



Vaal University of Technology

Your world to a better future

PROCUREMENT POLICY

(Supply Chain Management Policy)

(PROCUREMENT POLICY APPROVED BY COUNCIL: 7 MARCH 2014)

(PROCUREMENT POLICY AMENDED BY COUNCIL: 26 NOVEMBER 2015)

Operations Manual – Acquisition process

Version 1.0

Published on 7 March 2014

Document owner:

Supply Chain Management Department

TABLE OF CONTENTS

1	PURPOSE OF THIS DOCUMENT	3
1.1	ACRONYMS.....	3
1.2	DEFINITIONS.....	3
1.3	RELATED DOCUMENTATION.....	3
2	SCOPE	4
2.1	OBJECTIVE OF THIS PROCESS	4
3	SPECIFIC EXCLUSIONS.....	4
4	OVERVIEW OF THE PROCESS (HIGH-LEVEL).....	5
5	PROCEDURES.....	6
5.1	DELEGATION OF AUTHORITY.....	6
5.2	SUPPLIER DATABASE MANAGEMENT	12
5.3	ACQUISITIONING OF GOODS/ WORKS OR SERVICES.....	16
5.4	REQUEST FOR QUOTATION (RFQ) PROCESS	20
5.5	SEALED QUOTATION AND CLOSED BID PROCESS	22
5.6	OPEN BID PROCESS	24

Vaal University of Technology Acquisition Process Standard Operating Procedures Manual

1 Purpose of this document

The purpose of this document is to provide an operations manual for the Procurement Department of the Vaal University of Technology.

1.1 Acronyms

These acronyms should be read in conjunction with the acronyms contained in the Procurement Policy.

Term	Definition/Description
BEC	Bid Evaluation Committee
ID	Identification Document
PPPFA	Preferential Procurement Policy Framework Act
RFQ	Request for Quotations
SOP	Standard Operating Procure
VAT	Value Added Tax

1.2 Definitions

Term	Definition/Description
Ad hoc contract	A legal document or agreement between the VUT and a supplier, specifying certain terms and conditions. Used in the purchasing process, a contract authorises designated employees of the VUT, using a predetermined release system, to place orders directly with the supplier for specified materials during a given contractual period.
Institutions	Other Higher Education Institutions
Transversal term contracts	A contract with one or more suppliers for the goods, works or services over a period, required by more than one department or division according to approved user requirement specifications, with overall pricing of goods being firm, unless otherwise provided for in the contract.
PURCO	PURCO SA is the purchasing consortium of the Higher Educational sector and other in Southern Africa. Focusing on providing maximum benefit for their members through collaborative purchasing and professional support.

1.3 Related documentation

Document description	Author	Document Date	Comments
Procurement Policy	Procurement Committee	7 March 2014	
Standard Operating Policy and Procedure: Demand Management	Procurement Committee	7 March 2014	

2 Scope

The Procurement Department of the Vaal University of Technology uses the input of strategic and operational plans from various Departments and Divisions within the VUT. These procedures relate to the acquisition process.

2.1 Objective of this process

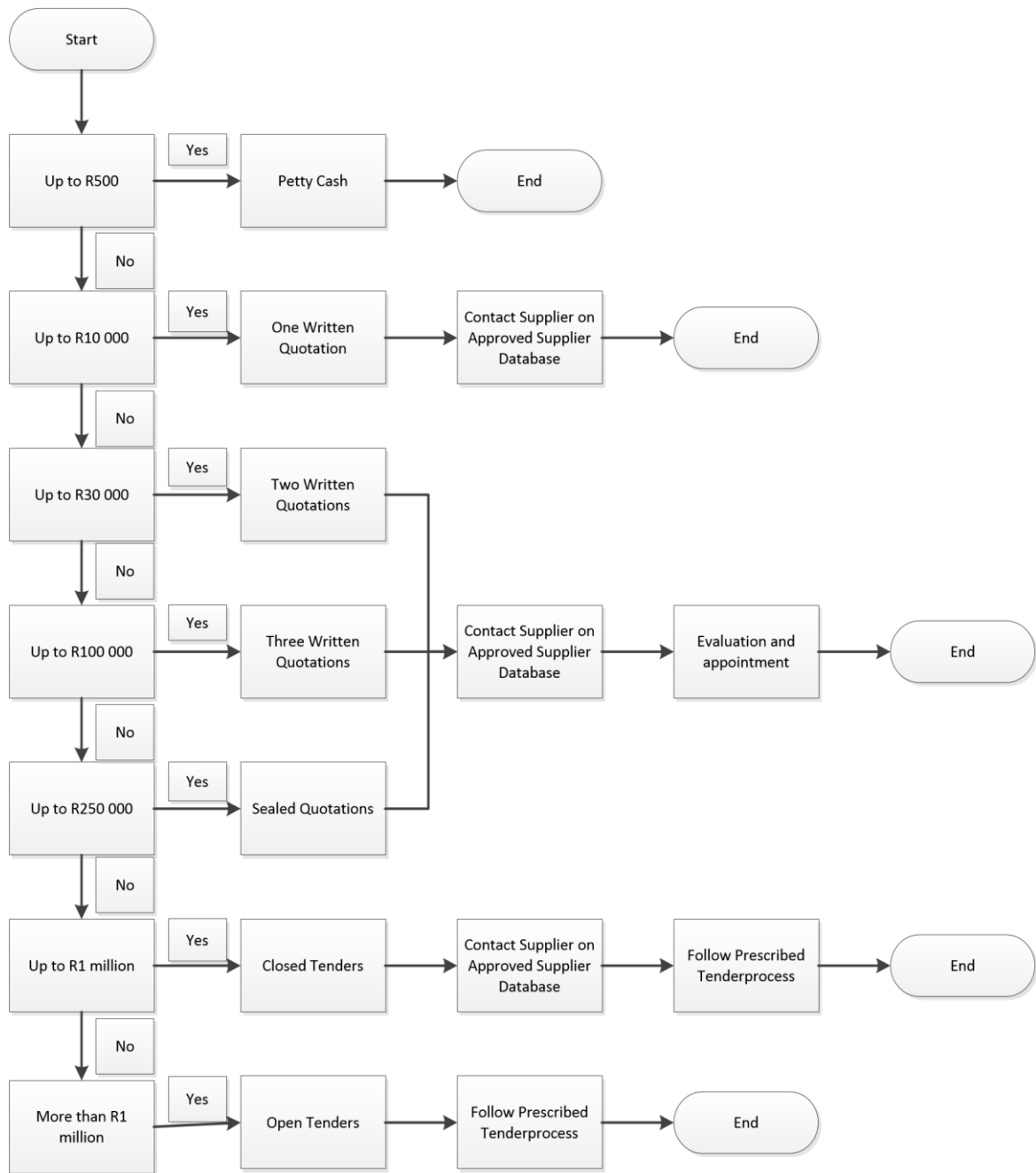
To ensure that:

