



## education

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Department:  
Education  
North West Provincial Government  
REPUBLIC OF SOUTH AFRICA

Policy no: \_\_\_\_\_

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# POLICY: SUPPLY CHAIN MANAGEMENT POLICY

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Approver..... SESHIBE MW.  
Designation: Acting SG  
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## Definitions and Abbreviations

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“**Bid**” means a written offer in a prescribed or stipulated form in response to an invitation by the Department for the provision of goods, services or works with a value above R1 000 000.00.

**Emergency procurement** – means where life, property or equipment is immediately at risk or standards of welfare or safety needs to be re-established without delay. Examples include responses to natural disasters.

“**Bid documentation**” means the standard documentation utilised by the Department when soliciting a bid or quote.

“**Bid Specification Committee (BSC)**” means the committee appointed to approve the procurement approach, specifications, terms of reference (ToR), develop the sourcing strategy.

“**Bid Evaluation Committee (BEC)**” means the committee appointed to evaluate bids.

“**Bidder**” means a service provider that submits a bid for a contract with a value threshold above R1 000 000.00.

“**Black people**” is a generic term which means Africans, Coloureds and Indians as per the BBBEE Act

“**Broad-based black economic empowerment**” (**BBBEE**) means the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to:

- a. increasing the number of black people that manage, own and control enterprises and productive assets;
- b. facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises;
- c. human resource and skills development; achieving equitable representation in all occupational categories and levels in the workforce;
- d. preferential procurement; and
- e. investment in enterprises that are owned or managed by black people.

“**CIDB**” means the Construction Industry Development Board.

“**Contractors**” means a contractor as per the CIDB Act.

“**Departmental Bid Adjudication Committee (DBAC)**” means the committee that adjudicates over bids issued by the Department, this committee also assesses the sourcing strategy and awards or

rejects bids as per the recommendation of the Bid Specification Committee/Bid Evaluation Committee, where the value of the bid is above R 1 000 000.00.

**“Functionality criteria”** means the service providers ability to meet the service delivery requirements.

**“Generic scorecard or any relevant charter”** means the scorecard that is promulgated in terms of the BBBEE Act.

**“Government”** means the government of the Republic of South Africa.

**“highest acceptable tender”** means a tender that complies with all specifications and conditions of tender and that has the highest price compared to other tenders;

**“lowest acceptable tender”** means a tender that complies with all specifications and conditions of tender and that has lowest price compared to other tenders;

**“Movable Asset register”** means the register in which all the movable assets of the Department are recorded.

**“Official”** means an employee of the Department.

**“PFMA”** means the Public Finance Management Act, 1 of 1999.

**“Preference points”** means points allocated to preference in terms of the Preferential Procurement Regulation 2022

**“price”** means an amount of money tendered for goods or services, and includes all applicable taxes less all unconditional discounts;

**“Quote”** means a written offer in a prescribed or stipulated form in response to an invitation by the Department for the provision of goods, services or works with a value threshold below R1 000 000.00.

**“Rand value”** means the total estimated value of a contract in Rand, calculated at the time of the tender invitation; may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994;

**“Responsiveness (eligibility) criteria”** means the criteria or requirements that are stipulated in the bid documents which the Service Providers must achieve to qualify to be evaluated.

**“Section 2(1)(f) of the Act”** means section 2 (1)(f) of the Preferential Procurement Policy Framework Act: “the contract must be awarded to the tenderer who scores the highest points, unless objective criteria justify the award to another tenderer.”

**“Service provider”** means a service provider that provides goods or services to the Department.

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**“Service provider database”** means a register of all service providers that are pre-qualified or pre-contracted by Department.

**“Supply Chain Management Regulations”** means the regulations in terms of Regulation 16A of the regulations to the PFMA.

**“tender”** means a written offer in the form determined by an organ of state in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation;

**“tender for income-generating contracts”** means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions

**“Term contractor”** means a Service Provider that has been awarded a contract with the Department to supply specified goods or perform specified services or works within a specified period.

**“The North West Department of Education”** means The North West Department of Education and its District Offices and schools.

**“The State”** means the government of the Republic of South Africa and any of its Departments or institutions.

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## Associated Documents

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The following documents are relevant to the development of the SCM Policy.

- a. SCM Delegations of Authority.
- b. CIDB Best Practise Guidelines.
- c. CIDB Standards for Uniformity in Construction Procurement.
- d. Framework for Infrastructure Delivery and Procurement Management (FIDPM).
- e. National Treasury SCM Guideline for Accounting Officers.
- f. National/Provincial Treasury Instructions and Practise Notes.
- g. Treasury Regulations applicable to SCM.
- h. Treasury Preferential Procurement Regulation (PPR).
- i. PPPFA – Preferential Procurement Policy Framework Act.
- j. PFMA – Public Finance Management Act
- k. Construction Industry Development Board Act 38 of 2000.
- l. PAIA - Promotion of Access to Information Act, 2000.
- m. PAJA - Promotion of Administrative Justice Act, 2000.
- n. The Prevention and Combating of Corrupt Activities Act, 2004.

