.3.2 All samples must be collected within 60 days after the acceptance date of the tender. Samples not collected will be auctioned or destroyed at the end of the financial year. Proceeds will go the University.

8.10.4 Alternative offers and improvement on specifications

Regardless of whether the tenderer submits offers that conform strictly to specification, alternative offers or an improvement on the specification shall be regarded as a deviation from the predetermined conditions and criteria.

8.10.4.1 Where quotations/tenders are received with acceptable deviations from specifications, such proposals shall be considered as value-adding proposals and not be considered in the main evaluation.

8.10.4.2 The BEC may recommend acceptance, provided that the competitiveness of another provider is not adversely affected.

8.10.4.3 Otherwise, all other tenderers must be given the same opportunity to better the specifications or provide alternatives.

8.10.5 Provider's own conditions

The conditions as contained in the quotation/tender documents, have precedence.

8.10.5.1 All participants must accept these conditions.

8.10.5.2 However, it sometimes happens that tenderers set their own conditions, which might be in conflict with the quotation/tender conditions.

8.10.5.3 Such own conditions set by providers may be recommended for acceptance where it is in the interest of the University to do so and where the interests of other providers are not prejudiced.

8.10.5.4 Where the conditions are found unfavourable, the BEC shall ask the relevant Awarding Committee in the recommendation report to request the provider concerned to withdraw the conditions. Should the provider not be prepared to withdraw unacceptable or conflicting conditions; reasons why such conditions must be accepted, or why the quotation/tender must be rejected, shall be submitted to the relevant Awarding Committee for approval.

8.10.6 Determination of final score

8.10.6.1 A final score per responsive tenderer shall be determined through the outcome of the functionality score, including assessment of samples

or presentation outcomes and the score from the preferential points system.

- a) The functionality score shall be determined by each member for each criterion.

All the scores of all evaluators are then added together and divided by the number of evaluators to determine the average score for functionality for the tenderer.

- b) Should functionality not be a consideration during formulation of the tender criteria, compliance with the specification shall be the factor for consideration and then the preferential points system shall be the final score.

Tenders that score less than a predetermined percentage for functionality shall be eliminated on account of a stipulated precondition in the tender.

8.10.7 Equal offers

When offers are equal in all respects on a comparative basis, thus scoring equal total points after consideration of functionality and preferential procurement system, the successful tenderer shall be the one with the highest B-BBEE credentials in line with the University Preferential Procurement strategy.

8.10.8 The evaluation shall include a Tender Specialist at all times to facilitate the process.

8.10.9 All discussions of each quotation/tender as well as the recommendation shall be recorded in a recommendation report that must be signed off by all members of the Evaluation Committee.

8.11 The final recommendation report shall be submitted to the relevant Awarding Committee for consideration.

8.12 If a tender, in line with the requirements in the tender document, is regarded as non-responsive, it shall not be evaluated further. Reasons for disqualifications of tenders or quotes, may include among others:

8.12.1 Fraudulent action

The University will reject a proposal for the award of a tender or contract if the recommended supplier has committed a corrupt or fraudulent act in competing for the particular contract.

8.12.2 Late tenders

Prescription of paragraph 7.11.6 applies.

8.12.3 Non-submission of tax clearance certificates

Prescription of paragraph 8.5 applies.

8.12.4 Deviations from specifications

Quotations/tenders that deviate from the specifications shall be regarded as non-responsive and be disqualified.

8.12.5 Trademark/brand name

If a tender or quote is requested for a particular trademark/brand name, substitute products shall not be accepted.

8.13 Cancellation of quotations/tenders

Should it be determined through the evaluation process that no acceptable quotations/tenders were received, then a recommendation to cancel the quotation/tender must be submitted for approval as part of the evaluation report.

- 8.13.1 The Technical Team Project Leader shall present the technical evaluation report to the BEC.
- 8.13.2 The SCM team shall investigate the reasons why no acceptable quotations/tenders were received before a decision is made on what alternative process should be followed to satisfy the requirements. This report shall be tabled to the relevant awarding committee.
- 8.13.3 Possible reasons for receiving unacceptable quotations/tenders may include among others:
 - a) Media used to reach the target audience in the case of advertised tenders, did not provide intended coverage.
 - b) Wrong group of potential providers were targeted in the case of non-advertised tenders.
 - c) Terms of reference were not clear and specific.
 - d) Quotations/tenders submitted did not address the terms of reference as the latter was not understood or the providers were clearly inexperienced.
 - e) The period allowed for the submission of quotations/tenders was not sufficient for participants to submit a sufficient quotation/tender.
- 8.13.4 Based on the investigation report outcome, a decision may be considered to either re-advertise/reinvite the tender/quotation or to target a specific number of pre-identified service providers.
 - a) The investigation recommendation report shall contain the request for cancellation accompanied by the reasons determined through the investigation as well as a recommendation on the alternative process to be followed to satisfy the requirements.
 - b) The Tender Office shall inform all participants in writing of the intent to cancel the tender.

