



health

Department:
Health
North West Provincial Government
REPUBLIC OF SOUTH AFRICA



2nd Floor, Health Office Park
Private Bag X 2068
MMABATHO
2735

SUPPLY CHAIN MANAGEMENT

Tel: +27 (18) 391 4508
Email: ftsimane@nwp.gov.za
www.health.nwpg.gov.za

A long and healthy life for all communities of the North West Province

SUPPLY CHAIN MANAGEMENT POLICY

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Coverage	This policy document is applicable to all officials and stakeholders of North West Department of Health.
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DEFINITIONS

Accounting Officer means the Superintendent-General of the North West Provincial Department of Health

Accreditation means the official departmental approval for an Entity to be registered on the Service Provider Database.

Accredited SCM Units refers to the offices that are accredited to procure goods, services and assets within their offices.

Acquisition Manager means Official occupying the rank - Head of Acquisition Management.

Adjudication means the act of judging a matter and making a formal decision.

Asset means a resource that is controlled by an institution as a result of past events and from which future economic benefits or service potential are expected to flow to the institution

Bid means a written offer in a prescribed or stipulated form in response to an Invitation by an institution for the provision of goods or services, through formal written price quotations, advertised competitive bidding processes or proposals. It means a formal offer by a Service Provider for the acquisition, lease or disposal of goods and assets to the Department. The various types of Bids are:

Negotiated Bid: Bid offer is solicited from a single Bidder (sole Service Provider only).

Open Bid: Solicitation of Bids is extended as invitations in the open market. Any prospective Service Provider may respond to the invitation to Bid.

Qualified Bid: Is a call for expressions of interest that is advertised. Only the Service Providers who responded to the expressions of interest and who satisfy several additional criteria are then invited to Bid.

Two-envelope Bid: Bidders submit technical and financial proposals in two separate envelopes. The financial proposal is only opened if and when the technical proposal is accepted.

Two-stage Bid: 1st stage, unpriced technical proposals on the basis of a conceptual design or performance specifications (cases where it is impractical to prepare complete technical specifications/terms of reference in advance) are invited. 2nd stage, to be followed by amended Bidding documents and the submission of final technical proposals and priced Bids in the second stage. Bid offers are then invited from those Bidders that submit acceptable proposals based on revised procurement documents. Alternatively, a contract is negotiated with a Bidder scoring the highest number of evaluation points. This is similar to the qualified Bid.

Bidder means any natural or legal person submitting a bid;

Bid Document means the documentation prepared by the Department when procuring, leasing, hiring or disposal of goods and services, which is used to initiate and conclude a contract.

bid rigging Bid rigging (or collusive bidding) Bid rigging (or collusive bidding) occurs when businesses, that would otherwise be expected to compete, secretly conspire to raise or lower prices or lower the quality of goods or services for purchasers who wish to acquire goods or services through a bidding process. Bid rigging is, therefore, an agreement between competitors not to compete;

Business interest means – a right or entitlement to share in profits, revenue or assets of an entity; a real or personal right in property; a right to remuneration or any other private gain or benefit, and Includes any interest contemplated in paragraph (a) to (c) acquired through an intermediary and any potential interest in terms of any those paragraphs.

Certificate of Service means a document completed by the end user certifying that the required goods and services have been delivered /rendered and rating the Service Provider on performance.

Central Supplier Database means a database where Service Providers can register, to be accredited

CFO means Official occupying the rank of Chief Financial Officer.

Client means an institution or division, within the Department which is ultimately responsible and accountable for the delivery of goods or services.

Competitive bid means a bid in terms of a bidding process which provides for appropriate levels of competition to ensure cost-effective and best value outcomes;

Contract means a formal written agreement which results from the acceptance of a bid';

Contractor means any natural or legal person whose bid has been accepted;

Contract management means maintaining control or influence over the contractual arrangement between the institution and the contractor or service provider including administering and regulating such agreement

Control budget means the amount of money which is allocated or made available by the client to deliver or maintain infrastructure associated with a project or package including site costs, professional fees, all service and planning charges, applicable taxes, risk allowances and provision for price inflation which may be adjusted by the client from time to time;

Construction procurement means procurement in the construction industry, including the invitation, award and management of contracts;

Construction Industry means the broad conglomeration of industries and sectors which add value in the creation and maintenance of fixed assets within the built environment;

Custodian means the institution or division within an institution which acts as the caretaker of infrastructure throughout its lifecycle; "Day-to-day maintenance" means maintenance that takes place on an ad hoc basis including minor repairs, modifications or replacements;

Contract price means the price payable to the supplier under the contract for the full and proper performance of his contractual obligations;

Delegate means a person assigned by the Accounting Officer or accounting authority to perform specific powers or duties as contemplated in terms of section 44 or 56 of the Act;

Delivery means delivery in compliance with the conditions of the contract or order

Demand Management Plan means a plan that incorporates an annual strategy to identify requirements for goods and services in alignment with the strategic plan, operational plan and approved budget.

