



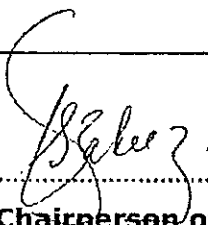
**WALTER SISULU UNIVERSITY**  
**SUPPLY CHAIN MANAGEMENT**  
**POLICY**

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## SUPPLY CHAIN MANAGEMENT

<b>Sponsor Division</b>	Chief Financial Officer
<b>Responsible Department</b>	Finance Department
<b>Policy Name and Related WSU Policies</b>	
Delegations of Authority	
Contract Management Policy	
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## **GENERAL**

### **1. PURPOSE**

To promote the efficient and effective procurement of goods and services and to establish sound business and governance practices that will enable the University to acquire the required quality and quantity of goods and services to operate effectively and to obtain value for money.

### **2. POLICY OBJECTIVES**

The objectives of the Policy are:

- 2.1 To create, maintain and continually improve a fair, equitable, transparent, competitive, efficient and a cost-effective supply chain management system at the University;
- 2.2 To prevent irregularities within the process of acquiring goods and services;
- 2.3 To promote efficiency within the supply management unit;
- 2.4 To ensure compliance with applicable legislation; and
- 2.5 To achieve value for money.

### **3. DEFINITIONS**

<b>TERM</b>	<b>DEFINITION</b>
Accounting Authority	the University Council
Approved supplier	a supplier which has been approved to provide goods or services to the University
BAFO	Best and final offer. Made by a vendor in response to a Request for Proposal
Bid	a written offer made by a potential supplier or service provider in a prescribed or stipulated format in response to an invitation by the University for the provision of services, works or goods
Bid Adjudication Committee (BAC)	a cross-functional team of University officials, appointed by the Vice-Chancellor in terms of this policy to adjudicate on tenders /bids
Bid Evaluation Committee (BEC)	A cross-functional team of University officials, appointed by the Vice-Chancellor in terms of this policy to evaluate bids received and to make recommendations to the BAC.

<b>TERM</b>	<b>DEFINITION</b>
Bid Specification Committee (BSC)	a cross-functional team of University officials, appointed by the Vice-Chancellor in terms of this policy to prepare specifications for tenders/bids and or quotations
Bidder	a person or business entity submitting a bid
Broad Based Black Economic Empowerment (BBEEE)	the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socioeconomic strategies that include but not limited to: Increasing the number of black people that manage, own and control enterprises and productive assets, facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises, human resource and skills development, achieving equitable representation in all occupational categories and levels in the workforce, preferential procurement, and investment in enterprises that are owned or managed by black people
CFO	Chief Financial Officer of the University
Close family member	<ul style="list-style-type: none"> <li>(i) Any person who can be influenced by the employee and with whom a possible conflict of interest could arise, including:</li> <li>(ii) a member of the same household whether a relative or not</li> <li>(iii) any married and/or unmarried life partners, and children, parents, siblings of both married and unmarried partners and those individuals who play such an important role within the family that their relationship may be equated with that of family members;</li> <li>(iv) parent (including adoptive parent),</li> <li>(v) parent-in-law,</li> <li>(vi) son (including adoptive son),</li> <li>(vii) son-in-law,</li> <li>(viii) daughter (including adoptive daughter),</li> <li>(ix) daughter in-law,</li> <li>(x) step-parent,</li> <li>(xi) step-son,</li> <li>(xii) step-daughter,</li> </ul>

<b>TERM</b>	<b>DEFINITION</b>
	(xiii) brother, (xiv) sister, (xv) grandparent, (xvi) grandchild, (xvii) uncle, (xviii) aunt, (xix) nephew, (xx) niece, (xxi) the spouse or unmarried partner in any of above
Competitive bid	a bid or in terms of a competitive bidding process
Competitive bidding process	a formal procurement method in which bids from competing contractors, suppliers or vendors are invited by openly advertising the scope, specifications, terms and conditions of the proposed contracts as well as the criteria by which bids will be evaluated
Consortium or Joint Venture	an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract
Constitution	the Constitution of the Republic of South Africa, 1996
Contract	a binding agreement between two or more parties for performing or refraining from performing some specified act(s) in exchange for lawful consideration. This binding agreement will arise from the acceptance of a bid or quotation by the University
Council	The Council of Walter Sisulu University
Delegation or delegated authority	any delegation authorized by the Vice-Chancellor in accordance with Delegation of Financial Authority Policy
Disability	a physical or mental condition that limits a person's movements, senses, or activities; model disadvantage or handicap, especially one imposed or recognized by the law
End user	an employee or department of the University that uses goods or services supplied by Procurement Department as part of their job

<b>TERM</b>	<b>DEFINITION</b>
Final award	in relation to bids or quotations submitted for a contract, means a final decision in relation to bids or quotations evaluated and adjudicated for a contract, means the final decision on which bid or quote to accept
Finance Division	a division led by the CFO and dealing with the institutional as well as campus finances
Fruitless and wasteful expenditure	expenditure which is made in vain, as defined in the University's Policy on Irregular, Fruitless and Wasteful Expenditure.
Goods	any physical items, such as assets or stationery, delivered by a supplier
Historically /Disadvantaged Individual	A South African citizen who, due to the apartheid policy that had been in place, had no franchise in national elections, prior to the introduction of the Constitution of the Republic of South Africa; and/or who is a female; and/or who has a disability; provided that the person obtained South African citizenship before the coming into effect of the interim Constitution`
IMC	Institutional Management Committee of the University
Institution	this term shall be interchangeable with University and is used to refer to Walter Sisulu University
Invoice	an acceptable valid invoice as per the University which is a commercial document issued by a seller on its letter head (containing company name, registration, VAT number of the company and the University indicating the products, quantities, and agreed prices for products or services the seller has provided the buyer as per the official order that was issued by the University (for the invoice to be valid, it shall comply with the VAT Act requirements)
IRBA	Independent Regulatory Board for Auditors
Irregular expenditure	any expenditure in contravention of legislation or regulations and directives issued by the University
Order	a written order issued for the supply of goods and or services in accordance with the accepted bid price or quotation



<b>TERM</b>	<b>DEFINITION</b>
Person	A natural person or juristic person
PICC	Planning Infrastructure Committee of Council of the University
Proudly South African Campaign	The promotion of buying products and services from local sources in order to promote businesses providing these and so to create jobs (see <a href="http://www.proudlysa.co.za">www.proudlysa.co.za</a> )
PURCO	Purchasing Consortium SA, which negotiates supply contracts for universities at favourable rates
Quotation	a written offer for the stated services or goods made by the supplier in response to a procurement request by the University
RFP	Request for Proposal
SANAS	South African National Accreditation System
SCM	Supply Chain Management
Services	Any services delivered by a service provider of any item not considered goods
Small Medium Micro Enterprises	enterprises classified as such in the National Small Business Act 1996
Sole Supplier	Sole supplier refers to there being only one supplier, agent, distributor, reseller of a product or service. In such cases, a letter from the manufacturer or similar primary company certifying that the services or product is supplied through a single agent/distributor/reseller or itself directly, should accompany a purchase requisition
Student	A student who is currently registered at the University
Suppliers	a generic term which may include suppliers of goods and or services, contractors and /or consultants
University	Walter Sisulu University
Unsolicited proposals	any business proposal made solely on the proposer's initiative
Values	all values mentioned in this policy are deemed to include VAT

<b>TERM</b>	<b>DEFINITION</b>
Vice-Chancellor	the Vice-Chancellor and Principal of Walter Sisulu University, who is also the Accounting Officer.
Fruitless and wasteful expenditure	Expenditure incurred in vain
Irregular expenditure	Expenditure, other than unauthorised expenditure, incurred in contravention of any relevant legislation or is expenditure in violation of any University policy or directive
Unauthorised expenditure	Overspending of any budget item or restricted funds or earmarked funds

#### **4. RELATED NATIONAL LEGISLATION AND POLICY GUIDELINES**

- 4.1 Constitution of the Republic of South Africa, 1996 (Section 217);
- 4.2 Higher Education Act 101 of 1997 as amended;
- 4.3 Department of Higher Education and Training directives and guidelines;
- 4.4 Broad Based Black Economic Empowerment Act 53 of 2003;
- 4.5 Competition Act 89 of 1998;
- 4.6 National Small Business Act 102 of 1996;
- 4.7 Prevention and Combating of Corrupt Activities Act 12 of 2004;
- 4.8 Code of Conduct for Supply Chain Management Practitioners;
- 4.9 Construction Industry Development Board (CIDB) Act 38 of 2000;
- 4.10 King IV Reports on Corporate Governance for South Africa (non-binding but provides important guidance);
- 4.11 Preferential Procurement Policy Framework Management Act and Regulations (non-binding on Higher Education Institutions but contains useful principles);
- 4.12 Treasury Regulations: Framework for Supply Chain Management (non-binding on Higher Education Institutions).
- 4.13 Any regulations that will apply with the above legislation.