- Goods and services, including construction works and consultant services are procured by the VUT only in accordance with the authorised procedures incorporated herein;
- Expenditure on goods and services, including construction works and consultant services is incurred in terms of an approved budget;
- Threshold values of the different procurement procedures are complied with; and
- Bid documentation, evaluation and adjudication criteria, and general conditions of contract are in accordance with the requirements of relevant legislation including, the Preferential Procurement Policy Framework Act, and any conditions of the Construction Industry Development Board Act.

3 Specific exclusions

- None

4 Overview of the process (High-Level)



NB: Evaluations for quotations from R30 001 to R250 000 must be done by the Buyer and the End-User and approved by the Procurement Manager or any Supply Chain Manager on post level 6 and above.
Any disputes between the Buyer and the End-User relating to the appointment of the supplier must be escalated to the Procurement Manager.
If there is no agreement between the End-User and the Procurement Manager, the issue must be escalated to the Bid Evaluation Committee.

5 Procedures

5.1 Delegation of authority

Procedure and related steps						
5.1.1 <u>Authority to execute</u>						
Total cost (Including VAT)	Procurement method	Requisition required	Purchase Requisition		Petty cash/ Contract or Purchase order approval limits	
			Designation for approval	Oversight role	Designation for approval	Oversight role
R 0 - R 1000	Petty cash	No	Not Applicable		Head of Department or Division	Finance Manager
R 1001 - R 10 000	One written quotation.	Yes	Heads of Departments or Divisions PL 6 & 7	Executive Deans/Directors and other managers on PL3-4	Buyer(s)	Senior Buyer
R 10 001 - R 30 000	Two written quotations.	Yes				
R 30 001 - R 100 000	Three written quotations.	Yes	Directors or other managers on PL 5	EMC	Senior Buyer(s)	Procurement Manager
R 100 001 - R 250 000	Sealed quotation process administered by SCM	Yes	Executive Deans/Executive Directors or other managers on PL34	EMC	Procurement Manager	Chief Financial Officer
R 250 001 - R 1 million	Closed Bid process	Yes	Deputy Vice-Chancellors or Executive Director: Finance or Chief Financial Officer	Council	Bid Adjudication Committee	EMC
R 1 million – R5 million	Open Bid process	Yes	Vice-Chancellor and Principal	Council	Vice-Chancellor and Principal with recommendation from the Bid Adjudication Committee	Council
Exceeding R5 million	Open Bid process	Yes	Vice-Chancellor and Principal with the recommendation from the Bid Adjudication Committee and approval from Council	Council	Vice-Chancellor and Principal with the recommendation from the Bid Adjudication Committee and approval from Council	Council

Procedure and related steps	Process owners	Documentation
<p>5.1.1 <u>Authority to execute (cont.)</u></p> <p><u>Quotations</u></p> <ul style="list-style-type: none"> At a minimum, these are the number of quotations to be obtained. For all quotations obtained, the quotation(s) should be from a supplier on the approved Supplier Database. <p><u>Closed Bids</u></p> <ul style="list-style-type: none"> For all closed Bids obtained, the closed Bids should be from a supplier on the approved Supplier Database. 	End User SCM	Quotations Closed Bids
<p>5.1.2 <u>Bid Specification and Evaluation Committee</u></p> <p>These are sub-committees of the EMC:</p> <p><u>Bid Specification Committee</u></p> <ul style="list-style-type: none"> The composition of the Committee is in consultation of the Head of Departments or Divisions. Committee composition: <ul style="list-style-type: none"> The Committee should consist of at least four (4) members. One (1) of the members must be from the requesting Division or Department as indicated by the Head of the Department or Division. One (1) dedicated SCM member. Any other individual within the VUT with procurement experience and/or legal background. Independent expert – An expert in the relevant field to the Bid will service in an advisory capacity: <ul style="list-style-type: none"> When an external independent is sought, prior approval, from the requesting division's DVC should be obtained. The independent expert (including representing company) must declare interest and possible conflict of interest. S/He may not submit any bid for which they have been part of the Bid Specifications Committee. Functions: <ul style="list-style-type: none"> Compile bid specifications for all of the Bids; o Ensure completeness of bid specification documents; o Take into account broader policy objectives i.e. preferential procurement; Specify evaluation criteria and weightings; Ensure that the final bid specification are signed by the Chairperson of the Bid Specification Committee: 	EMC End-User Bid Specification Committee BEC	Minutes of meetings Signed bid specifications Signed evaluation documentation