Demand Manager means the Official occupying the rank - Head of Demand Management.

Department means/ refers to the North-West Department of Health.

Departmental Bid Adjudication Committee means team who are appointed to adjudicate bids and matters related thereto, ensure compliance with prescripts and finalize Bids in accordance with the delegated powers by the Accounting Officer.

Departmental Bid Evaluation Committee means team with diverse expertise regarding client needs who are appointed to evaluate bids and make recommendations to the Departmental Bid Adjudication Committee

Departmental Bid Specification Committee means team with diverse expertise regarding client needs who are appointed to draft specification, determine bid processes, documentations and make recommendations to the Departmental Bid Adjudication Committee;

Emergency Procurement means a situation where immediate action is necessary in order to avoid a dangerous or perilous condition or risky situation or misery or defect provided that the situation was unforeseen;

Emergency maintenance means repairs which are unforeseen and require urgent attention due to the presence of, or the imminent risk of, an extreme or emergency situation arising from one or more of the following:

Human injury or death;
Human suffering or deprivation of human rights;
Serious damage to property or financial loss;
Livestock or animal injury, suffering or death;
Serious environmental damage or degradation; or
Interruption of essential services

Employee means a person employed by the national and provincial government or a public entity or a constitution institution whether permanently or temporarily, including –

an employee as contemplated in section 8 of the public service Act, 1994 (Proclamation 103 of 1994);

a person appointed in terms of section 12A of the public Service Act;

a person transferred or seconded to the national or provincial government or a provincial public entity in terms of section 15 of the Public Service Act; and

an educator as defined in the Employment of Educators Act, 1998 (Act 76 of 1998), and includes a member of the board or other controlling body of a public entity;

End user means the Cost Center Manager or the person requiring the good or service.

Evaluation means assessment of Bids and quotations according to set criteria as per Bid documentation.

Evaluation Committee means the panel of members appointed to evaluate quotations.

Family member means a person's –

Spouse; or

Child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption;

Final award in relation to bids submitted for a contract, means the final decision on which a bid is accepted.

Framework agreement means an agreement between an institution and one or more contractors, the purpose of which is to establish the terms governing task, batch or package orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quality envisaged;

Fraudulent act means a misrepresentation of facts in order to influence outcome;

Fronting in the context of preferential procurement means a misrepresentation or the making of a misrepresentation in order to obtain undue preference points;

Functional Requirements / Criteria means the required specification or terms of reference against which quotations or Bids will be invited and evaluated.

functionality means the measurement according to pre-determined norms, as set out in the bid documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account other factors, the quality, reliability, viability and durability of service or commodity and the technical capacity and ability of a bidder;

Goods means "corporeal movable things, fixed property and any real right in any such thing or fixed property"

Implementer means an institution or division within an institution responsible for the physical delivery of infrastructure or maintenance projects;

Infrastructure means fixed assets that are constructed or result from construction operations including: buildings, structures and facilities, water supply, sanitation, electricity supply, transportation and storm water drainage system, and; the related permanent fixtures that cannot be readily or economically removed or reused;

Institution means all directorates and health facilities within the department of health

Intermediary means a person through whom an interest is acquired, and includes-

a person to whom is granted or from whom is received a general power of attorney; and a representative or agent

Irregular Expenditure refers to expenditure, other than unauthorized expenditure incurred in contravention of or that is not in accordance with a requirement of any legislation applicable to public sector procurement.

Logistics is part of supply chain management that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods or services and related information between the point of origin and the point of consumption in order to meet customers' requirement.

Logistics Manager means Official occupying the rank – Head of Logistic Management.

Major capital project means a project or a series of related packages involving the construction, alteration, extensions, refurbishment or the budget above a threshold value determined by National Treasury;

Movable assets means assets that are tangible in nature and mobile. All inventories and valuables and most non-current assets belong to this category;

Multiple source bidding means a form of bidding where the market has been tested through a detailed market analysis, and there are only a few prospective service providers that are able to submit a proposal;

Other applicable legislation means any other legislation applicable to or that may have an impact on the Institution's supply chain management system;

Non-preferred Service Provider means a Service Provider who has performed inadequately and has consequently been identified as a non-preferred service provider by the Department.

Restricted Service Provider means a Non-preferred Service Provider who has been listed by National and /or Provincial Treasury and must not be used by the Department of Health for the entire period of the prohibition.