9. AWARDING

Awarding structures are outlined in paragraph 3.4.3 of this Manual.

- 9.1 The Evaluation and Awarding Committees shall be composed of different members to ensure that a transparent review of the evaluation is undertaken.

9.2 Award based on final combined score

- 9.2.1 A successful tenderer shall be responsive in all aspects in line with the criteria prescribed in the tender document to perform the contract satisfactorily.
- 9.2.2 The BEC will present a report with final scores ranked in order of the highest to the lowest and, unless justifiable grounds exist, the contract shall be awarded to the highest scoring tenderer.

- 9.2.3 If the successful supplier cannot within first year of award, deliver the goods or services in terms of the tender, the relevant awarding committee may award the tender *ex post facto* to the next highest ranked tenderer from the original list of tenderers, instead of initiating the tender process again.

9.3 Award to tenderer not scoring the highest points

A tender may be awarded to the tenderer not scoring the highest points if justifiable grounds exist for such award. This entails careful consideration being given to the justification for selecting a lower-scoring tenderer and that legal advice must be sought before such a selection takes place. Reasons for such an award must be clearly documented and filed for recording purposes.

9.4 Negotiations with tenderers

Negotiation with the tenderers shall be on approval of the relevant Awarding Committee.

9.4.1 In such a case the prescription of paragraph 5.6.1 shall apply.

9.4.2 The negotiations shall take place at least at senior management level and the agreement reached shall be confirmed in writing.

9.5 Communication of award to successful tenderer

The University's acceptance of a successful quote or tender shall be a conditional acceptance confirmed in writing by the Tender Office.

9.5.1 The relevant business units shall ensure that the SLA or contract that was part of the tender documents is duly signed by all parties and approved in accordance with the delegations of authority.

9.5.2 The signed agreement shall be filed with the Office of Corporate Governance and on the Contract Management System to enable initiation of the purchase order.

10. CONTRACT AND PERFORMANCE MANAGEMENT

10.1 Contract Management

All contracts entered into on behalf of the University, except for employment contracts, as well as orders must be signed/authorised only by the authorised officials, in accordance with the Financial Delegation of Authority.

10.1.1 Concluded contracts shall be administered in accordance with the signed contract terms and conditions governing the relationship between the University and the service provider.

10.1.2 The business unit remains responsible for the day-to-day management and monitoring of a contract, in line with the contractual conditions, and must notify the Procurement Department should any deviation arise.

10.1.3 The business unit must ensure that all reasonable steps are taken to enforce the contract.

10.1.4 Procurement Department will monitor and randomly review some of the University's high-value contracts in terms of pricing versus goods/services delivered in order to ensure that:

- a) there are no financial losses to the University;
- b) the contracts are maintained as to the agreement; and
- c) no contract increases are effected over time without the necessary authority.

10.2. Warranties

If, during the warranty period, goods do not comply with the requirements because of faulty material used during manufacture or faulty finishing or any deficiency, latent or otherwise, the contractor shall be requested without delay, in writing, to replace or repair the goods, depending on the circumstances. Supplies replaced or repaired or services rendered must be warranted for the same period as the original supplies or services.

10.3 Supplier Performance Management

10.3.1 *Unsatisfactory performance*

The user department must immediately report unsatisfactory performance in terms of the contract to the Procurement Department through the completion of the Supplier Performance Review document.

- a) The Procurement Department shall, in consultation with the business unit and office of the General Counsel (if required), bring unsatisfactory performance to the attention of the contractor in writing.
- b) The *audi alteram partem* rule ("hear the other side too", or "hear the alternative party too") shall be applied in managing unsatisfactory performance.
- c) The Procurement Department shall give notice to the contractor, for remedial steps to be taken in terms of the contract due to non-performance or poor performance.
- d) Should the contractor fail to remedy the performance within the agreed time frame, the contract shall be cancelled.

10.3.2 *Late deliveries*

Penalties for late delivery **shall** be imposed if deliveries within a particular time period (service) were part of the contract condition and if delays caused serious damage, loss or inconvenience to the University.

All retention and penalty clauses will be pursued by the University.

11. INVOICES AND GRV'S

11.1 No invoices shall be paid unless a Goods Received Voucher (GRV) which has been signed off by the user department is attached.

11.2 All differences in quantities and prices experienced during delivery of goods and services must be reported to the Snr Manager: Procurement. The Senior Manager shall act on such differences immediately.