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## Framework Statement

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1. This policy framework is aimed at ensuring the establishment of an efficient and effective Supply Chain Management System by continuously improving processes and the overall business performance of North West Department of Education (NWDoE).

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## Objective

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2. The objectives of this policy is to create an enabling environment for the Department to manage the supply of goods, services and works in a manner that is fair, equitable, transparent, competitive and cost effective in accordance to Section 217 of the Constitution

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## Policy Details

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3. The Supply Chain Management system should address the following six elements in accordance to the Treasury Regulations 16A (Supply Chain Management):
  - a. Demand Management
  - b. Acquisition Management
  - c. Contract Management
  - d. Logistics Management
  - e. Disposal Management
  - f. Risk Management
  - g. SCM Performance & Monitoring
4. The Supply Chain Management system should address the following fundamentals as indicated in the diagram below:

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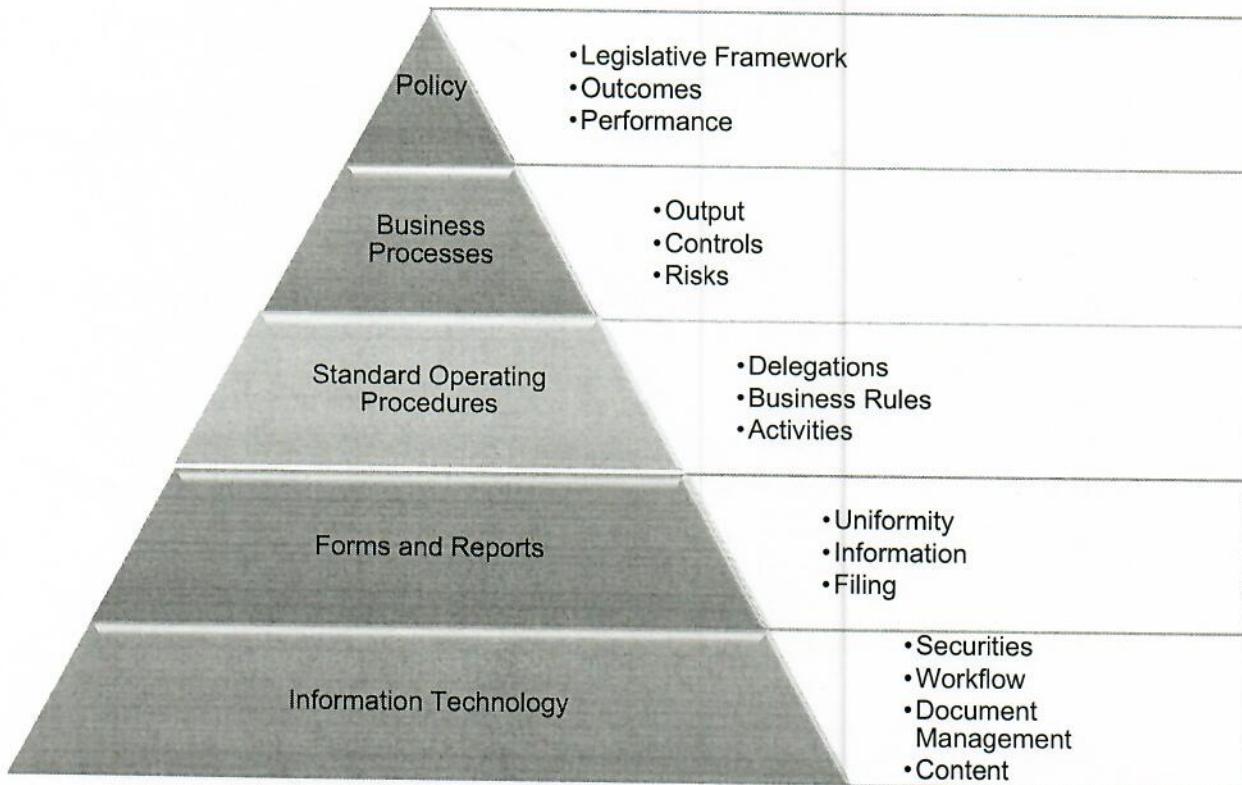
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- a. **Business processes**, which align the Department's processes with the overall requirements of the policy, directives and delegations.
- b. **Standard Operating Procedures**, which provide specific direction on supply chain management and key decision points.
- c. **Delegations**, which assign specific responsibilities to NWDoE role-players in terms of section 44 of the PFMA.
- d. **Forms and Reports**, which provide uniformity and information pertaining to Supply Chain Management of the Department.
- e. **Information Technology**, which supports the implementation of Supply Chain Management processes within the Department.

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## Demand Management

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5. The objective is to ensure that the resources required to fulfil the needs identified in the strategic plan of the institution are delivered at the correct time, price and place and that the quantity and quality will satisfy those needs.