Package means works which have been grouped together for delivery under a single contract or a package order;

Preferential Procurement means the strategy used to secure the participation of preference groups in line with the PPPFA as a primary driver to stimulate BEE development.

Price means the financial offer in the Bid or Quotation.

Procurement means the process that creates, manages and fulfils contracts relating to the provision of good or services, the hiring of anything, disposals and the acquisition or granting of any rights and concessions : and engineering and construction works or disposals, or any combination thereof;

Public Private Partnership means the procurement of goods and services through partnership between public and private institutions, in terms of section 16 of the Treasury Regulations.

Quotation means procurement in which the Department may solicit quotations from Service Providers listed Supplier Central Database

Quality means the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs;

Receiving Official -means the person who accepts delivery of goods and assets.

Routine maintenance means regular on-going maintenance necessary to keep infrastructure operating and to prevent premature failure including repairs

Segments means different trade sectors in the market.

Senior-manager means Official occupying the rank of Director and above.

Service Provider means a consultant, contractor or a Provider of general goods and services.

Services means "anything done or to be done, including the granting, assignment, cession or surrender of any right and the making available of any facility or advantage";

Single source bidding means a form of bidding where a pre-selection process, following a detailed market analysis, identified only one amongst a few prospective service providers to be requested to submit a final proposal;

Sole source bidding means a form of bidding where there is no competition and only one service provider exist, following a detailed market analysis, to submit a proposal;

Specific term contract means a contract entered into for the supply of goods or the rendering of services during a specified period of time for the specific repetitive requirements of only one institution.

Special Services means the provision of independent advice on the most suitable approaches, methodologies and solutions of projects.

Specification means the specific functional requirements for the acquisition of goods

Spouse means an official's –

Partner in marriage;

Partner in a customary union according to indigenous law; and

Partner in a relationship in which the parties live together in a manner resembling a marital partnership;

Standards means measurements which are established by authority, custom or general acceptance as a model;

Standard operating procedures (SOPs) means a method of functioning that has been established over time in order to execute a specific task or react to a specific set of circumstances or situation or process. They document the normal or accepted methodology and help form the basis for conformance evaluation;

Supply chain management means the design, planning, execution, control and monitoring of supply chain activities in the delivery of goods and services, with the objective of creating net value and providing oversight and co-ordination of information and finances within the supply chain;

Service Delivery Agreement means an agreement between two or more organs of state setting out the terms and conditions, and roles and responsibilities with respect to the delivery or maintenance of infrastructure which promotes and facilitates inter-institutional relations and the principles of participation, co-operation and co-ordination;

Service life means the period of time after construction during which infrastructure or its parts meet or exceed the performance demanded or expected to be fulfilled;

Scheduled maintenance means maintenance projects flowing out of condition assessments or service life planning and which are included in an infrastructure plan for implementation through the infrastructure gateway system;

The act means the Public Finance Management Act, 1999 (Act 1 of 1999 as amended by Act 29 of 1999)

Terms of Reference means the specific functional requirements for the acquisition of services.

Transversal term contract means a contract facilitated by the relevant Treasury for goods or services that are required by more than one institution to derive benefits from economies of scale; General period contracts that are arranged by National or Provincial Treasury for more than one department to participate in.

Treasury Regulations means Treasury Regulations published in terms of the Act;

Unsolicited bid means any bid received by an institution outside its normal bidding process: a proposal presented to the Department by a contractor, consultant or service provider, through his/her own initiative, without having been invited to do so by the Department.

Urgent Case means cases where early delivery is critical and the invitation of competitive bids is either impossible or impractical, not due to improper planning.



1. INTRODUCTION

- 1.1. The responsibility to implement Supply Chain Management (SCM) in the North-West Department of Health is derived from the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996).
- 1.2. The PFMA Treasury Regulations mandate the Accounting Officer to ensure that the internal procedures, risk management processes and internal control processes are in place to ensure compliance with the established supply chain management system.
- 1.3. Therefore, this Supply Chain Management Policy creates a framework in terms of which the demand management and procurement of goods and service must be conducted.

2. SCOPE

- 2.1. This policy is applicable to all institutions and officials within the North West Department of Health.
- 2.2. This policy applies to all transactions where money is exchanged for goods, services and assets between the Department of Health and Service Providers and will be implemented by all the Department's officials.

3. POLICY OBJECTIVES

- 3.1. The objectives of this policy are:
 - 3.1.1. To set out administrative arrangements pertaining to supply chain management within North West Department of Health;
 - 3.1.2. To tailor the procurement and provisioning processes to meet the needs of the department;
 - 3.1.3. To regulate supply chain management process and functions within the department.
 - 3.1.4. To give effect to the socio-economic responsibilities of the department.