Procedure and related steps	Process owners	Documentation
<p>Where necessary a Request for Information can be issued in order to develop the specifications.</p> <p>This must be done in an unbiased manner to allow potential suppliers to offer their goods and services. No person, advisor or entity involved with the bid specification committee may bid for any contracts.</p> <p><u>Bid Evaluation Committee</u></p> <ul style="list-style-type: none"> • The composition of the Committee is in consultation of the Head of Departments or Divisions. • Committee composition: <ul style="list-style-type: none"> ○ The Committee should consist of at least five (5) members. ○ One (1) of the members should be from the requesting Division or Department as indicated by the Head of the Department or Division. ○ One (1) dedicated SCM member. ○ Any other individual within the VUT with procurement experience and/or legal background. <ul style="list-style-type: none"> ○ Two (2) independent experts in the relevant field relating to the Bid will serve in an advisory capacity: <ul style="list-style-type: none"> ▪ When an independent expert in the relevant field relating to the Bid is sought, prior approval, from the requesters division's DVC, should be obtained. ▪ The independent may not evaluate any bid for which they have submitted a proposal expert (including representing company). • Functions: <ul style="list-style-type: none"> ○ Evaluate Bids according to set criteria developed by the Bid Specifications Committee. ○ Assess compliance and conduct background checks of all bidders, to ensure that all bidders comply with relevant legislation and policies. ○ Ensure that the Bid process complies with policies, procedures and regulations. ○ Compile and submit a report with recommendations and reasons for decisions to the Bid Adjudication Committee. <p>No person, advisor or entity that submitted a proposal for the bid being evaluated, may be involved in the Bid Evaluation Committee.</p>		

Procedure and related steps			Process owners	Documentation																											
<p>5.1.3 Bid Adjudication Committee</p> <ul style="list-style-type: none">This is a subcommittee of the EMC.Committee composition: <table><tr><td></td><td>Closed Bid Process</td><td>Open Bid Process</td></tr><tr><td>Bid value</td><td>R250k - <R1m</td><td>Exceeding R 1 million</td></tr><tr><td>Composition</td><td>6 Members</td><td>10 Members</td></tr><tr><td>Committee Chair</td><td>Two (2) rotating Chairs designated by the EMC</td><td>Two (2) rotating Chairs designated by the EMC</td></tr><tr><td rowspan="4">Members</td><td>CFO or Executive Director: Finance</td><td>CFO or Executive Director: Finance</td></tr><tr><td>Representative from SCM</td><td>Representative from SCM</td></tr><tr><td>Representative from Faculty or Division or Section</td><td>Representative from Faculty or Division or Section</td></tr><tr><td>Two (2) employees at least on PL 5 and above (as determined by the EMC annually)</td><td>Not more than five (5) members designated by the EMC with expertise in Procurement and Management who are at least PL 5 and above.</td></tr><tr><td></td><td></td><td>Executive Dean or Executive Director (as determined by the EMC annually)</td></tr><tr><td>Quorum</td><td>4 members</td><td>6 members</td></tr></table> <p>* The bid value includes all applicable taxes. ^ Where Bid value exceeds R5 million the necessary Council approvals needs to be obtained.</p>				Closed Bid Process	Open Bid Process	Bid value	R250k - <R1m	Exceeding R 1 million	Composition	6 Members	10 Members	Committee Chair	Two (2) rotating Chairs designated by the EMC	Two (2) rotating Chairs designated by the EMC	Members	CFO or Executive Director: Finance	CFO or Executive Director: Finance	Representative from SCM	Representative from SCM	Representative from Faculty or Division or Section	Representative from Faculty or Division or Section	Two (2) employees at least on PL 5 and above (as determined by the EMC annually)	Not more than five (5) members designated by the EMC with expertise in Procurement and Management who are at least PL 5 and above.			Executive Dean or Executive Director (as determined by the EMC annually)	Quorum	4 members	6 members	EMC End-User Bid Committee	Minutes of meetings Report on recommendations Decisions on award
	Closed Bid Process	Open Bid Process																													
Bid value	R250k - <R1m	Exceeding R 1 million																													
Composition	6 Members	10 Members																													
Committee Chair	Two (2) rotating Chairs designated by the EMC	Two (2) rotating Chairs designated by the EMC																													
Members	CFO or Executive Director: Finance	CFO or Executive Director: Finance																													
	Representative from SCM	Representative from SCM																													
	Representative from Faculty or Division or Section	Representative from Faculty or Division or Section																													
	Two (2) employees at least on PL 5 and above (as determined by the EMC annually)	Not more than five (5) members designated by the EMC with expertise in Procurement and Management who are at least PL 5 and above.																													
		Executive Dean or Executive Director (as determined by the EMC annually)																													
Quorum	4 members	6 members																													

Procedure and related steps	Process owners	Documentation
<p>□ Functions:</p> <ul style="list-style-type: none">○ Consider the report and recommendations of the BEC.○ After considering the report and recommendations of the BEC, the Bid Committee may award or not award the Bid.○ The Bid Committee must develop a report on its final decision and provide reasons for awarding or not awarding.○ The Committee will oversee the procurement process for the categories set out above.		

Variation orders and Price increases

Variation orders

Any variation order within 10% of the total tender amount must be motivated by the Project Manager or the End-user of the services. The motivation must at least contain the reasons for variation from the original tender specifications and the amounts of variation.

The motivation must be approved by the EMC and submitted to the Procurement Department.