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6. A total needs assessment should be undertaken, as part of the strategic planning process of the department and will incorporate future needs.
7. Demand Management should ensure that:
  - a. Future as well as current needs are understood;
  - b. Requirements are linked to the budget;
  - c. Specifications are determined;
  - d. The need forms part of the strategic plan of the department;
  - e. The optimum method to satisfy the need is considered, including the possibility of procuring goods, works or services from other institutions, or on transversal or ad hoc contracts;
  - f. The frequency of the requirement is specified;
  - g. The economic order quantity is calculated;
  - h. Lead and delivery times are identified;
  - i. An industry and commodity analysis is conducted; and
  - j. an understanding of the Service Provider industry.

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## Infrastructure Procurement

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8. Infrastructure procurement shall be undertaken in accordance with all applicable Infrastructure Procurement-related legislation and Framework for Infrastructure Procurement and Delivery Management (FIPDM).
9. Infrastructure procurement shall be implemented in accordance with procurement gates prescribed and the CIDB prescripts.
10. Infrastructure procurement shall be undertaken by officials with expertise in infrastructure planning, management and delivery.
11. The authorisation to proceed to the next procurement gate must be provided by the Accounting Officer or delegated official. (FIPDM)

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## Acquisition management

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12. The purpose of acquisition management is to ensure that service providers, bids or quotations and contracts are managed.
13. The optimum method to satisfy the need must be considered, including the possibility of procuring goods, works or services from other institutions, or on transversal or ad hoc contracts.

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14. The following elements should be considered:
  - a. Benchmarking;
  - b. Total cost of ownership; (cost drivers)
  - c. Industry analysis; and
  - d. Market characteristics.
  
15. In implementing the policy NWDoe must ensure that:
  
16. Procurement of goods and services, either by way of quotations or through a bidding process, must be within the threshold values as determined by the National Treasury, mainly:
  - a. Up to R1 million must be procured through written quotations; and
  - b. Above R 1 million must be procured through bidding.
  
17. A supply chain management system must, in the case of procurement through a bidding process, provide for
  - i. the adjudication of bids through a bid adjudication committee;
  - ii. the establishment, composition and functioning of bid specification, evaluation and adjudication committees;
  - iii. the selection of bid adjudication committee members;
  - iv. bidding procedures; and
  - v. the approval of bid evaluation and/or adjudication committee recommendations.
  
- b. bid documentation and the general conditions of a contract are in accordance with -
  - i. the instructions of the National Treasury; or
  - ii. the prescripts of the Construction Industry Development Board, in the case of a bid relating to the construction industry;
  - iii. bid documentation must include evaluation and adjudication criteria, including the criteria prescribed in terms of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and the Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
  - iv. Quotations are advertised at least for seven (7) days
  - v. bids are advertised in at least the e-Tender Portal or Government Tender Bulletin for a minimum period of 21 days before closure, also advertise projects on i-Tender@cidb, in

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accordance with CIDB Regulations; except in urgent cases when bids may be advertised for such shorter period as per the accounting officers approval;

- vi. a valid Tax Clearance Certificate (TCC)/TCC Pin/ CSD Report stating a Tax Compliance status, must be submitted at the date of bid closure. The submission of the bidder's arrangement with SARS in terms of Tax obligations is not acceptable as a replacement for the TCC.
- vii. awards are published in the Government Tender Bulletin and other media by means of which the bids were advertised, including the departmental website and on i-Tender@cidb, in accordance with CIDB Regulations;
- viii. instructions issued by the National Treasury and the Department of Trade and Industry (DTI) in respect of procurement of goods, services and works with local content, are complied with;
- ix. contracts relating to information technology are prepared in accordance with the State Information Technology Act, 1998 (Act No. 88 of 1998), and any regulations made in terms of that Act;
- x. Treasury Regulation 16 is complied with when goods or services are procured through public private partnerships or as part of a public private partnership; and
- xi. instructions issued by the National/Provincial Treasury in respect of the appointment of consultants are complied with.

18. The department must capture the following information on e-Tender Portal as per online form requirements:

- a. Bid Information;
- b. bidders list within 10 working days of open competitive bid closing date;
- c. award information within 10 working days of successful bidder accepting the bid award;
- d. bid cancellation information; and
- e. bid amendments at least 10 working days before the bid closes.

19. If in a specific case it is impractical to invite competitive bids, the department may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the accounting officer.

20. The department can participate in transversal term contracts facilitated by the relevant treasury. When the department participates in a transversal contract facilitated by the relevant treasury, the department cannot solicit bids for the same or similar product or service during the tenure of the transversal term contract.

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21. The accounting officer may, on behalf the department, participate in any contract arranged by means of a competitive bidding process by any other organ of state, subject to the written approval of such organ of state and the relevant service providers.

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## **Supply Chain Management Committees**

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22. Supply Chain Management shall consist of the Bid Specifications Committee, Bid Evaluation Committee and Bid Adjudication Committee.