4. LEGISLATIVE FRAMEWORK

- 4.1. The policy is guided by the following prescripts:
 - 4.1.1. Constitution of the Republic of South Africa Act, 1996
 - 4.1.2. The Public Finance Management Act, 1999 (Act No 1 of 1999 as amended by Act 29 of 1999)
 - 4.1.3. The Preferential Procurement Policy Framework Act (Act No 5 of 2000)



- 4.1.4. Preferential Procurement Regulations
- 4.1.5. National Treasury Regulations
- 4.1.6. National Treasury General Procurement Guidelines
- 4.1.7. Broad Based Black Economic Empowerment Act (BBBEE) (Act No 53 of 2003)
- 4.1.8. The King Report III on Corporate Governance for South Africa 2009
- 4.1.9. The National Small Enterprise Act No. 102 of 1996
- 4.1.10. National Development Plan 2030
- 4.1.11. A Guide for Accounting Officers and Accounting Authorities, 2004
- 4.1.12. The Competition Amendment Act, no 1 of 2009
- 4.1.13. The National Small Business Act 1996
- 4.1.14. SITA Act (Act 88 of 1998)
- 4.1.15. Code of Conduct for Supply Chain Management Practitioner (Practice Note 4 of 2003)
and Corruption Measures
- 4.1.16. Promotion of Administrative Justice Act, No. 3 of 2000
- 4.1.17. Other Applicable By-Laws, Ordinance and Legislation
- 4.1.18. Construction Industry Development Board Act
- 4.1.19. Protection of Personal Information Act

5. SCM PRINCIPLES

5.1. All officials and other role players involved in the supply chain management system of the department must comply with the core principles of behaviour as envisaged by the Five Pillars of Procurement which are:

5.1.1. Fairness (ethics and fair dealing)

- a) Comply with ethical standards;
- b) Recognize and deal with conflicts of interest or the potential therefor ;
- c) Deal with suppliers even- handed
- d) Do not compromise the standing of the state through acceptance of gifts or hospitality;
- e) Be scrupulous in the use of public property; and
- f) Provide assistance in the elimination of fraud and corruption.

5.1.2. Equity

- a) Advance the development of small, medium and micro enterprises;
- b) Empower black people including women ,workers, youth people with disability and people living in rural areas;
- c) Support the creation of work opportunities;
- d) Promote local enterprise; and
- e) Support local products.

5.1.3. Transparency (accountability and reporting)

- a) Individuals and Institutions are answerable for their actions and outcomes; and
- b) Openness and transparency in administration by external scrutiny through public reporting.

5.1.4. Competiveness (open and effective competition)

- a) A framework of procurement legislation, policies practices and procedures that is transparent;
- b) Openness in procurement processes;
- c) Encouragement of effective competition through procurement methods suited to market circumstances;
- d) Observance of the provisions of the Preferential Procurement Policy Framework Act;
- e) Potential suppliers have reasonable access to procurement
- f) Where market circumstances limit competition –institutions recognize it and use procurement methods that take account of it;
- g) Adequate and timely information is provided to suppliers to enable them to bid;
- h) Bias and favoritism are eliminated;
- i) The cost of bidding for opportunities do not deter competent suppliers; and
- j) Costs incurred in promoting competition are at least commensurate with the benefits received.

5.1.5. Cost effectiveness (value for money)

- a) Avoid any unnecessary cost and delays for the institution or suppliers;
- b) Monitor supply chain management on an on-going basis and reconsider if existing arrangements cease to provide the expected benefits; and
- c) Ensure continuous improvement in the effectiveness and efficiency of internal processes and systems.

6. POLICY DIRECTIVE

- 6.1. SCM Units must procure goods, services and assets according to the stipulated threshold values.
- 6.2. Shared Service Centres, where established, must procure goods, services and assets for their client offices according to the stipulated threshold values.

7. INSTITUTIONALISATION

7.1. APPLICATION

- 7.1.1. All officials and other role players involved with the supply chain management (SCM) must implement this SCM Policy in a way that gives effect to:

- (a) Section 217 of the Constitution;
- (b) Section 38 (1) (a) (iii) of the PFMA and other applicable provisions of the Act;
- (c) Chapter 16 A of the National Treasury Regulations;
- (d) Other applicable legislation.

- 7.1.2. This SCM Policy applies when the Department:

- (a) Procures goods and services;
- (b) Procures professional services and appointment of consultants; and
- (c) Disposes of moveable assets no longer needed.