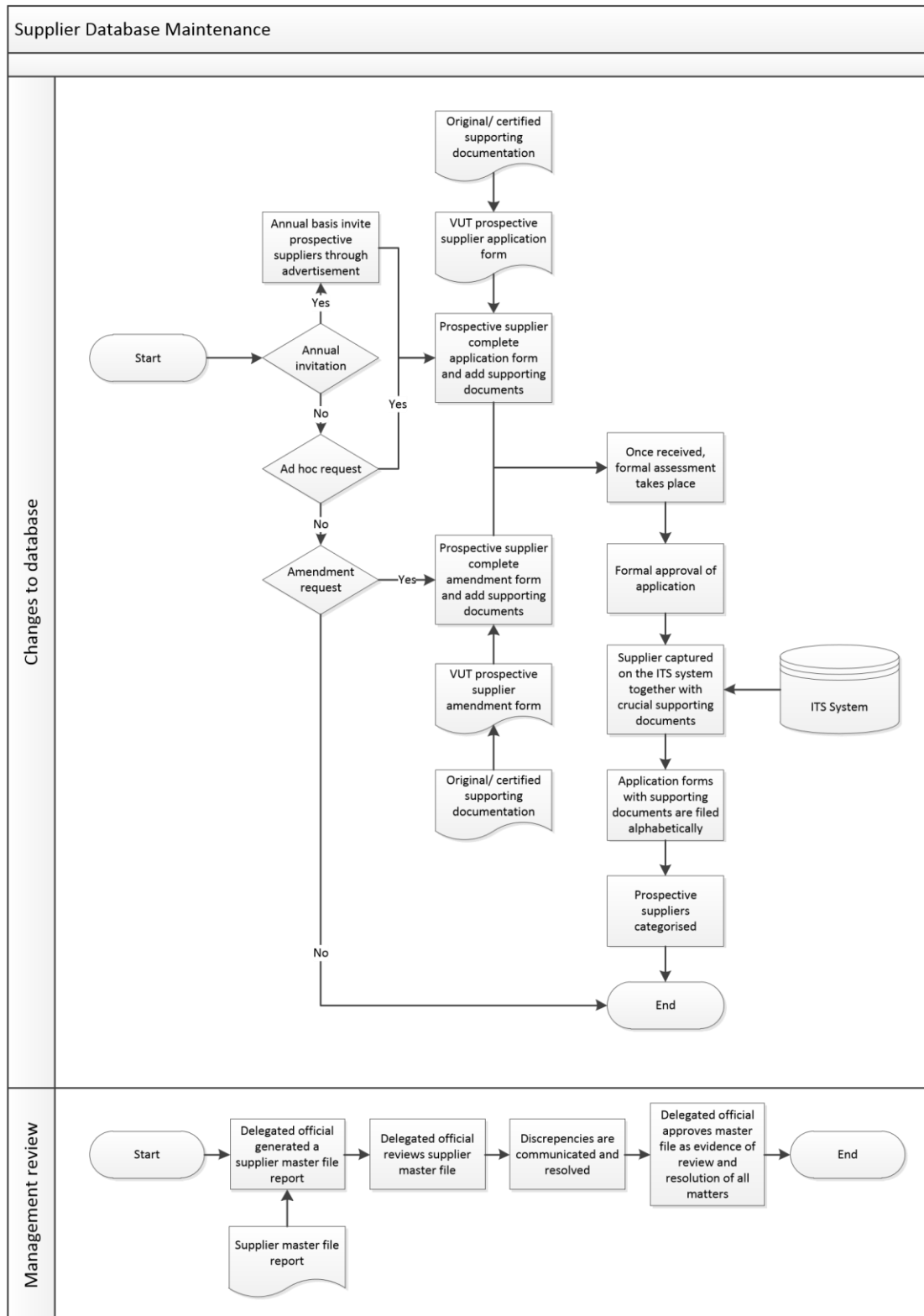
Any variation orders which exceed 10% of the total tender amount but are below 20% must be subjected to the normal procurement processes.

No variation orders exceeding 20% will be entertained and no variations will be approved after the completion of the project.

Price Increases

Any project or contractual price increases which fall within 10% of the total tender amount must be motivated by the Project Manager or End-User of services, verified by SCM and approved by the EMC.

5.2 Supplier Database Management



Procedure and related steps	Process owner	Documentation
<p>5.2.1 <u>Placement of an advert for the placement of supplier in the database</u></p> <ul style="list-style-type: none"> Once a year through newspapers commonly circulating locally, the website and any other appropriate ways, SCM invite prospective providers of goods or services to apply for the evaluation and listing as accredited providers on the database. The advert must specify the listing criteria for accredited prospective providers and disallow the listing of any prospective provider whose name appears on the database as a provider prohibited from doing business with VUT. 	SCM	Approved advert
<p>5.2.2 <u>Supplier applications</u></p> <ul style="list-style-type: none"> VUT supplier application forms and supplier evaluation criteria will be easily accessible and widely available on VUT's website or from the University's Procurement Offices. All supplier applications will be duly evaluated and considered for approval. 	SCM	Completed and evaluated supplier applications
<p>5.2.3 <u>Minimum requirements before a supplier may be uploaded onto the supplier database</u></p> <p>□ Before a supplier may be added to the approved supplier database, a formal assessment must be completed taking in consideration the minimum required documentation as listed below and approved by at least two of the delegated authorities.</p> <p>○ Company Profile:</p> <ul style="list-style-type: none"> Company/ CC registration certificate Current valid Tax clearance certificate (original) Company profile/ Corporate Brochure B-BBEE certificate ID of directors/ owners/ members/ shareholders Valid and original or certified copy of the letter from the bank verifying the company's banking details <p><u>Other documents which may be required:</u></p> <ul style="list-style-type: none"> Financial statements or letter from auditors / accountants certifying turnover; Health certificate or certificate of acceptability of food premises; Department of Labour, FEM or RAM Letter of good standing or OHS Certificate Wireman's licence (electricity compliance) The Construction Industry Development Board (CIDB) for construction companies. 	SCM	Completed and evaluated supplier applications with valid supporting documentation