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## **Procedural Requirements for All Committees**

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23. A meeting of the Committee is called by the Chairperson of the Committee, or his/her delegate.
24. It must be ensured that a quorum of members (50%+1) is present, before proceedings commence, to ensure that valid decisions are taken.
25. The agenda of a committee meeting is determined by the Chairperson and once determined; no deviation will be allowed without the consent of the Committee.
26. The Chairperson must ensure that every meeting is minuted and that the minutes are an accurate reflection of the proceedings. Awards contrary to the information contained in the minutes, will require detailed written explanations.
27. The Chairperson must, with the approval of the Committee, confirm all past minutes and attach his/her signature thereto.
28. Reports must be signed by all members of the Committee.
29. The Committee members should complete and sign the following documentation:
  - a. Code of Conduct.
  - b. Declaration of interest by Bid Adjudication Committee.
30. Members must also be familiar with the Guidelines to the Code of Conduct for all parties engaged in CIDB.
31. Committee members must ensure that they avail themselves for the full duration of a meeting.
32. Minutes must be kept in a secure place, to facilitate future reference and auditing.

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## **Bid Specification Committee (BSC)**

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33. The BSC must consist of at least three cross functional officials who meet on atleast a monthly basis.
34. A representative from Legal Services, Finance, Risk Management an SCM Practitioner and an official requesting the service/ goods/ works will form a quorum.

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35. The responsibility/ function of the BSC is to scrutinise the specification/ terms of reference and recommend to the DBAC.

**Bid Evaluation Committee (BEC)**

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36. The Bid Evaluation Committee (BEC) should be cross functional, must be chaired by atleast the Director: Supply Chain Management, and a minimum of 4 members on at least a Deputy Director level.

37. The Bid Evaluation Committee evaluates responsive bid offers as per the bid evaluation criteria specified in the advertised bid, within the validity period, through an independently based evaluation on the evaluation schedule.

**Quotations Evaluation Committee**

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38. Each district and corporate should establish a Quotation Evaluation Committee.

39. The Quotations Evaluation Committee will deal with all quotations below the value threshold of R1 million Rands, however, all quotations received above the value threshold of R500 000.00 should be evaluated at corporate.

40. Corporate Quotations Evaluation Committee will also deal with all quotations above R 1million on pre-contract or standing supply contract

41. The Quotations Evaluation Committee should be as cross functional as possible, and must be chaired by at least an Assistant Director and a minimum of 4 members on at least a Level 7.

42. The Quotations Evaluation Committee evaluates responsive quotation offers as per the evaluation criteria specified in the quotation request, through an independently based evaluation on the evaluation schedule

**Bid Adjudication Committee (BAC)**

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43. The Departmental Bid Adjudication Committee must be chaired by the Chief Financial Officer (CFO) and consists of at least Deputy Director General's (DDG) up to the Chief Director level, only on special circumstances can a Director be considered to form part of DBAC.

44. The DBAC will perform the following functions:

- a. Review the specification/ Terms of Reference and recommend to the Accounting Officer.
- b. Recommend award of bids to the Accounting Officer.
- c. Recommend approval or rejection of variation orders to the Accounting Officer
- d. Recommend, amendment, and cancellation after awarding, transfer and cession of contracts.
- e. Conduct formal meetings and keep minutes of decisions.

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## **Quotations Adjudication Committee (QAC)**

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45. Each district should establish a Quotation Adjudication Committee and adjudicate all quotations below R500 000.00.
46. The Quotations Adjudication Committee must be chaired by the Deputy Director: Finance at the district and consists of at least Assistant Director level/Chief Education Specialist (CES).
47. The QAC will perform the following functions:
  - a. Recommend award of quotations to the Delegated Official.
  - b. Conduct formal meetings and keep minutes of decisions.

## **Service Provider Database**

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48. The NWDoE must utilise the Central Supplier Database (CSD) as provided by the relevant Treasury to source service providers, for the provision of goods and services.
49. The department must nominate a minimum of the first ten (10) service providers on the CSD for the commodity type. Each request must be sourced separately from the CSD, under no circumstance should the same CSD Report be used for multiple request whether the services are similar or not.
50. Under no circumstances can the department source from other databases or manually source from the internet or any other list/s unless approval is granted by the Accounting Officer to source from such a list or the department has pre-qualified or pre-contracted service providers for that commodity.
51. However, the department must maintain a register of Service Providers for all pre-qualified and pre-contracted (term contract/standing supply contract) service providers (framework agreements/panels) to ensure that the department complies with all legislation and sourcing service providers.

## **Preferential Procurement**

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### **Purpose**

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52. The purpose of this Preferential Procurement Policy is to provide a framework within which section 217 of the Constitution of the Republic of South Africa, 1996, the Public Finance Management Act (PFMA), 1999, the Preferential Procurement Policy Framework Act, 2000 and other provincial and national supply chain management prescripts shall be implemented in the North West Department of Education to ensure a consistent approach to Supply Chain Management.