7.2. SUPPLY CHAIN MANAGEMENT

- 7.2.1. The Department has established a Supply Chain Management Unit that provides for demand, acquisition, logistics/purchasing, disposal, risk, contract management and performance management. This Supply Chain Management unit will report directly to the Chief Financial Officer (CFO).

- 7.2.2. When procuring goods, services and works the SCM system will ensure that all contractors/suppliers comply with applicable legislation for registration and compliance with applicable statutory requirements.

7.3. POWERS OF THE SCM UNIT

- 7.3.1. The powers of the SCM shall be as follows:



- 7.3.1.1. To procure on behalf of the department within the parameters of the departments delegation framework;
- 7.3.1.2. Enforce the departments monitoring and evaluation process in respect of the departments compliance to SCM legislation and this SCM Policy; and
- 7.3.1.3. Issue Departments best practice guidelines for implementation within the department to ensure sound governance practices within SCM.

7.4. PRIMARY RESPONSIBILITIES OF THE SUPPLY CHAIN MANAGEMENT UNIT (SMCU):

7.4.1. The primary responsibilities of the Supply Chain Management Unit are as follows:

- 7.4.1.1. Provide on-going maintenance of the SCM Policy to improve the effectiveness and efficiency of the system;
- 7.4.1.2. Provide regular reporting to the Accounting Officer on the performance of the SCM function;
- 7.4.1.3. Enforce of the regulatory framework for SCM within the department;
- 7.4.1.4. Render assistance and administrative support to the line function managers and other employees in the performance of their SCM responsibilities;

7.4.2. The SCM Unit is also responsible to:

- a) Collate and compile reports to the Accounting Officer and the Provincial Treasury;
- b) Ensure that management, control and accountability is maintained through comprehensive objective assessments;
- c) Develop and implement internal controls functions for Supply Chain Management; and
- d) Identify, treat and report occurrences of fraud, corruption, collusion and abuse of the SCM System; and
- e) Capacity building and training of employees involved in SCM processes.
- f) Procure goods and services for the Department;

7.4.3. Manage bid administration processes which include but are not limited to:

- a) Checking and arranging for the signing and approval of bid specifications;



- b) Compiling bid documents;
- c) Advertising bids in the government e-Tender Publication Portal, Provincial Tender Bulletin, media and other prescribed sites;
- d) Advertising quotations for the prescribed threshold via the designated procurement system;
- e) Receiving and opening of bids;
- f) Checking for compliance and signature of bid documents;
- g) Maintaining a bid register;
- h) Preparation of procedures and bid documents for evaluation at the evaluation committee;
- i) Monitoring the award of bids;
- j) Adjudication of quotations, capturing of the award on the designated procurement system in terms of delegation levels;
- k) Administering and managing contracts within their delegated authority;
- l) Communicating and liaising with contractors;
- m) Executing allocated delegations in terms of financial and SCM delegations;
- n) Maintaining and providing an efficient and effective logistical and asset management system for the Office;
- o) Maintaining and keeping a proper audit trail in respect of all transactions processed by the unit and on behalf of line function managers;
- p) Developing of offices instructions and SOPs for implementation within the Office to ensure sound governance practices within SCM; and
- q) Promoting adherence to control measures and risk mitigation procedures defined by this SCM Policy.
- r) Advising line managers on SCM related matters.

7.5. RESPONSIBILITIES OF LINE FUNCTION (END USERS)



7.5.1. It is the responsibility of line managers to ensure that the Department delivers in accordance with its strategic objectives which will include acquisition of goods and services. It will therefore be the responsibility of line managers to:

- a) Understand and Plan for future needs;
- b) Identify critical delivery dates;
- c) Ensure that the necessary funds are available for goods and services to be procured;
- d) Acquaint themselves with SCM procurement prescripts and policy and the requirements encapsulated within this Policy so that the requirements enshrined within Section 217 of the Constitution are met, when they are involved in the procurement processes of the Department;
- e) Develop draft specifications for areas that require technical skill and needs associated with their programme / sub-programme deliverables;
- f) Timeously provide the SCM unit with all the necessary information to arrange for the acquisition of goods and services;
- g) Maintain a close and co-operative relationship with the SCM unit so that the goals and objectives of the Department are efficiently and effectively met when involved in SCM activity;
- h) Abide by the applicable Code of Conduct;
- i) Provide technical advice and make presentations to the Departmental or other Bid Committees when required to do so;
- j) Keep custody of assets under their control; and
- k) Manage contracts and report to SCM where required.

7.6. SCM DELEGATIONS

7.6.1. In the execution of the Supply Chain Management functions, all officials shall adhere to SCM delegations that shall be applicable and be reviewed by the Accounting Officer from time to time as per Annexure A.