Procedure and related steps	Process owner	Documentation
<ul style="list-style-type: none"> ○ Management <ul style="list-style-type: none"> ▪ Customer satisfaction (whether they have effective procedure to monitor customer satisfaction); ▪ Quality work producers; ▪ Risk management (whether they have contingency plans, etc.) ○ Quality of their product, processes, systems, facilities and staff. The following will be used to determine quality standards of organisations: <ul style="list-style-type: none"> ▪ Quality planning and part assurance; ▪ Quality performance of deliveries; ▪ Reliability: ▪ Problem-solving – formalised problem- solving process. ○ Logistics: Proven ability to meet requirements for on-time deliveries and quantities (supplier's track record); ○ After-sales support: <ul style="list-style-type: none"> ▪ Ability to provide spare-part provision over set timeframes and to keep good price stability; ▪ Warranty provided on product ○ Economy: The company's financial soundness must be determined by the following: <ul style="list-style-type: none"> ▪ Financial evaluation: Annual reports and financial rating will aid assessment of the company's financial standing ▪ Payment terms. ○ Standing with South African Revenue Services: The company needs to submit a valid tax clearance certificate annually; ○ Any other relevant aspects, for example, minimum wages, affiliation to professional bodies or councils, where applicable • Once the supplier has been approved the various suppliers should be categorised according to the good or services they are capable of supplying. 		

Procedure and related steps	Process owner	Documentation
<p>5.2.4 <u>Ad hoc updates on the supplier database</u></p> <p>□ On an ad hoc basis the database must be updated to include any prospective providers and any new commodities or types of services. Before any update/ inclusions of the prospective supplier can take place the necessary approval of the supplier needs to be granted as per 5.2.1.</p>		
<p>5.2.5 <u>Monitoring and review of the supplier database</u></p> <p>□ On a monthly basis the supplier databases needs to be reviewed by the delegated individual, ensuring that only approved changes were made and that all discrepancies found are followed up on. Once reviewed and all discrepancies identified are cleared the responsible individual should sign off as evidence of review and approval.</p>	SCM	Master File Changes Report
<p>5.2.6 <u>Supplier evaluation and removal of supplier from the database</u></p> <ul style="list-style-type: none"> As a matter of good procurement practice, suppliers will be evaluated periodically in terms of actual performance as compared with promised delivery dates, ability to meet VUT rush requirements, the number of rejects due to poor quality and adherence to purchase order prices. End users should escalate any performance issues in writing to SCM. SCM will engage with the supplier in this regard until suitable solutions have been implemented. SCM should also retain the end user complaints and resultant solutions in order to perform the periodic supplier evaluations. Suppliers may be taken off the approved supplier list for the following reasons: <ul style="list-style-type: none"> Being placed in liquidation or declared insolvent; Acting unethically; Giving a false declaration to VUT; Fronting; Unsatisfactory goods or services; Not quoting or Biding competitively on more than five occasions ; Failing to perform (malperformance) in terms of the contract; Consistently not delivering on due dates. VUT reserves the right to remove a supplier at its own discretion. 	End User SCM	Completed supplier evaluations

5.3 Acquisition of Goods/ Works or services

Procedure and related steps	Process owner	Documentation
<p>5.3.1 Specified category list</p> <p>The following categories of services requires assistance and or approval prior to acquisition:</p> <ul style="list-style-type: none"> <u>Information Technology (IT)</u> VUT Departments and Divisions must request the Executive Director: Information and Technology Services to assist with the acquisition of IT related goods or services. <u>Building , Engineering or Construction</u> VUT Departments and Divisions must request the Executive Director: Logistics to assist with the acquisition of building, engineering or construction goods or services. <u>Public/ Private Partnership (PPP)</u> VUT Departments and Divisions must request the EMC and Chancellery before entering into PPP's. <u>Banking Services</u> VUT Departments and Divisions must request the CFO or Executive Director: Finance to assist with the acquisition of Finance related goods or services. 	<p>End-user</p> <p>ED: IT Services</p> <p>ED: Logistics</p> <p>EMC</p> <p>Chancellery</p> <p>CFO</p> <p>ED: Finance</p>	<p>Written Communication and minutes of meetings</p>
<p>5.3.2 Optimum method of fulfilment</p> <p>In the event that the goods/services falls out of the above mentioned scope it needs to be determined if the goods/ services can be procured through:</p> <ul style="list-style-type: none"> Other Higher Education Institutions/Internal VUT Departments and Divisions. Transversal contracts such as those negotiated by PURCO. Ad hoc contracts. <p>Should the item being procured fall within the scope of the above mentioned and it is the optimum method to procure this item, the necessary method of procurement should be followed.</p>	<p>End-user SCM</p>	

Procedure and related steps	Process owner	Documentation
<p>5.3.3 <u>Method of procurement principles applicable</u></p> <p>When goods and services are procured locally the method of procurement that will take place needs to be determined as set out in the delegation of authority section 5.1.1.</p> <p><u>PURCO</u></p> <ul style="list-style-type: none"> Where suppliers are PURCO suppliers, it will not be necessary to obtain additional quotes, as the suppliers would already have been subject to the PURCO Bid procedures. The VUT will simply purchase off these PURCO contracts where item lists have been included in contracts concluded with PURCO suppliers. Where items are not listed in PURCO contracts, the normal quote thresholds will apply. <p><u>Requisitions:</u></p> <ul style="list-style-type: none"> Requisitions must be used in all cases for obtaining goods and services when ordering off any current contracts, including PURCO contracts, as well as for requesting the invitation of quotations or Bids. Requisitions are not required for petty cash purchases. Requisitions must be approved by the relevant authorised person as set out in section 5.1.1. <p><u>Petty cash:</u></p> <ul style="list-style-type: none"> Goods and services may only be procured without inviting competitive bids or price quotation by means of petty cash if the value is less than or equal to R 1000 (inclusive of all applicable taxes). Refer to the Finance Policy for applicable policy and procedures. <u>Written quotations:</u> <ul style="list-style-type: none"> A transaction where the total cost ranges between R 1001, but not exceeding R 100 000, a specific number of quotations needs to be obtained as set out in section 5.1.1 User departments are free to obtain quotations, but the Procurement Department is not bound by them and may obtain further quotations if deemed necessary. The Procurement Department can call for quotations only after receipt of an appropriately completed and approved requisition. Where suitable suppliers are not available from the approved supplier database, the aforementioned should be documented 	<p>End-user</p> <p>SCM</p>	<p>PURCO Contracts</p> <p>Requisitions</p> <p>Quotations</p> <p>Bids</p> <p>Minutes of meetings</p>