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## **80/20 Preference Point System for Acquisition of Goods or Services with Rand Value Equal to or Below R50 Million**

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53. The following formula must be used to calculate the points out of 80 for price in respect of an invitation for a tender with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$Ps = 80 \left[ 1 - \frac{Pt - Pmin}{Pmin} \right]$$

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

54. A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.
55. The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
56. Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

## **90/10 Preference Point System for Acquisition of Goods or Services with Rand Value Above R50 Million**

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57. The following formula must be used to calculate the points out of 90 for price in respect of an invitation for a tender with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = 90 \left[ 1 - \frac{Pt - Pmin}{Pmin} \right]$$

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

58. A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.
59. The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
60. Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

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## 90/10 Preference Points System for Tenders for Income-Generating Contracts with Rand Value Above R50 Million

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61. The following formula must be used to calculate the points out of 90 for price in respect of a tender for income-generating contracts with a Rand value above R50 million, inclusive of all applicable taxes:

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

$P_s$  = Points scored for price of tender under consideration;

$P_t$  = Price of tender under consideration; and

$P_{max}$  = Price of highest acceptable tender.

62. A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.
63. The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
64. Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

## 80/20 Preference Points System for Tenders for Income-Generating Contracts with Rand Value Equal to or Below R50 Million

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65. The following formula must be used to calculate the points out of 80 for price in respect of a tender for income-generating contracts with a Rand value equal to or below R50 million, inclusive of all applicable taxes

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

$P_s$  = Points scored for price of tender under consideration;

$P_t$  = Price of tender under consideration; and

$P_{max}$  = Price of highest acceptable tender.

66. A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.
67. The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
68. Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

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## Specific Goals

69. These are specific goals which may include contracting with any person in the following groups, black people, women, youth and persons with disabilities.

## Allocation of Preference Points

70. The Department will utilize the following specific goals" as contemplated in section 2(1)(d) of the Preferential Procurement Policy Framework Act:

- a. Black People
- b. Women;
- c. Youth;
- d. Enterprises located in North West Province; and
- e. Persons with disability.

71. To enforce the specific goals and to ensure local economic development for procurement, the department shall allocate preference points to the following selected categories through targeting any of the identified categories or a combination thereof:

- a. Black People; and/or
- b. Women; and/or
- c. Youth; and/or
- d. Enterprises located in North West Province; and/or
- e. People with Disabilities.

### Example of A typical preference points allocation

The specific goals allocated points in terms of this tender	Number of points	Number of points
	Allocated (80/20 system) (To be completed by the organ of state)	Allocated (90/10 system) (To be completed by the organ of state)
51%+ Women owned	6	3
51%+ Black owned	4	2
51%+ Youth owned	4	2
Enterprises located in North West Province	2	1

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The specific goals allocated points in terms of this tender	Number of points	Number of points
	Allocated (80/20 system) (To be completed by the organ of state)	Allocated (90/10 system) (To be completed by the organ of state)
51%+ Disability owned	4	2
<b>MAX POINTS</b>	<b>20</b>	<b>10</b>

## Evaluation of Bids

72. The department shall at procurement and tender planning stage identify procurement opportunities to advance the targeted groups and through implementation of the specific goals.
73. The department shall conduct market research or industry analysis to identify procurement opportunities, to advance categories of persons identified as targets by the department.
74. The market research and Industry analysis must identify sectors and industries that are not transformed where specific goals could be applied to transform such sectors and industries for the benefit and advancement of targeted groups.
75. Terms of Reference may include the following preferential and specific goals:
  - a. Black People;
  - b. Women;
  - c. Persons with disability;
  - d. Enterprises located in North West Province; and
  - e. Promotion of Youth.
76. Allocation of points, per goal shall be determined by the Bid Specification Committee guided by the industry and commodity analysis performed and the strategic direction of the department.
77. The tender documents shall stipulate—
  - a. the applicable preference point system as envisaged in regulations
  - b. the specific goal in the invitation to submit the tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of the claim for such goal.
78. If it is unclear whether the 80/20 or 90/10 preference point system applies, the department shall in the tender documents, stipulate in the case of—

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- a. an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or
- b. any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system.

79. Identified specific goals per bid shall be approved by the accounting officer.

### **Claiming of Preference Points**

- 80. Preference points allocated for black people may be claimed if there is sufficient evidence that such black people has ownership of 51% or more of the enterprise shareholding.
- 81. Preference points allocated for women may be claimed if there is sufficient evidence that such woman has ownership of 51% or more of the enterprise shareholding.
- 82. Preference points allocated for persons with disabilities may only be claimed if there is sufficient evidence that such person has ownership of 51% or more of the enterprise shareholding.
- 83. Preference points allocated for promotion of youth may only be claimed if there is sufficient evidence that such youth has ownership of 51% or more of the enterprise shareholding.
- 84. Preference points for Locality may be allocated for promotion of enterprises located within the North West Province may be claimed by submission of proof that the enterprise is located within the borders of North West Province. This includes an enterprise whose head office may be situated in another province but has a fully-fledged branch within the North West Province. Enterprises located outside the borders of the North West Province and who only appoints agents and or commission warehouses in this municipal area are expressly excluded from claiming points for this goal.