## **5. APPLICABILITY**

**This Policy is issued under the authority of the Council and is applicable to any acquisition of goods and services.**

The Policy applies to:

- 5.1 The entire University including all campuses, staff, students, office-bearers and stakeholders;
- 5.2 To all entities and projects that are owned by and/or under the management of the University; and
- 5.3 To the acquisition of goods and services acquired with restricted, donor or earmarked funds; except where a donor and the University signed a Memorandum of Understanding or similar agreement expressly stipulating a process deviating from this Policy, in which event those stipulations shall apply.

## **6. DELEGATION OF POWERS AND DUTIES**

Council may delegate its powers and duties to the Vice-Chancellor to enable him/her:

- 6.1 To discharge the SCM responsibilities conferred in terms of this Policy;
- 6.2 To maximize administrative and operational efficiency in the implementation of this Policy; and/or
- 6.3 To enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy;
- 6.4 The Vice-Chancellor may sub-delegate the SCM powers or duties to a person or a committee; provided that such powers or duties may not be sub-delegated to a person who is not an official of the University or to a committee where the voting members are not exclusively composed of members of the University;
- 6.5 Any sub-delegation must comply with the delegation of financial authority framework, as amended from time to time;
- 6.6 The provisions of this paragraph do not permit a person or committee to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in this Policy;
- 6.7 Any person or committee to whom the power to make final awards has been delegated must within ten working days of the end of each month submit to the Vice-Chancellor a written report containing details of each final award with the following information:
  - The amount of the award;

- The name of the person/company to whom the award was made;
- A B-BBEE status verification certificate issued by an accredited SANAS or IRBA verification agency, which must be valid at the time of the award; and
- The reason why the award was made to that person/company;

6.8 The authority of any person in terms of any other policy to procure goods and services does not absolve such person from adhering to the provisions of this Policy; and

6.9 Should there be any conflict between this Policy and the Delegations of Financial Authority, the provisions of this Policy shall prevail, save that this Policy must be read in conjunction with and subject to the provisions of the Delegation of Authority Policy and the Delegated Authorities of Institutional Management.

## **7. OVERSIGHT ROLE AND REPORTING**

7.1 The Vice-Chancellor exercises all oversight roles over the Administration of the SCM function;

7.2 The CFO shall submit an SCM activity report to each meeting of the Finance Committee of Council containing the following information:

- Details of tenders awarded;
- Details of contracts awarded, or goods and services acquired where the provisions of this Policy have not been complied with and the reasons therefor;
- Details of contracts awarded for goods and services in which any employees, students or other connected persons, including Council members, have any commercial interest, irrespective of whether full disclosure has been made and whether other requirements have been complied with; and
- Details of any cases of fraud, corruption, fruitless, wasteful, unauthorized and irregular expenditure that are under investigation.

## **8. ACQUISITION MANAGEMENT**

8.1 The University must establish a Procurement Department or similar function area within the Finance Division to implement this Policy; and

8.2 The CFO must establish an effective system of acquisition management to ensure that:

- Goods and services are procured by the University in accordance with authorized processes only;
- Expenditure on goods and services are incurred in terms of an approved budget; and,
- That the threshold values for the different procurement processes are complied with.

## **9. TRAINING OF SCM OFFICIALS**

The University must ensure that all persons involved in the procurement and logistics management processes and oversight thereof are appropriately trained and skilled to fulfil their tasks within the defined scope of job responsibilities.

## **SUPPLIER MANAGEMENT**

### **10. SUPPLIER DATA BASE**

- 10.1 The Procurement Department at each Campus must compile a Supplier Data Base containing a list of providers of goods, services and/or works;
- 10.2 The Supplier Data Base must be available in a format that enables users to find suppliers and service providers for the categories of commodity, type of service and location;
- 10.3 The Procurement Department will at least once every three years invite prospective suppliers (providers of goods and services) to apply for registration on the Supplier Data Base. This will be done by means of advertisements placed in the local and national press. All current service providers should be requested to update their details on the Supplier Data Base;
- 10.4 The participation of a historically disadvantaged individual and Small, Medium and Micro Enterprises (SMMEs) as well as BBBEE suppliers is to be encouraged, especially those suppliers operating in the area where the University is located;
- 10.5 Prospective suppliers must submit all the required information for registration as specified within 20 days of the advertised date or such other time as advised;
- 10.6 Registration of a supplier will be valid for three years from the year of registration after which a fresh application for registration must be made;
- 10.7 Even though the University is not an organ of state, the University will not register on the Supplier Data Base an entity or person whose name appears on the National Treasury's data base (CSD) as being prohibited from doing business with an Organ of State;
- 10.8 PURCO suppliers and service providers are deemed to be registered suppliers of the University and need not apply for registration;
- 10.9 Suppliers who do not deliver satisfactory performance or otherwise fail to meet University standards should be removed from the Supplier Data Base to prevent further damage to the University. The CFO may authorise the reinstatement of a supplier to the data base if satisfied that the reason for the removal has been resolved; and
- 10.10 The CFO will approve suppliers on the data base on an annual basis and will maintain performance and spend register for each supplier which will be reported on at the end of each financial year of the University.

## **11. PURCHASING**

### **Requesting**

- 11.1 All requisitions must be authorised in accordance with the Delegations of Decision-making Authority before the Procurement department will issue a purchase order. No purchase order or contract may be placed without the correct authorisation;
- 11.2 The process to be followed in the acquisition of audio-visual equipment needs to be in accordance with the relevant policy.
- 11.3 All requests for computers equipment should be referred to ICT to verify if specifications meet minimum requirements

### **Ordering**

- 11.4 All procurement activities must be performed in accordance with the SCM policy. The onus is on all employees involved in procurement activities to make themselves aware of the policies and to comply with them at all times.

## **12. AUTHORISATION/APPROVAL REQUIRED FOR VARIOUS CATEGORIES**

### **Purchase from research or other funds when an approved business plan or contractual agreement exists**

- 12.1 The business plan or contract will serve as the written approval and guiding document.

### **Purchase from other funds without an approved business plan or contractual agreement**

- 12.2 Cost centre manager is to obtain written approval from his or her direct line manager.
- 12.3 Standard purchasing procedures are to be followed if approved.

Once authorization/approval is obtained, the normal purchasing procedures to be followed. The approval is to be forwarded to the Procurement Department. The capital item will be bar-coded prior to delivery and becomes the property of the University. Any equipment purchased in accordance with University specifications and bar-coded by the Asset Department furthermore such equipment must be maintained and replaced by the same source as originally funded. All capital equipment to be returned to the University prior to an employee leaving the employment of the University.

### **13. GENERAL PRINCIPLES**

The following general principles will apply when raising requisitions and placing orders:

13.1 Orders cannot be split into smaller orders to fit within the stipulated spending limits;

13.2 Requestors must first determine if there is a supplier on the master database.

(In the case where there is no pre-determined supplier for an item or service, the procurement department will decide on the appropriate sourcing selection dependent on the value and nature of the commodity.

13.2 The following is the only approved purchasing methods:

- Departments must make use of the generic requisition on the system to place orders, which will be issued by the procurement department. They may not place the order directly with the supplier themselves
- Purchase orders may only be issued by the buyer, and must be made out before any services or goods may be delivered by suppliers.

13.3 An order can only be placed on suppliers that were selected through:

- The written or telephonic quote from the supplier master database.
- A competitive tender process for a specific project.

13.4 A purchase order, when given to a supplier, must contain the following information:

- Date;
- Purchase order number;
- Name of the relevant department;
- Lead time;
- Part number (where applicable);
- Quantity;
- Description and price of the goods or services ordered;
- Expected delivery date.
- Agreed to terms of payment, discounts, date of performance, and transportation;
- Other agreements pertinent to the purchase and its execution by the supplier;

13.5 Only the manager procurement is authorised to change the value of orders that have already been approved and placed.