Procedure and related steps	Process owner	Documentation
<p>and approved by the Chief Executive Officer, before written price quotations may be obtained from other possible suppliers.</p> <ul style="list-style-type: none"> • In the event of it not being possible to obtain any or some written price quotations the reasons should be recorded by the relevant individual and approved by the correct delegated authority/ies. • The Procurement Department will, in conjunction with the person who must make a recommendation, decide on a successful supplier. If a dispute arises on the recommendation and award between the Procurement Department and the requestor, the quotation recommendation must be escalated to the Bid Evaluation Committee for a decision. • The 80:20 preference point system must be applied for all goods or/ and services that ranges between R 100 000 and R 1 million (including all relevant taxes). A formalised evaluation process will be followed and records will be kept of the outcome and approval thereof. • In the application of the 80:20 principle of the preference point system, if all the Bids received exceed the R 1 million (inclusive of all applicable taxes) the Bid as a whole must be cancelled and the competitive bidding process must be restarted. If one or more of the acceptable Bids received within the prescribed threshold of R 1 million (including all relevant taxes) all Bids received must be evaluated on the 80:20 principle of the preference point system. • Impracticalities with regard to the competitive written quotation method in the case of emergency procurement/ sole supplier should be documented by the relevant individual and approved by the correct delegated authority/ies. • Valid tax clearance certificates must be obtained for all purchases exceeding the R 30 000 (inclusive of all taxes). <p><u>Bids (Open and Closed):</u></p> <ul style="list-style-type: none"> • A transaction where the total cost (include all applicable taxes) exceeds R 250 000, a closed Bid process for goods and services must be initiated. • A transaction where the total cost (include all applicable taxes) exceeds R 1 million, an open Bid process for goods and services must be initiated. • Open Bids must be advertised on VUT's website as well as local and national newspapers. • The CFO may, if deemed necessary indicate other means of appropriate media that should be used to ensure greater exposure to potential bidders. 		



Procedure and related steps	Process owner	Documentation
<ul style="list-style-type: none"> • The respective Department or Division shall be liable for the advertisement and printing of tender documents costs. • The 80:20 preference point system should be applied for all goods or/ and services that ranges between R 100 000 and R 1 million (including all relevant taxes). For all goods and services procured whereby the total cost amount exceeds R 1 million (including all relevant taxes) the 90:10 principle should be applied. A formalised evaluation process will be followed and records will be kept of the outcome and approval thereof. • In the application of the 90:10 principle of the preference point system, if all the Bids received are below R 1 million (inclusive of all applicable taxes) the Bid as a whole must be cancelled and the competitive bidding process must be restarted. If one or more of the acceptable Bids received are above the prescribed threshold of R 1 million (including all relevant taxes) all Bids received must be evaluated on the 90:10 principle of the preference point system. • Impracticalities with regard to the competitive written quotation method in the case of emergency procurement/ sole supplier should be documented by the relevant individual and approved by the correct delegated authority/ies. The minimum requirements of the report include; Name(s) of the supplier(s) who bid, the amount(s), name of the successful supplier and reasons for the dispensing with the required bidding process. • Goods, works and services may not be deliberately split into parts or items of lesser value merely for the sake of procuring the goods, works or services otherwise than through the prescribed procurement process. When determining the values of the transaction, a requirement for goods, works or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction. 		

5.4 Request for Quotation (RFQ) **Sealed quotation** process

Procedure and related steps	Process owner	Documentation
5.4.1 <u>Determine what needs to be procured</u> The various line divisions or departments will have to decide on what needs to be quoted, within the limits of the quotation thresholds.	End users	
5.4.2 <u>Prepare specification</u> The line Division will prepare a specification and obtain approval as per the delegations.	End user	Approved specification
5.4.3 <u>Select the Suppliers from the database</u> Departments/ Divisions will identify a minimum of three service providers from the supplier database from which they will source quotations on a rotational basis.	End user SCM	
5.4.4 <u>Solicit Quotations from the Selected Service Providers</u> Departments/ Divisions will contact the selected suppliers, provide them with the written specifications in order to obtain written quotations within a specific period.	End user	
5.4.5 <u>Receive quotations from Suppliers</u> Suppliers are required to submit the quotations back to Departments/ Divisions for consideration at the specified time and date.	End user	
5.4.6 <u>Evaluate Quotations</u> The end user evaluates the received quotations against the Specification and prepares a requisition. The requisition is authorised in terms of the delegations above and together with the quotations forwarded to SCM for processing.	End user	Approved requisition
5.4.7 <u>Award of the quotation</u> SCM will award the quotation to the successful service provider once they have reviewed the documentation for completeness, validity and accuracy. An order will be processed once awarded.	SCM	Approved Order
5.4.8 <u>Administer contract and confirm delivery of goods and services</u> SCM receiving section will be required to follow-up on the delivery of goods and services from the appointed supplier.	SCM	Delivery Note Written Communication with the supplier