### **Criteria for Breaking Deadlock in Scoring**

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- 85. If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals.
- 86. If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

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## Remedies

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87. If the department is of the view that a tenderer submitted false information regarding a specific goal, the department will:
- a. Inform the tenderer accordingly in writing;
  - b. Allow the tenderer Fourteen (14) Days to make a representation as to why the tender must not be disqualified or, if the the tender has already been awarded to the tenderer, the contract must not be terminated in whole or in part.
  - c. If the department concludes that the information was false, the department will
    - i. Disqualify the tenderer or terminate the contract in whole or in part;
    - ii. If applicable claim damages from the tenderer.

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## Two-stage (Prequalification) Bidding

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88. A two-stage (prequalification) bidding process can be used for large complex projects of a specialist or long term nature or where there are legislative, design, technological and/or safety reasons to encourage bidding to service providers who have proven their capability and qualification to meet the specific requirements of the bid. This may include projects where it may be undesirable to prepare complete detailed technical specifications or long-term projects.
89. Bidders must first be invited to prequalify in terms of stipulated criteria, without submitting a detailed technical proposal or a financial offer. The second stage, all bidders that qualify in terms of the stipulated criteria will be shortlisted and invited to submit final technical proposals or a financial offer.
90. Negotiations may be conducted with the preferred bidder by the DBAC. However prior approval must be obtained from the Accounting Officer before such negotiations are initiated. The outcomes of the negotiations must be recorded and reported in writing.

## Auditing of bidding processes for bids in excess of R 10 million (all applicable taxes included) and assessing risk for delivery

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91. The competitive bidding process for all bids in excess of R10 million must be audited by Internal Audit or external auditors contracted by the department to ensure its compliance with the prescribed norms and standards, to minimize the risk of possible fraud, corruption and/or litigation.
92. A certificate must be issued by the auditors to the effect that all prescribed requirements have been adhered to before the contract is awarded.

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## Unsolicited Proposal

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93. The department will consider an unsolicited proposal when it meets the following requirements:
- a. a comprehensive and relevant project feasibility study has established a clear business case; and
  - b. the product or service involves an innovative design; or
  - c. the product or service 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.
94. The department will reject any unsolicited proposal if the proposal:
- a. relates to known institutional requirements that can, within reasonable and practicable limits, be acquired by conventional competitive bidding methods;
  - b. relates to products or services which are generally available;
  - c. does not fall within the institution's powers and functions;
  - d. has not been submitted by a duly authorised representative of the proponent; or
  - e. contravenes the provisions of any law.

## Emergency Acquisitions

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95. Under emergency circumstances, the Department may dispense with the invitation of bids and may obtain the required goods, works or services by means of quotations or in any other manner that is determined to be in the best interests of the State:
96. A lack of proper planning does not constitute an emergency case.
97. Goods or services may be acquired in an emergency basis using the following standard acquisition procedures:
- a. Nominated Procedure; or
  - b. Quotation Procedure; or
  - c. Negotiation Procedure.
98. All emergency acquisitions for goods and services will be conducted in accordance to the standard procurement procedure as determined by this policy, however, advertisement for a shorter period should be approved by the accounting officer.

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## Rejection of Proposal or Bid

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99. The Departmental Bid Adjudication Committee (DBAC) must reject a proposal for the award of a bid if there is prima facie evidence that:
- the recommended service provider has committed a corrupt or fraudulent act in competing for that particular bid;
  - the recommended service provider had access to confidential information within the department;
  - that there is evidence of conflict of interest; or
  - the recommended service provider has abused the Department's Supply Chain Management system.

## Cancellation or withdrawal of Bids

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100. Bids may be cancelled under the following conditions:
- where after advertising the bid, the needs change to the extent that the specifications or scope of work must be changed; or
  - where after advertising the bid, the need no longer exists; or
  - where there is an administrative error in the bid documents or advert that would be misleading to the bidders;
  - where the bid offers received are excessive (substantially higher than the estimate), and the service providers decline to adjust their offer downward after being requested to do so;
  - where after award, the service provider fails to provide the goods or services that it was appointed to provide.
101. The Department may not subsequent to the cancellation or abandonment of a construction related procurement process or the rejection of all responsive bid offers, re-issue a bid covering substantially the same scope of work within a period of six months unless:
- any bid offer that was received and returned to the service provider, or
  - the cancellation was due to factors beyond the control of the Department; or
  - the cancellation was due to an administrative error that was misleading to the bidders; or
  - all bids received were non-responsive.

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- 102. In the interests of fair practice, any prospective service provider who purchased a bid document in response to the first advertisement shall on production of an original receipt be entitled to a copy of the revised bid document.
- 103. If a bid is cancelled or lapsed, for reasons beyond the service provider's control, the prospective service provider shall be issued with the new bid document on proof of original receipt when the bid is re-advertised.