### **14. SUPPLIER PAYMENT**

#### **Payment centralisation**

14.1 All payments to suppliers are to be made by Finance Department, except petty cash disbursement. Suppliers will be paid, by electronic funds transfer (EFT), according to the standard or agreed and contracted supplier payment terms and conditions.

- 14.2 Suppliers are required to send all invoices and statements directly to Finance, Accounts Payable.
- 14.3 The GRV section in the procurement department is responsible for generating GRV's on receipt of goods to effect payment.
- 14.4 All invoices submitted by suppliers are to state the purchase order number, vat number and WSU address. Invoices without a purchase order number will be returned to supplier.
- 14.5 Standard payment terms and conditions must apply where possible. WSU's standard payment terms are at month end. Exceptions are lease payments which are paid in advance.

### **Three-way matching**

- 14.6 Accounts Payable must process and reconcile invoices by using 3-way matching. The Finance Administrator must check the following:
- The matching of the purchase order, delivery note or GRV and invoice; and
  - The necessary approval signatures appear on the invoice matching the order.
- 14.7 The exception to this rule is where no purchase order is created for the procurement of goods or service items, for example:
- Utilities, such as electricity, water, and rent;
  - Telephones.
- 14.8 In this case, payment will be made on the matching of the contract against the invoice
- 14.9 Exceptions, problems and discrepancies must be sent to the procurement department to rectify and/or clarify. Any discrepancy whatsoever must be brought to the attention of the supplier and the invoice must be withheld until such time as the supplier issues a correcting credit note.
- 14.10 The reconciliation of supplier statements is the responsibility of the Finance Department.
- 14.11 If the 3-way match in the system is successful, Finance (Accounts Payable), will release the payment run.
- 14.12 CAPEX purchases must be entered into the asset register for depreciation purposes.

### **Segregation of duties**

The following segregation of duties must occur:

- 14.13 The requester of any items or services may not authorise the purchase. Approval must be given by the designated mandated personnel;
- 14.14 The requester and the person placing an order may not be the same person; and
- 14.15 The person registering suppliers on the Supplier Master Database and the person who uploads and amends the banking details of suppliers should not be the same person.



## **15. SUPPLIER SELECTION PRINCIPLES**

The following principles apply when procuring services:

- 15.1 Procurement via a competitive bid process takes place through a publication of tender specifications as determined by a Bid Specification Committee and an evaluation of bids received by the Bid Evaluation Committee; as per the process set out in Sections 18 to 19.
- 15.2 A quotation process guided by Section 17 below, using suppliers from the Supplier Data Base, is followed in all instances other than transactions requiring competitive bids;
- 15.3 A requesting cost centre will be expected to utilise suppliers from the approved Supplier Data Base as a first source of reference;
- 15.4 The inclusion of any supplier on the Supplier Data Base does not exempt the supplier from the obligation to respond to University requirements in line with the University's SCM processes;
- 15.5 Where PURCO suppliers are used it is not necessary to obtain additional quotations, as these suppliers have already been subjected to the PURCO tender processes. The University will simply participate in the PURCO contracts for the items in question subject to price. No tenders are required;
- 15.6 Competition among suppliers should be enhanced through a fair and equitable distribution of University business, preferably on a rotation basis using an automated process; provided that rotation of suppliers should not impact negatively on the operations of the University;
- 15.7 The University supports the Proudly South Africa Campaign to the extent that, all things being equal, preference is given to procuring local goods and services for any procurement below the tender value, in the following order:
  - Suppliers and businesses within the districts where campuses of the University are located;
  - Suppliers and businesses within the Eastern Cape Province; and
  - Suppliers and businesses within the Republic of South Africa
- 15.8 The University supports the Black Business Supplier Development Programme of the Small Business Development Department for businesses that could potentially supply goods and services to the University.

## **THRESHOLDS**

### **16. AUTHORISATION LEVELS**

- 16.1 The following threshold values are to be applied when procuring goods or services, capital assets or entering into contracts:

<b>Value of supply, service or contract (VAT inclusive)</b>	
<b>No Quotations required</b>	
<= R5 000	<p>No quotation required, provided that goods and services are purchased from entities on the supplier data base or from commercial entities used by members of the public for household and related requirements</p> <p>Work should be allocated to suppliers on a rotational basis.</p>
<b>Quotations</b>	
>R5 000 <= R25 000	At least two written quotations. Request for quotations may be verbal or in writing. Order to be approved by Senior Buyer Campus Finance and the responsible Head of Department
>R25 000 <= R250 000	At least three written quotations. Request for quotations must be in writing. Order to be approved by Deputy Director Finance and the responsible Head of Department
>R250 000 <= R500 000	At least three formal written quotations. The request for quotations must be in writing. Order to be approved by Deputy Director Finance and the Campus Rector/relevant and responsible IMC member.
>R500 000 <= R1 000 000	Formal written Request for Quotations (three closed quotations selected from suppliers on database), selection to be approved by the CFO and Campus Rector/relevant and responsible IMC member.
>R1 000 000 <= R2 500 000	Formal written Request for Quotations (three closed quotations selected from suppliers on database), opened by responsible IMC member, Senior Buyer Campus Finance and Deputy Director Finance and Approval by CFO.
<b>Competitive Bids</b>	
>R 2 500 000	Competitive bidding process to be applied. Bid Adjudication Committee to make recommendation to the Vice-Chancellor for approval.

- 16.2 Unless written authorisation from the Vice-Chancellor or a person delegated by him or her is obtained to the contrary, when determining transaction values, a specification for goods, services or works consisting of different items must be treated as a single transaction and may not be split into parts or items of a lesser value merely to avoid complying with the requirements of this Policy; and
- 16.3 All reasonable steps must be taken to ensure that the procurement of goods and services is not abused.
- 16.4 Quotations received should be assessed for reasonableness and value of money. Quotations may be rejected if they don't represent value for money or exceed the budget allocated.

## **PROCUREMENT VIA QUOTATION PROCESSES**

### **17. QUOTATION PROCESS**

- 17.1 Any transaction which can be procured following a competitive bid process (i.e. where the amount involved exceeds R5 000 but does not exceed R2 500 000) must be procured through a selection process following the obtaining of quotations as stipulated in Clause 16 above;
- 17.2 Written quotations must be obtained from different providers preferably from, but not limited to, providers whose names appear on the supplier database;
- 17.3 If quotations are obtained from providers who are not listed, such providers must meet the listing criteria as determined by the Procurement Department and be registered on the supplier database;
- 17.4 Quotations shall always be in writing on a supplier letterhead, with telephone numbers, email, fax, business physical address, tax numbers, registration numbers, date and contact person, and signed;
- 17.5 For procurement of goods and services more than R1 000 000, service providers should be requested to submit quotations in writing accompanied by the following documentation:
- Company registration form / Corporate document (CIPC);
  - BBBEE certification or declaration;
  - Tax clearance Pin from SARS;
  - VAT Registration; and
  - Proof of business address
- 17.6 If it is not possible to obtain at least three quotations, the reasons must be recorded in a management report and approved by the Vice-Chancellor or an official delegated by the Vice-Chancellor;
- 17.7 Work must be allocated to suppliers on a rotational basis; and

17.8 The prescripts of the Preferential Procurement Policy Framework Act, Act 5 of 2000 and its associated Regulations shall apply to all transactions above R1 000 000.

Preference points relate to the ownership and effective control of the enterprise and are awarded for Historically Disadvantaged Individuals.

## **PROCUREMENT VIA COMPETITIVE BID PROCESSES**

### **18. COMPETITIVE BID COMMITTEES**

18.1 Any transaction requiring competitive bids (i.e. where the amount involved exceeds R2 500 000) is dealt with by the following committees established for the specific competitive bid process:

- Bid Specification Committee;
- Bid Evaluation Committee;
- Bid Adjudication Committee.