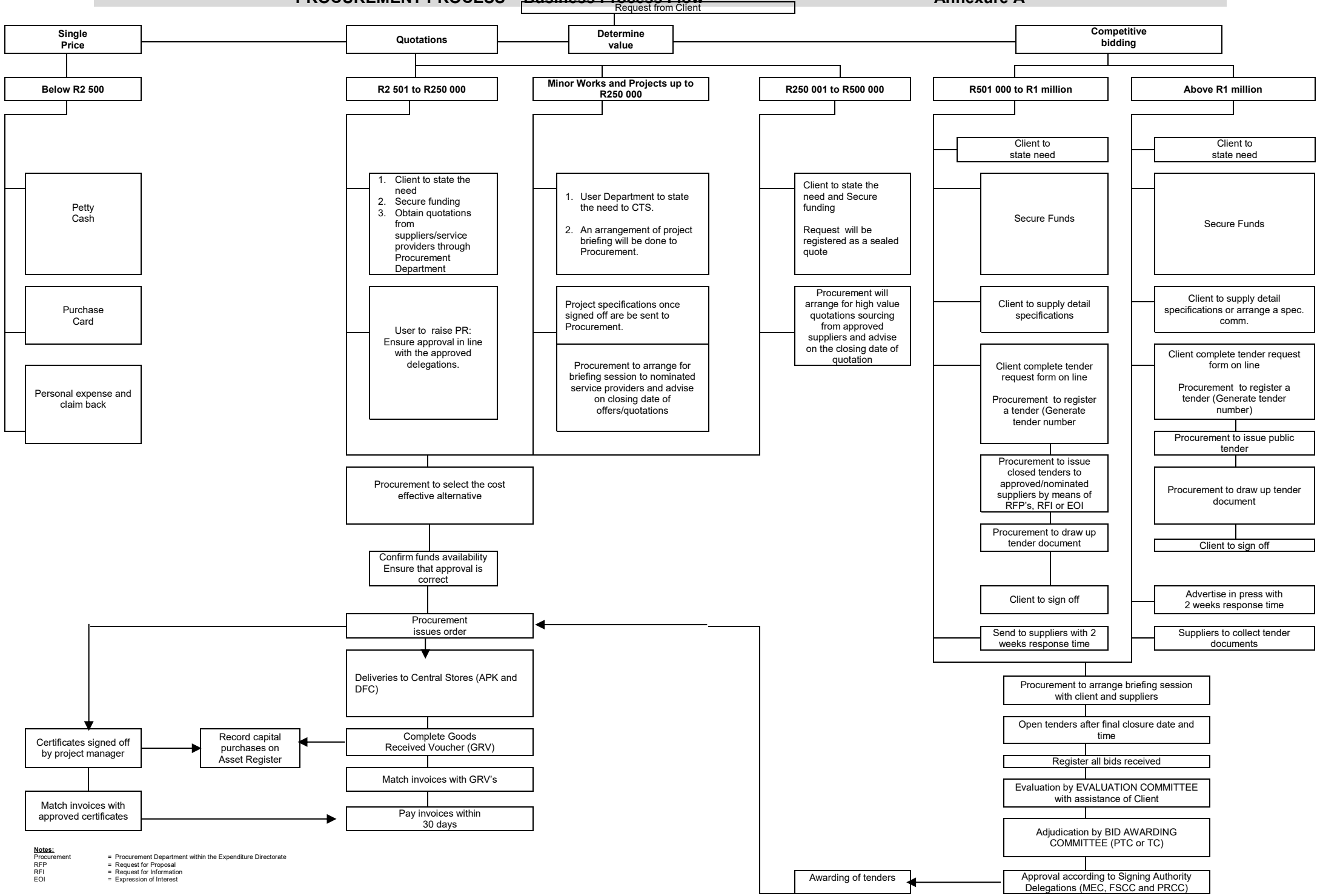
11.3 Upon receiving of goods ordered the Receiving Depot Official shall check whether the goods have been ordered by the University by confirming that a valid order number is stated on the Invoice/Delivery Note:

- a) If the goods being delivered agree with the issued order, a goods received voucher will be immediately issued.
- b) If there are discrepancies found between goods ordered and the goods delivered, goods as delivered shall not be accepted and the entire delivery will be returned.

- c) Goods incorrectly delivered or damaged should be returned immediately and proof of the returns forwarded to the Procurement department. The Buyer concerned must handle all negotiations regarding the rectification of the problem.
- 11.2 Invoices received for purchases without orders shall be registered by the Director: SCM for verification that the goods/service has been delivered/rendered, such invoices shall be recorded and reported the non-compliance to the CFO. Disciplinary procedures may be taken after investigation of the circumstances.

PROCUREMENT PROCESS – Business Process Flow

Annexure A



Notes:
 Procurement = Procurement Department within the Expenditure Directorate
 RFP = Request for Proposal
 RFI = Request for Information
 EOI = Expression of Interest