**Variation of scope**

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- 104. Variation of scope should be forwarded to the DBAC for recommendation to the Accounting – Officer or his delegate.
- 105. The variation of scope must be forwarded to the Internal Audit, Performance and Risk Management for recording and reporting purposes.
- 106. All cases must be ratified in accordance to the relevant delegations.
- 107. In circumstances that the expansion or variation of scope exceeds 20% or R20 million for construction related goods, services or works and 15% or R 15 million for all other goods or services of the original value of the contract, whichever is the lower amount, it **MUST** be approved by the North West Provincial Treasury and reported to the Office of the Auditor-General within 10 (ten) working days after approval has been granted.

**Contract Management**

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- 108. The purpose of managing contracts is to ensure that the supplier:
  - a. delivers quality goods, services or works;
  - b. is productive by achieving the deliverables in the specified period; and
  - c. complies with the contract.
- 109. At the completion stage of each project an assessment of the service providers performance (including consultants where applicable) must be undertaken, and that this assessment should be available for future reference.
- 110. Prior to signing a formal contract or service level agreement with a service provider, the accounting officer must ensure that the contracts or agreements are legally sound to avoid potential litigation and to minimize possible fraud and corruption.
- 111. The contracts must be vetted by at least the Legal Services of the department or any state institution which portrays the relevant capacity.
- 112. The Contract Management Unit will ensure that:

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- a. The service provider acts as stated in the contract that is entered into, subject to any constraints that may be imposed by the department;
- b. At least the following data within two weeks of the award of a contract or an order for capture on a contract management system is provided:
  - i. name and contract particulars;
  - ii. the programme or project number, as relevant;
  - iii. the contractual dates associated with the contract or order;
  - iv. except in the case of very low value goods or services contracts, a cash flow forecast;
  - v. the agreed total of prices or forecasted total of prices; and
  - vi. where applicable, whether or not provision is made for price adjustment for inflation, delay damages, performance bond and retention, and if so, what the quantum or estimated quantum of such provisions is;
- c. A contract file is retained with, the order, the contract, progress reports, variation orders/extension of scope (if applicable), copies of certificates of insurances, bonds and any documentation related to the project;
- d. an assessment is conducted of the amount due to the service provider where required in terms of the contract, or review the service provider's assessment of the amount due and timeously certify payment;
- e. the revision of the estimates for price adjustment where inflation is provided for, prepare an updated cash flow for the remainder of the contract based on the service provider's schedule, and capture these amounts together with the amounts due to the contractor and the retention amounts, if relevant, on a monthly basis;
- f. the revision of totals for prices or completion date or delivery date for the contract, or an order; within one week of a service provider revising a forecast of the total prices, or an event being implemented, which in terms of the contract increases the total prices or delays delivery or completion. This must be captured on a contract management system;
- g. The interface between the service provider and those responsible for providing client inputs;
- h. The development and maintaining a contract risk register;

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- i. the provision of a monthly report on events which, in terms of the contract, cause the total prices to increase or the contract completion date to be changed;
- j. the reporting of all insurance claims made within one week of the claim being lodged; and
- k. the making of inputs, if applicable, to the close out report; including those relating to cost norms, service provider performance and the attainment, or not, of projective objectives.
- l. the attainment of key performance indicators (if any), provided for in the contract or required by the department in terms of legislation. The number of improvement, contravention and prohibition notices issued by the health and safety agent; and incidents reportable in terms of the Construction Regulations issued in terms of the Occupational Health and Safety Act, and briefly indicating the nature of the incident.

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## **Logistics Management**

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113. The purpose of Logistics Management is to manage purchase orders, payments, inventory, assets, disposal, travel and transport.
114. When the Department purchases goods and services the principles listed below must apply:
- a. a proper acquisition process (competitive bid or quotation) has been followed and a Service Provider has been duly contracted;
  - b. all orders (including travel authorisations) have been authorised by the relevant manager, appropriately authorised thereto through his/her delegated authority, and must be raised through the WALKER System.
  - c. the budget must be available and approved and the order must be placed against the relevant budget;
  - d. approve the registration of new codes for registration on the WALKER System;
  - e. goods and services must be comprehensively described and must be within the specification of the contract or standard where such uniform standard exists; and
  - f. goods and services must be received, verified against the specification and the invoice must be authorised by the relevant manager.
  - g. All payments due to creditors must be settled within 30 days from receipt of an invoice or, in the case of civil claims, from the date of settlement or court judgment, unless otherwise determined in the contract or other agreement.

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- b. the sub-directorate Contract and Logistics Management; and
- c. the sub-directorate Demand and Acquisitions Management.

## **Code of Conduct**

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126. All officials and other role players in a supply chain management system must comply with the highest ethical standards in order to promote
- a. mutual trust and respect; and
  - b. an environment where business can be conducted with integrity and in a fair and reasonable manner.
127. The National Treasury's Code of Conduct for Supply Chain Management Practitioners must be adhered to by all officials and other role players involved in supply chain management.
128. A supply chain management official or other role player:
- a. must recognise and disclose any conflict of interest that may arise;
  - b. must treat all suppliers and potential suppliers equitably;
  - c. may not use their position for private gain or to improperly benefit another person;
  - d. must ensure that they do not compromise the credibility or integrity of the supply chain management system through the acceptance of gifts or hospitality or any other act;
  - e. must be scrupulous in their use of public property; and
  - f. must assist the accounting officer in combating corruption and fraud in the supply chain management system.
129. If a supply chain management official or other role player, or any close family member, partner or associate of such official or other role player, has any private or business interest in any contract to be awarded, that official or other role player must:
- a. disclose that interest; and
  - b. withdraw from participating in any manner whatsoever in the process relating to that contract.
130. An official in the supply chain management unit who becomes aware of a breach of or failure to comply with any aspect of the supply chain management system must immediately report the breach or failure to the accounting officer, in writing.