18.2 The Competitive Bid Committees are independent of one another and form an essential part of the SCM governance system;

18.3 Each committee shall consist of permanent members and members who are appointed for a specific-bid process;

18.4 No person shall serve as a member of more than one procurement committee;

18.5 The quorum shall be 50% plus one of the members who are eligible to vote;

18.6 Should the Chairperson be unable to attend a meeting, the Deputy Chairperson shall serve as Chairperson, and should he or she be unable to do so, the Vice-Chancellor must nominate an alternate Chairperson;

- Except as provided otherwise in this Policy, the following persons may not attend a Bid Adjudication Committee meeting:
- Any official who performed an evaluation under consideration and/or made a recommendation in respect of that bid; and
- Any person who served as member on the Bid Specification Committee or the Bid Evaluation Committee which processed the bid;

18.7 A register must be maintained of members' attendance at meetings;

18.8 Should a member not be able to attend a scheduled meeting, the member shall inform the Chairperson and/or the Secretariat of the Committee;

18.9 The Procurement Department shall provide secretarial services.

## **19. COMMITTEE COMPOSITION**

### **Bid Specification Committee**

- 19.1 The BSC is responsible for compiling of bid specifications. The specifications should be written in a clear, unambiguous and unbiased manner to allow all potential suppliers to offer their goods and services. Specifications and the evaluation criteria should be approved by the BAC before the RFP is issued.
- 19.2 BSCs shall be responsible for various functions including, but not limited to, the following:
- Ascertaining that the requestor has approved the budget amount;
  - Responsible for developing selection criteria for studies / tender which should include, but not be limited to, criteria for meeting price, technical specifications, BBBEE, quality, etc.;
  - Arrangement and management of tender briefing sessions.
- 19.3 The Bid Specifications Committee is appointed by the Vice-Chancellor and shall comprise the following members:
- The Director: Management Reporting (permanent member and Chairperson);
  - Senior Accountant Procurement (permanent member and Deputy Chairperson);
  - A director, deputy director or senior executive in charge of the discipline area to which the bid specification refers;
  - A Campus Rector or designated official when the tender concerns operations relating to a specific campus;
  - A technical expert or experts as determined by the chairperson. Such experts may be appointed for this purpose from outside the University. Such person will be used in an advisory capacity only;
- 19.4 Where student issues are involved the SRC may appoint one of its number to participate in this committee in an advisory capacity.

### **Bid Evaluation Committee**

- 19.5 A BEC is a team that comprises individuals, who are specialists, from different functional organisational units brought together to achieve purchasing, related tasks for goods or services in which the team must consider purchasing/sourcing goals or decisions.
- 19.6 The composition of the BEC will vary depending on the threshold of the specific project. BEC's should always include a representative from the procurement department as well as the department concerned.
- 19.7 Members of a BEC must treat the evaluation of a tender as part of their job description and place themselves under the authority of the Procurement Department for the duration of the evaluation.
- 19.8 BECs shall be responsible for various functions including, but not limited to, the following:
- Perform tender evaluations according to a rigid process of weighted criteria;

- Conduct site visits;
- Conduct negotiations with preferred suppliers;
- Perform financial due diligence evaluations on prospective suppliers (if required);
- Advises and informs management on project / issue status;
- To make recommendations to the BAC;
- Evaluate in terms of the tender specification;
- Conducting the administrative compliance evaluation of all proposals of Tax Clearance Certificates;
- To ensure that all potential suppliers are compliant with all relevant legislation through ensuring the completion of background checks on potential vendors;
- Evaluation of compliance to the standard terms and conditions;
- Compilation of a supplier recommendation report to the BAC;
- Ensure that the tender process complies with all policies, procedures and regulations; and
- Maintain records to ensure the existence of an audit trail.

19.9 The Bid Evaluation Committee is appointed by the Vice-Chancellor and shall comprise the following members:

- The Chief Financial Officer (Chairperson)
- An IMC Member (Deputy Vice Chair Person)
- Deputy Director: Facilities from one of the Campus not ordering the service.
- The Head of Quality Assurance or nominated representative;
- A Legal Services representative as advisor;

19.10 The following may attend by invitation but will not be able to vote on the matter being discussed.

- External expert or specialist;
- Official/s from the department requiring the goods, service or works

### **Bid Adjudication Committee**

19.11 The BAC should be constituted of members other than the BEC, to ensure that a transparent review of the evaluation is undertaken. The BAC should meet at a pre-determined date to approve or reject recommendations from the BEC's.

19.12 The BAC's primary function is to:

- Consider the procedure followed by all individuals involved with the procurement and disposal of goods and services;
- To approve the tender documentation, criteria & weightings (tender scorecard) before the publishing of a tender;
- Approve recommendations in respect of tenders, in accordance with the thresholds established in the Delegation Document ;

- To determine the necessary sanctions to be taken where there are deviations from the SCM policy.
- Request a member of the BEC to furnish additional information regarding supplier recommendations to the BAC;
- Reject a submission for non-compliance with the SCM policy or reserve a decision pending further information or clarification of a specific matter.
- Have the power to call for any files, evaluation documents and or records dealing with offers, enquiries, the invitation of tender and quotations, the procurement of goods and services and transactions involving sales to WSU relating to a particular tender;
- Request any information which any employee or BEC may have at its disposal relating to the tender under consideration;
- Ensure that the SCM policy and procedures are correctly followed by the BEC and any other person(s) involved in the procurement and disposal of goods and services.

19.13 The Bid Adjudication Committee shall comprise the following members:

- A Deputy Vice-Chancellor (permanent member and Chairperson);
- An IMC member (permanent member and Deputy Vice Chairperson);
- Another IMC member
- The Deputy Director, Legal Services or an approved representative;
- Director of Finance
- The Chairperson of the relevant Bid Specification Committee (non-voting resource person).

19.14 Where appropriate, technical expert(s) and/or an official from the department requiring the goods, service or works (non-voting resource person(s)).

19.15 Secretarial services will for all committees be supplied by the Procurement unit,

19.16 The quorum for these committees shall be 50% plus one of permanent members who are eligible to vote:

19.17 A Chairperson, with the relevant experience, should be appointed in writing by the Vice Chancellor if the designated person is not available.

## **20. BID SPECIFICATION COMMITTEE PROCEDURES**

### **Responsibilities**

20.1 The relevant user department and or specified specialists will in the first instance compile the specifications for a bid in respect of the procurement of goods, services or works, whereafter the specifications will be considered by the Bid Specification Committee.

20.2 The Bid Specification Committee has the following responsibilities before any advertisement is issued:

- Determining the description and functionality of the procurement request, linked to the demand from the end-user;
- Reviewing the bid specifications prior to advertising;
- Approving specifications and/or Terms of Reference where these have already been determined by the department concerned;
- Compiling bid documentation;
- Drafting the advertisement;
- Arrangement of site meetings or briefing sessions, if applicable (compulsory for all parties in a joint venture/consortium); and
- Obtaining confirmation from the CFO or Director of Finance of availability and location (cost centre and account number) of budget.

### **Specification requirements**

20.3 Specifications:

- Should be drafted in an unbiased manner to allow all potential suppliers to offer their goods, services or works;
- Should take account of any appropriate standards such as those issued by South Africa Bureau of Standards (SABS), the International Organization for Standardization (ISO), or an authority accredited or recognized by SANAS with which the equipment or material or workmanship should comply;
- Should, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- May not create trade barriers in contract requirements in the form of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
- May not, without written approval from the Vice-Chancellor upon written motivation from the Bid Specification Committee, for the purpose of inclusion or exclusion, refer to any trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words "or equivalent"; and
- Templates and guidelines drafted by the Procurement Department should be used to ensure standardisation and consistency.



## **Bid evaluation committee processes**

- 20.4 All bids must be assessed for mandatory requirements and functionality before any other criteria are assessed.
- 20.5 The Bid Evaluation Committee must evaluate bids in accordance with:
- The specifications as prescribed in the relevant bid documentation (requirements must be complied with to the letter in view of numerous court cases dealing with this issue);
  - Requirements of the Supply Chain Management Policy;
  - The best value for money to the University;
  - Apply the points system set out in the Preferential Procurement Policy Framework Regulations 2011 as amended.
  - Evaluate each bidder's ability to execute the contract, and consider the prescripts of the Preferential Procurement Policy Framework Act (Act no.5 of 2000);
  - Check in respect of each bidder tax status with the South African Revenue Services;
  - Ensure that the supplier/ bidder's B-BBEE status has been verified by an accredited SANAS and IRBA verification agency, with an acceptable B-BBEE rating that should be valid at the time of the award of the bid;
  - Proudly South Africa Campaign;
  - Confirm budget availability.
- 20.6 When considered necessary, site inspections should be done to verify the capability of potential vendors.
- 20.7 The evaluation needs to be done by at least three people and all facts and calculations verified.
- 20.8 Prepare a report and recommendations for consideration by the Bid Adjudication Committee. This report will should detail the following:
- Method of evaluation of bidders and any calculations (tabulate)
  - History of past dealings with the University;
  - Opinions of experts;
  - Capacity to deliver;
  - Any outstanding information or unresolved queries;
  - Recommendation made.
- 20.9 The Committee should rank the top three recommended suppliers of goods and services in the order of points awarded. Should any recommendation deviate from the points order then very clear reasons should be stated. Should no recommendation be possible then such must still be reported to the Bid Adjudication Committee for further action such as calling for a fresh tender.