Procedure and related steps	Process owner	Documentation
<p>In cases where there are delays, the service provider must be informed in writing by the SCM receiving section that the delivery process is being delayed and the consequences for the delays must be explained to the suppliers.</p> <p>A copy of the same letter to the supplier must also be copied to the Procurement Manager.</p>		
<p>5.4.9 <u>Delivery of goods</u></p> <p>Goods must be delivered to the SCM receiving section who will then distribute to the line department/division.</p>	SCM	Delivery Note

5.5 Closed Bid process



Procedure and related steps	Process owner	Documentation
5.5.1 <u>Determine what needs to be procured</u> The various line divisions or departments will have to decide on what needs to be quoted, within the limits of the quotation thresholds.		
5.5.2 <u>Prepare specification</u> The line Division will prepare a specification and obtain approval as per the delegations.	End user	Approved specification
5.5.3 <u>Select the Suppliers from the database</u> Together with Departments/ Divisions the SCM will identify a minimum of three service providers from the supplier database from which they will source quotations on a rotational basis.	End user	List of approved suppliers
5.5.4 <u>Solicit Quotations from the Selected Service Providers</u> Once the names of suppliers have been identified, SCM sends out the request for quotations to the prospective suppliers, requesting them to respond to the RFQ. The document submitted to the supplier consists of three sections: <u>Part 1: Specifications:</u> <ul style="list-style-type: none"> Cover letter for RFQ Part 1.1: Scope of work Part 1.2: Official SCM Quotation Form <u>Part 2: Returnable documents:</u> <ul style="list-style-type: none"> Declaration of interest and Independent Bid Determination. 	SCM	 Declaration of Interest.doc  Independent Quotation Determinat RFQ
5.5.5 <u>Receive quotations from Suppliers</u> Suppliers are required to submit the quotations back to Departments/ Divisions for consideration at a specified time and date. Late submissions will not be considered under any circumstances	SCM	Quotations
5.5.6 <u>Evaluate Quotations</u> SCM evaluates the received RFQ's with the Line Divisions and Departments that requested the services.	End Users	Minutes of meetings

Procedure and related steps	Process owner	Documentation
<p>Evaluation of quotations will be determined by the value of procurement in question as set out per section 5.3.4 Method of procurement principles applicable.</p> <p>The evaluation process must be appropriately documented</p>	SCM	Evaluation documentation
<p>5.5.7 <u>Award of the quotation</u></p> <p>SCM will award the quotation to the successful service provider by issuing a letter of award and an order.</p>	SCM	<p>Letter of award</p> <p>Order</p>
<p>5.5.8 <u>Administer contract and confirm delivery of goods and services</u></p> <p>SCM receiving section will be required to follow-up on the delivery of goods and services from the appointed supplier.</p> <p>In cases where there are delays, the service provider must be informed in writing by the SCM receiving section that the delivery process is being delayed and the consequences for the delays must be explained to the suppliers.</p> <p>A copy of the same letter to the supplier must also be copied to the Procurement Manager.</p>	SCM	<p>Delivery Note</p> <p>Written Communication with the supplier</p>
<p>5.5.9 <u>Delivery of goods</u></p> <p>Goods must be delivered to the SCM receiving section who will then distribute to the line division.</p>	SCM	Delivery Note

5.6 Open Bid process

Procedure and related steps			Process owner	Documentation
5.6.1 <u>Determine what is to be procured and prepare specification</u>			End User	Bid Specifications
<div><div><input type="checkbox"/></div><div>Prepare broad scope of work (specifications) for procurement</div><div><div><input type="checkbox"/></div><div>Verify that the procurement is as per approved procurement plan, if not, the Line Division / Departments should prepare a motivation for approval by EMC.</div><div><input type="checkbox"/></div><div>Develop a title for procurement for the purpose of project identification and a broad scope of work utilizing the headings summarised in the table below:</div></div></div>			Bid Specification Committee	Approved budget
Category	Heading	Guidance		
Suppliers	VUT's Objectives	Describe VUT's objectives for the supplies as delivered		
	Overview of the required supplies	Provide a short description of the supplies		
	Extent of the suppliers	Provide a brief outline of the quantity, duration and nature of the supplies		
Services (including Professional Service Providers)	VUT's Objectives	Describe the VUT's Objectives for the services		
	Description of the services	Provide a short description of the services and outline what the bidders are to provide		
	Extent of services	Provide a brief outline of the extent of services and key deliverables for the project		
Engineering and Construction work	VUT's objectives	Describe the VUT's objectives for the delivered end product for the project		
	Overview of the Works	Provide a short description of the works, its purpose, etc.		
	Extent of the works	Provide a brief outline of the scope of works. Ensure that all operations, particularly those requiring special attention, are listed.		
	Location of the works	State the place where the works are to be provided		
<div><div><input type="checkbox"/></div><div>Estimate Financial value of proposed contract:</div><div><div><input type="checkbox"/></div><div>Estimate the financial value of the proposed contract for budgetary purposes.</div><div><input type="checkbox"/></div><div>The estimate must include Value Added Tax (VAT) at the applicable rate, and make allowances for currency fluctuations</div></div></div>				