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## **DISSEMINATION OF INFORMATION**

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131. Director: Supply Chain Management and District Directors are requested to bring the contents of the Supply Chain Management Policy to the attention of all staff of the North West Department of Education.

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- d. Achievement of goals;
- e. Compliance to norms and standards;
- f. Savings generated;
- g. Stores efficiency;
- h. Cost variance per item;
- i. Contract breach etc;
- j. Cost efficiency of procurement process;
- k. Whether supply chain objectives are consistent with Government's broader policy focus;
- l. That the material construction standards become increasingly aligned with those standards that support international best practice;
- m. That the principles of co-operative governance as expounded in the Constitution are observed; and
- n. That the reduction of regional economic disparities is promoted.

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## Information Technology

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123. The Supply Chain Management System, shall provide for the utilisation of the following systems:
- a. A system to manage tasks and work allocation;
  - b. A system to manage documents and the storing all relevant documentation; and
  - c. A system to provide tools for the management of reports and registers including suppliers.

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## Roles and Responsibilities

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### Delegation of Authority

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124. The accounting officer of NWDoE must ensure that appropriate delegations are in place for acquisitions in line with the Treasury prescripts.
125. The Delegation of Authority outlines the roles and responsibilities in terms of the policy sponsor and the application and implementation of this policy as per the:
- a. Treasury regulations, instructions, practise notes and the supply chain management policy in general;

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prescribed in Regulations 5 and 6 of the Preferential Procurement Regulations, 2022, should be adhered to); or Destroying such assets.

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## **Risk Management**

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120. A risk assessment must be facilitated to determine the material risks to which the department may be exposed and to evaluate the strategy for managing those risks specific to Supply Chain Management.
121. The key risks and the risk management strategy and plan must address each in detail, this may include:
- a. fraud, corruption and collusion: This must be addressed by adequate segregation separation of duties between specification, acquisition, ordering, service provider performance management and approval of invoices.
  - b. theft and losses of assets: Regular tracking of assets.
  - c. misuse, abuse of assets: Authorisation for acquisition or use of assets must be properly addressed in delegations.
  - d. accountability and control of assets: Accountability and control are not recorded and properly established.
  - e. effective life cycle management of movable assets: This must be addressed through asset management plans for movable assets.
  - f. asset Register: The asset register must be kept up to date. Assets must be registered as they are received, tracked and recorded throughout its life cycle.
  - g. demand not determined in advance: This will place undue pressure on the acquisitions unit, which may lead to mistakes in the acquisition process and consequential legal actions by Service Providers.

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## **SCM Performance & Monitoring**

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122. The purpose of the monitoring Supply Chain Management process is to undertake a retrospective analysis to determine whether the proper processes have been followed and whether the desired objectives were achieved. Some of the issues that may be reviewed are:
- a. compliance to norms and standards;
  - b. cost efficiency of SCM process (i.e. the cost of the process itself); and
  - c. if the supply chain practices are consistent with Government's broader policy focus.

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## **Control over regular expenditure items**

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115. The Supply Chain Management Unit must have mechanisms in place to prevent irregular expenditure.
116. The Internal Control Division is one of the mechanisms to prevent irregular expenditure by reviewing:
- a. procurement pack against required documentation and information prior to the placement of an order; and
  - b. payment pack against required documentation and information prior to the processing of a payment.

**\*\*\*\*All documentation and information must be available prior to the processing of an order or payment, under no circumstance will an order or payment be processed with any information or documentation missing**

**\*\*\*\*\*Payment reconciliation must be conducted by the end user in liaison with Contract Management; against the contract, prior to any payment being processed.**

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## **Disposal Management**

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117. The objective of Disposal Management is auction, tender, transfer, sell, let, trade in, dump or donate surplus, redundant, obsolete, unserviceable, or non-repairable assets in a manner that maximises the useful life of the asset/inventory.
118. A Disposal Committee must be appointed by the Accounting Officer to deal with disposals, and recommend to Accounting Officer the:
- a. Items to be disposed of; and
  - b. Appropriate method of disposal.
119. If disposal of any asset is approved, any of the methods indicated below may, among others, be followed:
- a. Transfer to another institution in terms of section 42 of the PFMA;
  - b. Transfer to another institution at market related value;
  - c. Transfer to another institution free of charge; and
  - d. Selling per price quotation, competitive bid or auction, whichever is most advantageous to the State, unless determined otherwise by the relevant treasury (requirements as

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