## **Bid Adjudication Committee processes**

20.10 The Bid Adjudication Committee has the following responsibilities:

- Consider the Bid Evaluation Committee report;
- Ensure that no person, advisor or corporate entity involved in the specification process, or director of such a corporate entity, has put in a bid or is involved in the evaluation and adjudication process.
- Determine whether the correct procedures were followed, and whether all the evaluation criteria, weightings and preferences pertaining to the tender have been taken into account by the BEC before the recommendation can be approved

20.11 Submit a report to the Vice-Chancellor for approval indicating:

- The full list of bidders in order of ranking and where appropriate the reasons for eliminating any bidder from consideration;
- Whether it may be necessary to obtain a legal opinion; and
- A final recommendation, with reasons, as to the appropriate outcome of the process; and
- Where the process is deeply flawed the Bid Adjudication Committee may recommend that the process be cancelled and that a fresh process be instituted.

## **The Vice-Chancellor's Responsibilities**

20.12 The Vice-Chancellor shall consider the Bid Adjudication Committee report and recommendation(s) and having applied his or her mind to the merits of the Bid Adjudication Committee's decision and the processes followed, make an independent decision on whether to approve the Bid Adjudication Committee's recommendation(s), with or without amendment; provided that should the Vice-Chancellor's decision differ from the Bid Adjudication Committee's recommendation(s), written reasons must be recorded.

## **21. POST-DECISION ACTION**

21.1 The Head of the Procurement Department shall inform all the bidders of the outcome of the process;

21.2 The CFO or such person to whom the CFO has delegated this authority, may negotiate the final terms of a contract with the successful bidder provided that such negotiations:

- Do not allow any preferred bidder a second or unfair opportunity;
- Are not to the detriment of any other bidder; and
- Do not lead to a higher price than the bid as submitted;
- Minutes of such negotiations must be kept for record purposes; and

- The CFO shall include the outcome of the competitive bidding process, with reasons, and of any subsequent negotiations in a report submitted to the Finance Committee of Council.

## **22. CONTRACT MANAGEMENT**

- 22.1 Contract management is an essential process that must be embarked upon as soon as a contract has been awarded;
- 22.2 To avoid any future problems or varied interpretations between the University and a contractor, the University should highlight specific issues related to the way these areas are to be addressed under Special Conditions in the Bid Documentation.
- 22.3 Contracts should not be varied by more than 20% or R 20 million (including VAT) for construction related goods, works and or services and 15% or R15 million (including VAT) for all other goods and or services of the original contract value. Reasons for contract variations should be recorded in a management report and should be approved by the official that approved the original award.
- 22.4 Any deviation in excess of the prescribed thresholds will only be allowed in exceptional cases subject to prior written approval from the Vice Chancellor.
- 22.5 Refer to the Contract Management Policy for more detail.
- 22.6 No work may commence until an SLA has been signed.

## **23. PREFERENCE POINTS**

- 23.1 For all competitive bids with an estimated value above R2 500 000, preference points will be allocated as follows:

<b>CRITERIA</b>	<b>POINTS</b>	<b>POINTS</b>
	<b>&lt;= R50 million</b>	<b>&gt;R50 million</b>
Price	75	80
Functionality	15	15
Other Preference Points	10	5
<b>Total</b>	<b>100</b>	<b>100</b>

- 23.2 If all bids are equal to or less than R2 500 000 the bid invitation is to be cancelled and a decision may be made in terms of the quotation process;
- 23.3 If one or more of the acceptable bid(s) received is above the R2 500 000 threshold, all bids received must be evaluated on the criteria determined in clause 16.5; and similarly, if one or

more of the acceptable bid(s) received is about the R50 million threshold, all bids received must be assessed in terms of the criteria applicable to the higher category;

- 23.4 The bid document must specify the bidder's relevant experience for the assignment, the quality of the methodology; the qualifications of key personnel; and transfer of knowledge;
- 23.5 All competitive bids should be assessed for functionality according to the nature of the required commodity or service considering quality, reliability, viability and durability of a service and the bidder's technical capacity and ability to execute a contract;
- 23.6 The Bid Specification Committee may deviate from the weighting prescribed in clause 16.5 in particular instances, provided that the decision and reasons therefor are submitted to the Vice-Chancellor for approval, and approved, prior to any call for bids/tenders;
- 23.7 The applicable values that will be utilised when scoring each criterion should be objective. As a guide, values ranging from 1 being poor, 2 being average, 3 being good, 4 being very good and 5 being excellent, may be utilized;
- 23.8 The minimum qualifying score that must be obtained for functionality for a bid to be considered further should not be generic. It should be determined separately for each bid on a case by-case-basis; and
- 23.9 The minimum qualifying score must not be prescribed so low that it may jeopardise the quality of the service required nor so high that it may be restrictive to the extent that it jeopardises the fairness of the SCM system.

## **24. TENDER ADMINISTRATION**

### **Cancellation of tender terms and conditions of re-tendering process**

- 24.1 Cancellation of tender must be done as soon as possible after the decision of BAC to cancel has been ratified. Cancellation must be done by the Procurement Department in writing to the address provided by each vendor that submitted a tender or who has attended clarification/briefing sessions.

### **Amending of tender information prior to closing date**

- 24.2 When any additions, deletions or changes are made to any part of the original tender documentation, all potential vendors, which collected a tender document, must be notified of these changes. It should be noted that amendments must allow tenderers enough time to adjust their offers before submitting the tender to WSU. The following conditions will apply when amending tender information:
  - Any additions, deletions or changes must be done in writing and records should be maintained in the relevant file.

### **Changing of information before closing time**

- 24.3 If conditions or specifications or any other major change in information arise before the closing date and time of the tender; or if mistakes are discovered in the RFP document before the closing date and time of the tender which could have a negative impact on the response, it is preferable to cancel the tender invitation and to invite a fresh tender.

#### **Postponement of closing date**

- 24.4 In the case of an advertised tender, the tender closing date may be postponed only if the postponed date can be advertised in the appropriate media and all known tenderers advised of the change before the original closing date.
- 24.5 In the case of closed tender closing times may be postponed only if all tenderers intending to tender can be advised of the postponed date, in writing, before the original closing date.
- 24.6 The closing date in the case of a published tender may also not be shortened even if the original closing date was longer than two weeks.

#### **Communication with tenderer prior to the closing date**

- 24.7 There should be minimal contact with prospective tenderers prior to the closing date. Any contact should be in accordance with the protocols set out in the tender documentation.
- 24.8 Any briefing or clarifications of the request for tender which is obviously of an advantage to a tenderer must be provided in a consistent manner to ensure all tenderers have access to the same information and no-one is advantaged or disadvantaged.
- 24.9 All clarifications must be done in writing and records should be maintained in the relevant tender file.

#### **Site meetings / briefing sessions**

- 24.10 If the service required is complex and / or the tender conditions are unique, a site meeting / briefing session may be held to clarify the purpose and requirements of the RFP to prospective tenderers.
- 24.11 During these meetings tenderers should be given an opportunity to ask questions for clarification. It is important that minutes and an attendance register be kept during such a briefing session. The minutes, which set out the questions asked, answers supplied and decisions made, must be made available on request to all interested parties who were present, well in advance of the closing date for tender invitations. The minutes then form part of the official tender documents.
- 24.12 Non-attendance at a compulsory briefing session disqualifies potential tenderers.

#### **Closing date of tender extensions**

- 24.13 When determining a closing date sufficient time must be allowed for prospective tenderers to prepare and submit their tender. Circumstances may exist where the preparation of the tender submission is complex and in that case it is advisable to determine a longer period for

the submission of tender. In such cases, when motivated adequately, a longer period may be determined by the BEC or procurement department.

### **Validity period of tender**

24.14 Validity period must be set to be as short as possible. The norm is a validity period of no longer than 120 days. The extension of validity period will be requested from tenderers if and when required.