7.7. SCM COMPETENCIES AND CAPACITY DEVELOPMENT MODEL COMPETENCY DICTIONARIES



7.7.1. The Chief Financial Officer must ensure that the following competencies existing within the SCMU namely:

- a) Financial acumen;
- b) Accounting;
- c) Cost and economic analysis;
- d) Legal interpretation;
- e) Strategic sourcing;
- f) Contract Management;
- g) Document writing and Research;
- h) Warehouse management where applicable; and
- i) Logistical and Disposal Management.

7.8. TRAINING OF SCM PRACTITIONERS AND MEMBERS OF COMMITTEES.

a) All officials involved in the institutions SCM function must be trained and deployed in accordance with the National and Provincial Treasury requirements.

b) In line with the Provincial SCM Capacity Development Model, it will be the responsibility of the CFO to:

(i) Provide guidance, training and deployment of SCM Practitioners within a Department;

(ii) Develop officials for a career in SCM;

(iii) Provide immediate training with the focus on intensive training on all elements of SCM; and

(iv) Provide advance training that includes specialist skills within each element of SCM.

c) SCM related training must be provided for:



- (i) Senior Managers.
 - (ii) Bid Committee Members.
 - (iii) Contract Managers.
 - (iv) Practitioners who are involved in the day to day operation of SCM.
 - (v) New entrants/new appointees Irrespective of the level at which they are appointed.
- d) The CFO must ensure that service providers training materials are relevant and where applicable accredited by the relevant authority/Provincial Treasury.
- e) As per the Provincial SCM Capacity Development Model, SCM practitioners must have a phased-in training strategy which covers short term (basic SCM), medium term (training on all elements of SCM and training on specialist skills) and long term (formal diploma and degree courses at tertiary institutions) requirements.

7.8.1. TRAINING NEEDS ASSESSMENT

- a) A training needs assessment of all those officials involve in SCM activities will be done on an annual basis by the SCM Unit of the Department. Such assessment must cover all the disciplines within SCM but specifically focusing on procurement planning and procurement processes.
- b) Based on the training needs assessment the CFO must identify the appropriate training interventions to address the identified needs. The interventions may amongst others include:
- (i) person to person training;
 - (ii) training via short courses through bodies such as the Provincial Treasury, and/or outside service providers;
 - (iii) Formal training via tertiary institutions.

7.9. SCM COMMITTEE SYSTEM

DEPARTMENTAL BID COMMITTEES FOR GENERAL GOODS AND SERVICES

- 7.9.1. The Department's SCM system shall, inter alia, provide for the adjudication of bids through a bid adjudication committee, the establishment, composition and functioning of bid specification, evaluation and adjudication committees and the selection of bid adjudication members.



7.9.2. The Bid Committees members must, collectively and severally, observe and ensure that they perform their functions in a manner that is fair, equitable, open, cost-effective and competitive.

7.9.3. The Accounting Officer shall appoint standing bid committees members.

7.9.3.1. The member(s) of the Committee must be appointed in writing by the Accounting Officer and the Bid Committee Secretariat must retain a copy of such appointment letters.

7.9.4. BID SPECIFICATION COMMITTEE [BSC] FOR GENERAL GOODS AND SERVICES

7.9.4.1. The purpose of the committee shall be to determine Bid Specifications or Terms of Reference, the bid evaluation/adjudication criteria and matters related thereto.

7.9.4.2. Roles and responsibilities of BSC members:

- a) To compile specifications/Terms of Reference for bids at the Department in an unbiased manner to allow all potential bidders to offer their goods, and services.
- b) To determine procurement method to apply for each tender as well as the application of the relevant preferential procurement targets.
- c) To identify and include the relevant functionality evaluation criteria and weights.
- d) To consider and mitigate risks emanating from bids.
- e) To consider the contractual arrangements relevant to each bid.
- f) To recommend the compiled bid documentation pack for approval by the Accounting Officer or his/her delegate.

7.9.4.3. COMPOSITION OF BSC:

- a) The BSC should comprise of suitably qualified persons who are conversant with all aspects of the work conducted by the Department and the goods or services to be procured.
- b) Knowledgeable/Expert representatives from other Departments or government institutions may be included in these committees, where relevant. If such officials are identified, they must be appointed by the Accounting Officer.

7.9.5. BID EVALUATION COMMITTEE [BEC] FOR GENERAL GOODS AND SERVICES



7.9.5.1 The purpose of the BEC is to evaluate bids received and matters related thereto according to the evaluation criteria specified for each bid.