Procedure and related steps	Process owner	Documentation
<p>and provide for price escalation, where appropriate.</p> <ul style="list-style-type: none"> ○ Provisions for uncertainties (risk provision) in assumptions should also be made. ○ It is important to establish realistic ceiling price for the contract as Bid offers received in excess of this amount cause the viability / value for money of the project to be reconsidered and may lead to the cancellation of Bids. <ul style="list-style-type: none"> • Confirm Budget Availability: <ul style="list-style-type: none"> ○ Once the estimate for the goods / general services / professional services has been determined, the Head of Department/Division initiating the procurement should be presented with the broad scope of work and financial estimates in order to decide if the funds are available or not and whether the submission of the procurement strategy will proceed or not. ○ The confirmation of the budget by the Head of Department/Division initiating the procurement will pave the way for the preparation of the procurement strategy. • Prepare the Specifications (including criteria for evaluation) and Procurement Strategy for the proposed goods or services. <ul style="list-style-type: none"> ○ Once the availability of the budget has been confirmed, the compiler must prepare a procurement strategy that will be submitted to the Head of Department/Division, through the SCM to the Bid Specification Committee. ○ The preparation of the Procurement Strategy will involve the following: <ul style="list-style-type: none"> ▪ Establish applicable preferential procurement policy (90:10 or 80:20) On the basis of the value of procurement, the compiler responsible for the procurement should ascertain the Preferential Procurement Policy that is to apply, and document it in the procurement strategy. ▪ Establish contract and pricing strategy. Establish and document the appropriate contract and pricing strategy from the following options: <ul style="list-style-type: none"> <input type="checkbox"/> Establish procurement procedure; <input type="checkbox"/> Establish and document the appropriate procurement procedure from the list in table below. The choice of the procedure will also be influenced by the scope, extent, budget and complexity of the service in question; <input type="checkbox"/> The proposed timeline as per the procurement plan, indicating date of advertisement, Bid closing date and 		

Procedure and related steps			Process owner	Documentation
time, date of evaluation and date of bid adjudication and award.				
Category	Contract strategy	Pricing strategy		
Suppliers	<ul style="list-style-type: none">• Single purchase(s)• Term Purchase(s) with p rice list)			
Services (including Professional Service Providers)	<ul style="list-style-type: none">• Activity based,• Fee Percentage,• Time and Expenses; an d• Term with Price List			
Engineering and Construction work	<ul style="list-style-type: none">• Construction Management• Design by Employer• Management Contract• Design and Build• Develop and Construct	<ul style="list-style-type: none">• Activity Schedules• Bill of Quantities• Cost Reimbursable• Target Cost		
<ul style="list-style-type: none">○ Obtain approval for specification and procurement strategies from the Bid Specification Committee.○ SCM Unit to allocate Bid Reference Number.<ul style="list-style-type: none">▪ Once the permission to proceed has been granted, the SCM Unit has to issue and allocate the Bid Reference Numbers or the Expression of Interest Reference Numbers that will be used in the preparation of the Bid Documents or the Expression of Interest Documentation.				
5.6.2 <u>Solicit Bids</u> <ul style="list-style-type: none">• SCM publish the request for Bids on its website, local and national newspapers.• On payment of the non-refundable fee SCM provides the suppliers with the Bid documentation.• The document submitted to the supplier consists of the following three sections: <u>Part 1: Specifications:</u><ul style="list-style-type: none">• Cover letter for Bid• Part 1.1: Scope of work• Part 1.2: Official SCM Bid Form <u>Part 2: Returnable documents:</u><ul style="list-style-type: none">• Declaration of interest• Independent Bid Determination			SCM	<div> Declaration of Interest.doc</div> <div> Independent Quotation Determinat</div> <div>Bid Documentation</div>

Procedure and related steps	Process owner	Documentation
<p>5.6.3 <u>Receive Bids from Suppliers</u></p> <ul style="list-style-type: none"> Suppliers are required to submit the Bids at the time and place as specified in the Bid Documentation. All Bids submitted will be deposited in the Bid box at the receiving department during VUT office hours. All Bids submitted will be recorded in a submission register detailing: <ul style="list-style-type: none"> Date and time of receipt Name of supplier Details of the person/company delivering the Bid. Late submissions will be recorded on the submission register and clearly marked on the register as well as the envelope as a “Late Submission”. Late submissions will not be considered under any circumstances. Late submissions will be returned to sender unopened. 	SCM	Bids
<p>5.6.4 <u>Evaluate Bids</u></p> <ul style="list-style-type: none"> The BEC evaluates the Bids received against bid specifications and evaluation criteria and executes its duties as defined in paragraph 5.1.2 above. The evaluation process and recommendations must be appropriately documented and submitted to the Bid Committee for approval and final award. 	<p>End Users</p> <p>SCM</p> <p>Bid Evaluation Committee</p>	<p>Minutes of meetings</p> <p>Evaluation documentation</p>
<p>5.6.5 <u>Award of the Bid</u></p> <ul style="list-style-type: none"> On receipt of the written recommendation from the Bid Evaluation Committee the Bid Committee will consider the submission and execute its mandate as set out paragraph 5.1.3 above. The successful supplier will be informed regarding the contract award in writing and an order will be issued. 	<p>SCM</p> <p>Bid Committee</p>	<p>Minutes of meetings</p> <p>Letter of award</p> <p>Order</p>

Procedure and related steps	Process owner	Documentation
<p>5.6.6 <u>Administer contract and confirm delivery of goods and services</u></p> <ul style="list-style-type: none"> Contracts will be entered into and managed with the supplier in terms of VUT's contract management process SCM receiving section will be required to follow-up on the delivery of goods and services from the appointed supplier. In cases where there are delays, the service provider must be informed in writing by the SCM receiving section that the delivery process is being delayed and the consequences for the delays must be explained to the suppliers. A copy of the same letter to the supplier must also be copied to the Procurement Manager. Price escalations exceeding those negotiated as part the initial contract exceeding 10% should be referred to the Bid Adjudication Committee prior to incurring the expenditure. 	SCM	<p>Delivery Note</p> <p>Written Communication with the supplier</p>
<p>5.6.7 <u>Delivery of goods</u></p> <ul style="list-style-type: none"> □ Goods must be delivered to the SCM receiving section, where applicable, who will then distribute to the line division. 	SCM	Delivery Note