### **Tender closing time**

24.15 Tender close at the time determined in the tender document.

### **Receiving and opening of tenders**

24.16 Interested parties will be requested to submit all tenders by depositing the tenders into a sealed tender box on or before the tender closing date and time at a location specified in the tender document.

24.17 After receipt of completed Tender Documents the tenders will be opened and recorded in the Tender Register by the Receiving Committee. The Receiving Committee may comprise the following:

- Procurement department – two representatives
- Finance department – one representative

24.18 The Receiving Committee shall ensure that the tender box is sealed immediately after expiry of the deadline for the submission of tenders, following which no further tenders shall be allowed to be deposited into the tender box

24.19 The tender box shall be opened at the Closing Time by the Receiving Committee

24.20 The Receiving Committee shall record all tenders in the tender register, ensuring that all members present sign each tender, and shall record in each instance:

- The tender subject
- The tender closure date and time
- The supplier submitting the tender
- The tender number
- The date and time of opening
- The value of the tender
- The reasons for disqualification of any tender.

24.21 No facsimiles, e-mail, verbal or late submissions will be considered.

24.22 Late tenders will be returned unopened, if the address of the supplier is legible. If the address is illegible, the tender will be opened in the presence of the Receiving Committee to determine the address of the sender, following which the tender Documents will be returned.

### **Letters of acknowledgement**

24.23 In cases where the submitted response did not contain the correct particulars on the envelope, or where the tender was received after the closing time, a letter to the tenderer shall state such fact, and inform the supplier that his response was unsuccessful.

## **25. EXCEPTIONS TO NORMAL PROCUREMENT PROCESSES**

### **General provisions relating to deviations**

- 25.1 As a rule, standard procurement processes must be followed, and deviations are discouraged;
- 25.2 Except in the case of emergencies, approval to deviate from the procurement process should be obtained prior to requesting services and goods from a supplier.
- 25.3 Subject to the provisions of this Policy, the Vice-Chancellor may authorise a deviation from the standard procurement processes set out in this Policy and procure goods and/or services through any convenient process, which may include direct negotiations, price quotations, or a reduction of the required advertising period;
- 25.4 In all instances, the reasons for the deviation must be recorded for each tender or instance in writing and be reported to the Finance Committee of Council; and
- 25.5 The Vice-Chancellor must take appropriate action where a department or an individual appears to have abused the system through seeking an unnecessary deviation(s) which may include Disciplinary action if deemed appropriate in the circumstances.

### **Emergencies**

- 25.6 The Vice-Chancellor may authorise a deviation from standard processes where s/he determines, after consultation with the CFO, that the situation constitutes an emergency, i.e. an unforeseeable and/or sudden event with materially harmful or potentially materially harmful consequences for the University which requires urgent remedial action.
- 25.7 The following principles will apply:
  - The Procurement Department has the right to challenge whether a situation is deemed to be an emergency or not. Abuse of the emergency procedure will result in the necessary disciplinary action;
  - All the necessary paperwork must be completed the same or the following working day, including the incident report, purchase order and delivery note;
  - An urgent situation is defined as one where the physical security of the University is threatened or a life is at stake. It is the only occasion where an order may be placed verbally, without an official purchase order being generated first.

### **Practicality**

- 25.8 The Vice-Chancellor may authorise a deviation from standard processes where he or she determines, after consultation with the CFO, that it is impractical to invite competitive bids for specific procurement, for example:

- Instances of urgency not constituting an emergency, but which would nonetheless result in materially harmful or potentially material harmful consequences for the University;
- Where a donor or funder has its own preferred suppliers of goods or services, or requests specific procurement conditions and/or processes, provided that such requirements do not materially conflict with those of the University;
- Where evidence is presented to demonstrate that only one service provider can supply goods and/or services; provided that the market is tested prior to any renewal to determine the continuing validity of such determination; and/or
- Where the required product or service is highly specialized and complex; provided that the market is tested prior to any renewal to determine the continuing validity of such determination.

### **Ratification of deviations from procurement process**

25.9 An SCM waiver must fall into one of the categories in this policy, being:

- Emergency
- Practicality including sole supplier

25.10 Where a request to deviate from the SCM policy does not not fall into one of these categories, the Vice Chancellor may approve a deviation from the procurement process on the submission of an appropriate motivation.

## **26. SELECTIVE TENDERING**

The Vice-Chancellor may, after consultation with the Chief Financial Officer, determine that an open competitive bid processes is not feasible in a particular set of circumstances and that the University may instead invite tenders from a pre-selected list of qualified firms, normally selected from its database.

## **27. UNSOLICITED BIDS AND PROPOSALS**

27.1 The University is not obliged to consider unsolicited bids received outside a normal bidding process;

27.2 Unsolicited bids must be presented to the Bid Adjudication Committee for evaluation and to the Vice-Chancellor for a decision in accordance with normal procedures; and

27.3 Should an unsolicited bid make strategic sense, offer value for money, and be affordable, the University may engage the bidder on the following conditions:

- It demonstrates a unique and innovative concept, i.e. comprehensive and relevant project feasibility study reflects a clear and unique business case;



- It demonstrates a unique capability of the bidder, i.e. the proposal shall be executed by a calibre of individuals who have unique and specialized expertise on the proposed project;
- The proposal introduces a new and cost-effective method on delivering the service in question;
- The product or service offered in terms of the bid is a unique innovative concept that will be exceptionally beneficial to, or have exceptional cost advantages for the University;
- The presented product/service cannot be easily sought from the market through competitive solicitation;
- The reasons for the setting aside of the usual bidding process are found to be sound; and
- The need for the product or service by the University has been established during its strategic planning and budgeting processes.

## **28. A TWO-STAGE BIDDING PROCESS**

28.1 The Vice-Chancellor may after consultation with the CFO determine that a two-stage bidding process be followed in the following instances:

- Large complex projects;
- Projects where it might be difficult to prepare complete detailed technical specifications because of insufficient skills/expertise; and/or
- Projects with a duration period exceeding three years.
- Any other project subject to approval of the PICC.

28.2 In the first stage, technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments; and

28.3 In the second stage final technical proposals and priced bids should be invited using the Requests for Proposal process.

## **REQUESTS FOR PROPOSALS**

### **29. RFP INTRODUCTION**

29.1 A Request for Proposal is an invitation for suppliers to submit a proposal on a specific commodity or service through a process which brings structure to the purchasing decision and allows everything to be identified up front;

- 29.2 The RFP procedure is generally used when the user does not have exact specifications or procedures finalized for a product or service, or wishes to explore possible alternatives; in which event the RFP is issued so that potential suppliers can offer suggested processes or services, or alternate proposals to be considered by the University; and
- 29.3 Only the Procurement Department may issue RFPs on behalf of the University.

### **30. REQUIREMENTS FOR RFP**

- 30.1 Although the exact specifications may differ, an RFP should at least include the following items:
- The nature of the proposed project and outcomes;
  - Evaluation and selection criteria;
  - Detailed specific requirements relating to the work or products;
  - The proposed schedule and key dates;
  - Acceptance criteria;
  - Implementation assistance;
  - WSU and vendors respective responsibilities;
  - Pricing;
  - Source of funding and any restrictions, if applicable;
  - A list of requirements for vendors to determine their suitability for undertaking this kind of work.
- 30.2 In drafting the RFP, the following guidelines should be borne in mind:
- 30.3 Determine the specific needs and goals for the project. To obtain the most accurate information it is important to provide a detailed scope of work as possible. The scope of work will typically include project type, project size, program summary, project budget and project schedule. This should be prepared in conjunction with the Purchasing Department;
- 30.4 Distinguish between Needs and Wants. Things that are needed are identified in the RFP but using words like "will", "shall", and "must". These are the "requirements". Those things that are merely "wants" are identified by works like "may", "can", and "optional"; and
- 30.5 Determine key attributes of the ideal proposal. Each proposer who responds will have different strengths. Some will focus on lowest cost; others on best quality; still others on most complete feature set. Decide upfront which of these criteria will be the most important.