7.9.5.2 Roles and responsibilities of BEC members:

- a) To evaluate all formal bids received as per PPPFA Regulations and Preferential Procurement Policy.
- b) To evaluate offers received within the delegated threshold.
- c) To ensure that evaluation is done in accordance with the criteria specified in the bid documentation.
- d) Consider own conditions set by bidders.
- e) Consider materiality of non-compliance to requirements.
- f) Verify validity of claims/declarations.
- g) Consider potential risks and make recommendations for mitigation.
- h) Consider additional contractual issues.
- i) Consider presentations (if part of procurement process).
- j) To submit a report and recommendations regarding the award to the Bid Adjudication Committee for consideration and recommendation.
- k) As and when required, present their reports to the Bid Adjudication Committee to clarify uncertainties. However, such members shall not have any voting power on the Bid Adjudication Committee and the attendance register must clearly identify their role at the meeting.

7.9.5.3 Bid Evaluation Committee members shall:

- a) Discuss the strengths, weaknesses and peculiarities of each offer.
- b) Agree as committee on the scoring mechanism – either individual scoring and then average score or group discussion and joint agreement on score. *Important to note that scoring mechanism must agree with process described in tender documents.*
- c) Score the bids received according to pre-determined evaluation/adjudication criteria and demonstrate application of mind and the justification for passing



over offers. The reasoning must be clearly documented and justifiable to the action/decision taken.

- d) All discussions of each bid as well as the recommendation must be recorded in a recommendation report that must be signed off by the Chairperson of the Bid Evaluation Committee.
- e) Evaluations are primarily based on consensus decisions.
- f) The final recommendation report must be submitted to the Bid Adjudication Committee for consideration.
- g) Bidders may be requested to clarify any ambiguities and/or information that are unclear or illegible. Where this happened, it must be facilitated by the SCM Unit, reduced to writing and kept for record purposes.

7.9.5.4. COMPOSITION OF BEC:

7.9.5.4.1. The BEC should comprise of suitably qualified persons who are conversant with all aspects of the work conducted by the Department and the goods or services to be procured.

7.9.5.4.2. The Bid Evaluation Committee should be cross-functional and should comprise of supply chain practitioners and other officials determined by the Accounting Officer.

7.9.5.4.3. If considered necessary, officials with suitable expertise from other state institutions may be appointed to serve in the BEC.

7.9.5.4.4. If external experts/consultants are involved, they can only act in an advisory capacity with no voting rights.

7.9.5.4.5. Such experts must provide a final written report within 5-days after the relevant committee meeting.

7.9.6. BID ADJUDICATION COMMITTEE [BAC]

7.9.6.1 The purpose of the BAC is to make final bid recommendations and matters related thereto.

7.9.6.2. Roles and responsibilities of BAC members:

- a) To consider the report and recommendations made by the Bid Evaluation Committee and/or Bid Specifications Committee where applicable.
- b) To assess the process followed in making the recommendation to ensure that the SCM policy and all relevant legislation and prescripts have been complied with in full.
- c) Consider additional objective criteria.
- d) Consider potential risks and make recommendations for mitigation.
- e) Consider contractual issues.
- f) To obtain clarity from members of the Bid Evaluation Committee and/or Bid specifications committee if required.
- g) To refer back to the Bid Evaluation Committee and/or Bid Specification Committee any report, where necessary, that requires any reconsideration.
- h) To make recommendations to the Accounting Officer for his/her consideration.

7.9.6.3. COMPOSITION OF BAC:

7.9.6.3.1. The Accounting Officer shall identify suitable officials to serve on the Bid Adjudication Committees.

7.9.6.3.2. The BAC shall have a minimum of 5 members and not exceed 14 members.

7.9.6.3.3. If considered necessary, officials with suitable expertise from other state institutions may be appointed to serve in the BAC.

7.9.6.3.4. If external experts/consultants are involved, they can only act in an advisory capacity with no voting rights.

7.9.6.3.5. Such experts must provide a final written report within 5-days after the relevant committee meeting.

7.9.6.3.6. No member of the BEC may be a member of the BAC.



7.9.7. Technical Committees

- 7.9.7.1. If considered necessary, the Accounting Officer may appoint technical committees comprising of officials with suitable expertise from other divisions/institutions.
- 7.9.7.2. These committees shall have the following responsibilities
- 7.9.7.3. Technical evaluation of bids,
- 7.9.7.4. Compile technical reports for presentation at the relevant Bid Committee