## **31. RFP PROCESS**

- 31.1 The Department initiating the RFP must in collaboration with Procurement Department, develop proposal documents which outline the scope, complexity, service, deliverable, schedule and other relevant information;
- 31.2 Upon completion of the proposal documents, the Procurement Department must convene a meeting of the Bid Specification Committee and relevant key stakeholders to review the criteria and corresponding weightings, based on the initial goals of the proposal as well as the manner in which the RFP is to be made, e.g. advertisement, e-mail and time frames; and to determine whether the RFP should be extended to the public generally or to specified potential vendors only;
- 31.3 The Procurement Department will thereafter issue the completed RFP as stipulated;
- 31.4 On receipt of the proposals, the Bid Evaluation Committee will evaluate and score each respondent's Qualifications, Scope of Work, and Staff and Deliverables using the Proposal Evaluation Process form and the predetermined criteria and weights identified in the RFP. Oral presentations may also be held for vendors to explain the thinking behind their proposal. The Bid Evaluation Committee will tabulate the total points for both cost and non-cost evaluation criteria and rank the respondents accordingly;
- 31.5 It may be necessary for respondents who are within the competitive range to conduct a site visit or submit a Best and Final Offer ("BAFO") after new information is provided. All BAFOs are evaluated on the same criteria as the original proposal;
- 31.6 After all offers are tabulated, the Procurement Department shall complete the Evaluation History and Scoring of the Proposal Evaluation Process; and
- 31.7 A list of vendors for the RFP may be specially developed in addition to vendors who are already on the approved Supplier Data Base. However, such vendors will have to meet the criteria for being included on the Supplier Data Base and must be added where applicable.

## **ETHICAL ISSUES RELATING TO THE PROCUREMENT PROCESSES**

## **32. CODE OF CONDUCT**

- 32.1 All persons involved in procurement processes must:
- At all times act in good faith and observe the highest ethical standards, and ensure that they are not placed in any conflict of interest situation;
  - Declare in writing any interest or potential interest (real or perceived) on any matter serving before a committee either before the meeting or, during a meeting upon discovering such interest; after which the Chairperson shall determine whether the

member should recuse him/herself in respect of the discussion and decision, which fact should be noted in the minutes and reported to the person required to make the final decision;

- Promote the interests of the University and the goals and objectives of this Policy;
- Refrain from interacting with any potential service provider in respect of bids under consideration;
- Refrain from lobbying for votes, other than in normal meeting interactions;
- Sign a confidentiality and non-disclosure document at each meeting and maintain strict confidentiality in respect of information and documentation related to the bid/s being compiled/evaluated/adjudicated and, unless authorised to do so, may not disclose any information or decision to anyone who is not involved in the procurement process;
- No person, advisor or corporate entity involved in the specification process, or director of such a corporate entity, may bid for any resulting contracts or play any role in the subsequent evaluation and adjudication process; and
- Members who do not comply with these provisions may be subject to disciplinary action.
- All University officials involved in any way with the Supply Management Process may be subjected to police clearances, credit checks, lifestyle audits, or any other measures deemed necessary by the University in order to ensure the integrity of the Supply Chain Management Process.

### **33. TRANSACTIONS WITH UNIVERSITY OFFICIALS, STAFF AND STUDENTS AS WELL AS CONNECTED PERSONS**

33.1 The provisions of this clause supplement the provisions of the Higher Education Act 101 of 1997 (as amended), the University Statute, the University's Code of Conduct and/or Conflict of Interest Policy;

33.2 The following categories of persons are prohibited from bidding and/or being awarded contracts for the provision of goods, services or works to the University, or acting in a professional or other capacity to persons who provide goods and/or services to the University:

- Persons in the service of the University, including Council members; full-time, contract or part-time employees, students and Convocation Executive members; and
- Privately owned companies, close corporations and/or trusts where a person in any category mentioned above is an owner, director, member or principal shareholder;
- Except where, after full written disclosure of the circumstances and after consultation with the CFO, the Vice-Chancellor grants permission prior to the bid or the conclusion of the contract in terms which the goods and/or services are supplied; and provided

further that any award made or contract with to such a person be reported to the Audit, Risk and Compliance Committee of Council;

- 33.3 Bids by and/or awards to a close family member or a business partner of a member of Council or an employee in the service of the University must be declared;
- 33.4 A former Council member or staff member, or an entity where such person is an owner, director, principal shareholder or business partner, may not be included in the supplier data base or submit a bid for the supply of goods and services within a period of 24 months of their ceasing to be a member of the University; provided that the Vice-Chancellor may after consultation with the CFO determine that it is in the interest of the University to do so; and provided further that any award made to such a person be reported to the Audit, Risk and Compliance Committee of Council;
- 33.5 An official or staff member of the University may not:
- 33.6 Use the position for personal gain and/or improperly benefit from confidential information obtained as a staff member;
- 33.7 Use the position or confidential information obtained as a staff member to improperly benefit another person; and/or
- 33.8 Take a decision on behalf of the University concerning a matter in which that staff member, or that staff member's spouse, partner or business associate, has a direct or indirect personal or business interest; and
- 33.9 Notwithstanding any of the above provisions, should any staff member or his or her spouse, partner, business associate or close family member, acquire or stand to acquire any direct or indirect benefit from a contract concluded with the University, full details must be disclosed in writing to the Vice-Chancellor, who must then decide upon the appropriate action to be taken and report the decision to the Audit, Risk and Compliance Committee of Council; provided that this obligation does not apply to a benefit which a staff member, or a spouse, partner, business associate or close family member, has or acquires in common with all other employees of the University.

#### **34. COMBATING THE ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM**

- 34.1 The University must:
- Take all reasonable steps to prevent abuse of the supply chain management system;
  - Investigate any allegations against any official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified;
  - Take appropriate steps against such official or other role player;
  - Report any alleged criminal conduct to the South African Police Service; and

- Reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for any contract;
- 34.2 Contracts may be cancelled in the following circumstances:
- Where a corrupt or fraudulent act was committed during the procurement process;
  - Where a corrupt or fraudulent act was committed in the execution of the contract;
- 34.3 Where a bidder or any of its directors or business associates:
- Abused the SCM system or has committed any improper conduct in relation to the SCM system; and/or
  - Has been convicted for fraud or corruption during the past five years;
- 34.4 No person placing a procurement requisition for goods or services shall knowingly understate the requirements of the estimated value with the intention of avoiding a more stringent procurement process, including the deliberate splitting of requirements to reduce individual order values;
- 34.5 No official shall engage in contact with a prospective supplier in respect of a quotation or tender which the supplier intends to submit except where clarification of requirements is required from either party, or where the University may negotiate with identified preferred bidders;
- 34.6 Any communication between officials and prospective suppliers in respect of a specific procurement process must be recorded and appropriately filed with the bid documentation;
- 34.7 The Vice-Chancellor shall prepare a detailed report and submit such quarterly to the Audit, Risk and Compliance Committee of Council, outlining the bids awarded over the preceding year and compliance with the SCM policy, including compliance or lack thereof, with the BBBEE legislation and policy. The lack of compliance with the policy should be explained in the report, including remedial actions taken to ensure compliance in the future.

## **35. INDUCEMENTS, REWARDS AND GIFTS TO MEMBERS OF THE UNIVERSITY**

Any reward, gift, favour or hospitality exceeding R1 000 in value, offered by a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of, either directly or through a representative or intermediary promise, offer or grant to any official, must be declared to the Registrar as per the provisions of the Gifts Policy.

## **36. FRUITLESS, WASTEFUL AND IRREGULAR EXPENDITURE**

- 36.1 The CFO shall maintain a register of fruitless and wasteful expenditure as well as irregular expenditure in accordance with the Fruitless and Wasteful Expenditure Policy and Irregular Expenditure Policy; and

- 36.2 Fruitless, wasteful and irregular expenditure must be recovered from a person found guilty of financial misconduct. These expenses will be reported to the Finance Committee of Council and the Audit, Risk and Compliance Committee of Council on a quarterly basis.

## **RISK AND PERFORMANCE MANAGEMENT**

### **37. RISK MANAGEMENT**

- 37.1 The management of supply chain risk is a continuous and proactive process that relates to activities at all levels;
- 37.2 While oversight of supply chain risk management vests in the Audit, Risk and Compliance Committee; the Vice-Chancellor is responsible for the management of risk, as advised from time to time by the Internal Audit section and the Audit, Risk and Compliance Committee;
- 37.3 The Vice-Chancellor must ensure that the University maintains an effective risk management system for the identification, consideration and avoidance of potential risks in the SCM system;
- 37.4 The Vice-Chancellor may allocate aspects of the management of supply chain risk to the CFO, the Deputy Director Procurement, Contracts and Asset Management, the Internal Auditor, or the Risk Officer, each of whom shall ultimately be accountable to the Vice-Chancellor and/or Council for the discharge of his/her responsibilities; and
- 37.5 All SCM officials must have a thorough understanding of the risks involved in the activities under their control and actively and pro-actively work towards managing these risks.

### **38. PERFORMANCE MANAGEMENT OF CONTRACTORS**

- 38.1 Contract management is an essential process that must be embarked upon as soon as a contract has been awarded;
- 38.2 To avoid any future problems or varied interpretations between the University and a contractor, the University should highlight specific issues related to the manner in which these areas are to be addressed under Special Conditions in the Bid Documentation;
- 38.3 The Contract Management section of the SCM unit will perform its duties guided by the Contract Management Policy of the University;
- 38.4 Performance targets associated among other things, with quality, cost and timely delivery of products and services, must be identified as part of the initial planning for a contract, and set out in the business case and request for bid documentation;

- 38.5 Officials are expected to monitor and evaluate the contractor's performance to determine whether the requirements are being met and to avoid any future conflicts over unsatisfactory performance;
- 38.6 Contractors must report to the project manager on progress in accordance with the agreed timeframes and review schedules and the project manager must inform the contractor in writing where there is evidence that the contractor's performance is inadequate or behind schedule;
- 38.7 Unsatisfactory performance occurs when performance is not in accordance with the provisions of the contract; and, subject to the terms and conditions of such contract, the contractor must be warned in writing that action will be taken against him/her unless he/she complies with the contract and delivers satisfactorily within a specified reasonable period;
- 38.8 If during the guarantee period, a supplier does not comply with the requirements due to faulty material, faulty services or otherwise, the contractor must be requested to repair or replace the fault at his or her cost without delay, and that the material or services it must be guaranteed for the same period as the original performance;
- 38.9 If rejected supplies are in the possession of the University, the contractor must be requested to collect the supplies at his or her own expense, failing which the goods may be sold to defray costs;
- 38.10 Where there is continuing concern that obligations are not being met or where a contractor does not perform satisfactorily despite a warning or a request to rectify faulty material or services, advice should be sought from the SCM Unit and the Legal Services Department as to appropriate action to be taken;
- 38.11 Disputes should be resolved promptly in terms of this policy or agreed procedures and costly legal battles must be avoided;
- 38.12 A copy of all performance reports and reports on contract outcomes should be forwarded to the Procurement Department, to be made available should any person or committee procuring services wish to assess an applicant's past performance;
- 38.13 Should the University need to use the services of another contractor to effect delivery every effort must be made to recover such costs from the defaulting contractor; and
- 38.14 The SCM Unit must keep detailed records of all cases of non-performance by contractors.

## **39. PERFORMANCE MANAGEMENT OF THE PROCUREMENT SYSTEM**

- 39.1 The Procurement Department must establish an effective internal monitoring system to determine, on a retrospective analysis, whether the authorised SCM processes are being followed and whether the desired objectives are being achieved;



39.2 Performance management shall accordingly be characterized by a monitoring process and retrospective analysis to determine whether:

- Proper processes have been followed;
- Value for money has been attained;
- Desired objectives have been achieved;
- There is an opportunity to improve the processes;
- Suppliers have been assessed and what that assessment is;
- There has been a deviation from procedures and, if so, what the reasons for that deviation are.
- Objectives have been achieved;
- There has been compliance with norms and standards;
- Savings have been generated;
- Stores are operating efficiently;
- Cost variance per item are acceptable;
- There have been possible breaches of contract;
- Cost of the procurement process itself is acceptable;
- Supply chain objectives are consistent with the objectives, strategies and goals of the University;
- There is alignment of internal processes with material construction standards international best practice.

## **LOGISTICS PLANNING AND MANAGEMENT**

### **40. DUTIES OF EXECUTIVE AND OTHER MANAGERS**

40.1 Executive managers shall during the preparation of his or her division's estimates for the budget year:

- Determine which functions the division it must perform;
- Determine the products and services the division must provide in the performance of those functions;
- Conduct a condition assessment of the assets managed by his or her division; and
- Based on its analysis in terms of the above, determine its financial needs during the budget year for all their expected requirements

40.2 Procurement requests, irrespective of when they arise, must:

- Set out specifications determined in conjunction with the end user;
- Specify how the need forms part of the University's strategic plan;

- Set out the frequency of requirements;
- Be linked to the approved budget;
- Not exceed economical order quantities; and
- Specify delivery times.

#### **41. ANNUAL SCHEDULE OF PROCUREMENT**

- 41.1 The SCM Unit shall, after consultation with executive managers, compile a schedule of all procurement requirements for each Division, Faculty or Department in respect of each financial year, which schedule shall be attached to the institution's operational implementation plan; and
- 41.2 During consultations between the SCM Unit and executive managers, all reasonable efforts shall be made to determine:
- The desired date and time at which a specific contract must be awarded;
  - The desired date and time when specific goods must be delivered, services rendered, or work executed;
  - The place where goods to be supplied shall be delivered;
  - The quantity and quality of any goods to be supplied; and
  - Any other relevant information.

#### **42. LOGISTICS MANAGEMENT AT INSTITUTIONAL LEVEL**

##### **Introduction**

- 42.1 The end-user is responsible for planning the timing of the delivery of goods and services according to the usage expectations;
- 42.2 All procured items are to be delivered to the store or at an address agreed to by the Senior Manager, Stores, prior to deployment within the University;
- 42.3 The Senior Accountant Procurement and Stores shall be responsible and accountable for the establishment, management and operation of store facilities for the University, which shall consist of a main store and such satellite stores at the University's campuses as may be necessary;
- 42.4 Logistics Management pertains, among others, to coding of items, setting of inventory levels, placing of orders, receiving and distribution, stores/warehouse management, expediting orders, transport management and vendor performance. The ordering and receiving process should also integrate electronically with the financial system to generate payments.

### **Stock levels**

- 42.5 Stock items that have good lead times and stability of supply should not be held in stock, the minimum thresholds should be reduced accordingly; and
- 42.6 Due to protracted lead times, or because of a need to keep specific items in stock, the following should be determined:
- 42.7 Which items and quantities thereof to be kept in stock;
- 42.8 Minimum/maximum levels to be kept in stock based on consumption figures or input from users; and
- 42.9 Allowing for a safety margin to be added to the minimum quantity to cover unforeseen circumstances.

### **Placing of orders**

- 42.10 An order should be placed either when a pre-determined stock level is reached or when a request is received from an end user for an item which is not held in stock;
- 42.11 A properly authorized external request, together with confirmation of availability of funds is essential before an order can be placed. A financial authorization signed by a delegated official is a pre-requisite for issuing an official purchase order;
- 42.12 The vendor needs to be verified for ability to deliver the goods and services in question. In other words, they must be a legitimate supplier; and
- 42.13 No payment will be made to any supplier including sole suppliers for any goods and services rendered if not stipulated in WSU official order or duly authorised contracts.

### **Order processing**

- 42.14 Orders are processed for contract purchases, quotation and bidding purchasing; and
- 42.15 No order may be placed without written approval of an appropriately delegated person.

### **Vendor assessment and due diligence**

- 42.16 The reliability of the supplier should be monitored in terms of, inter alia:
  - Delivery periods;
  - Quality;
  - Quantity;
  - Stock availability;
- 42.17 Should problems be encountered, they must be followed up with the vendor. If it is a contract item, it must be reported to the head of the SCM unit. The supplier's performance must be monitored before and after the awarding of a contract by the SCM unit;

provided and my in good faith, after applying his/her mind independently, deviate from such option;

- 43.5 The Vice-Chancellor will decide if an appeal constitutes sufficient grounds for delay of procurement from the approved supplier, and if a delay is practical. If the Vice-Chancellor determines there are grounds for delay, the approved supplier will be advised in writing of the reasons for the delay;
- 43.6 When a ruling on an appeal has been made, the Vice-Chancellor will advise the appealing party in writing of the outcome;
- 43.7 The Vice-Chancellor, or another official designated by the Vice-Chancellor, is responsible for assisting the appointed person to perform his or her functions effectively; and
- 43.8 The person appointed must:
- Strive to resolve promptly all disputes, objections, complaints or queries received; and
  - Submit monthly reports to the Vice-Chancellor on all disputes, objections, complaints or queries received, attended to or resolved.

#### **44. POLICY REVIEW**

- 44.1 This Policy will be reviewed every five years, in accordance with standard University procedures; and
- 44.2 The Vice-Chancellor must regularly review the implementation and effectiveness of this Policy.