7.9.8. Meeting Procedures

- 7.9.8.1. The Committee must meet a time and venue directed by the chairperson to conduct its business.
- 7.9.8.2. The Chairperson or Deputy Chairperson must preside at a meeting of the Committee, but if both the Chairperson and the Deputy Chairperson are not available, the members present must elect another member to act as Chairperson.
- 7.9.8.3. A quorum shall be 60% of appointed members.
- 7.9.8.4. Any matter considered by the Committee must be decided with a supporting vote of at least two thirds of the members present.
- 7.9.8.5. A person other than a member of a committee may only attend or be present at a meeting of the Committee-
 - a) With the permission of the Committee.
 - b) When instructed to attend by the Chairperson to assist it in its business.
- 7.9.8.6. The Committee must determine rules for the conduct of its business and procedures for its meetings, Minutes of meetings and hearings held by the Committee and must be recorded and kept in the support office of the SCM Unit in such a manner as prescribed.
- 7.9.8.7. Items for the agenda together with the written submissions must be lodged with the SCM Unit five days before the scheduled date of the meeting. Late submissions shall be carried over to the next meeting or be made addition to the agenda as per the Committees discretion.
- 7.9.8.8. Extra ordinary meetings may be held as and when considered necessary by the chairperson or through request by any member due to exceptional circumstances.



7.9.8.9. The Committee member requesting the extra ordinary meeting must furnish the reason/purpose of such a meeting in writing.

7.9.9. Notice of meetings

7.9.9.1. Ordinary Meetings

7.9.9.1.1. Notice of ordinary meeting/s is to reach members 3 (three) days before the scheduled date of the meeting.

7.9.9.1.2. Notice should include agenda, minutes and submissions.

7.9.9.1.3. The agenda of a meeting serves as the program of the meeting and unless the Committee decides otherwise, the items and sequence may not be changed during the meeting.

7.9.9.2. Extra-ordinary Meetings

7.9.9.2.1. Notice to extra-ordinary meeting/s is to reach members at least three hours before the meeting. Telephonic or other electronic messages conveying date, time and purpose of the meeting are acceptable.

7.9.9.2.2. Generally, this meeting will attend to urgent queries arising from previous decisions of the committee which may have legal or financial implications or any other matter that the committee sees it fit to attend, which if not attended to might have a detrimental effect to the department, be it financially or legally.

7.9.9.2.3. The agenda must be supplied before or at the start of the meeting. Minutes of the previous meeting will not be handled at such a meeting unless they form part of the purpose of the meeting.

7.9.10. Attendance

7.9.10.1. All members have an obligation to attend meetings.

7.9.10.2. Non-attendance of meeting will be noted "with" or "without" apology.

7.9.10.3. Repeated failure to attend meetings without valid reasons for three consecutive meetings shall result in the matter being reported to the Accounting Officer for action.

7.9.11. Minutes and record keeping

7.9.11.1. The SCMU shall be responsible for the secretariat work, including minute taking for the committees.

7.9.11.2. The SCMU shall further be responsible for safe keeping of all correspondence generated by or received on behalf of the Committees.

7.9.11.3. The secretary to the Committee shall be responsible for the safe keeping of recordings of deliberations of the Committee, as well as copies of minutes signed by the relevant Chairperson.

7.9.12. CONFIDENTIALITY

7.9.12.1. All bids plus any related correspondence and deliberations thereon must be treated as confidential information.

7.9.12.2. No member of the Bid Committees or any other official may divulge information relating to bids unless he/she is authorized to do so.

7.9.12.3. Any person liable for such conduct may be charged with misconduct.

7.9.12.4. Matters of a confidential nature in the possession of supply chain or other officials should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise.

7.9.12.5. Such restrictions should also apply after leaving the service of the Department.

7.9.12.6. Any information that is the property of the Department or its suppliers/service providers should be protected at all times.

7.9.13. Roles and Responsibilities of Bid Committee Members

7.9.13.1. The Chairperson shall:

- a) Preside over committee meetings.
- b) maintain order during a meeting and ensure that business is conducted in an orderly manner;
- c) Before opening a meeting, ensure that it is properly constituted;
- d) Protect the rights of every member;

- e) Vacate his / her seat to the vice chairperson, should he/she wish to partake in a discussion in a partial manner;
- f) Regulate participation in discussions;
- g) Deal with items on the agenda;
- h) Ensure that members know exactly what they are required to vote on;
- i) Ensure that only one member holds the floor at any one time;
- j) Provide guidance by directing the meeting, but shall not dominate;
- k) Conduct meetings in a formal manner; and
- l) Formulate clearly the decisions to be minuted and sign and approve the minutes after they have been verified for correctness.

7.9.13.2. Vice-chairperson

- a) The vice-chairperson has the same powers and duties as those of members and in addition, where necessary, shall in the absence of the chairperson preside as chairperson.
- b) The vice chairperson shall take the seat of and act as chairperson, should the chairperson wish to partake in partial discussions.

7.9.13.3. In the event that both the chairperson and vice-chairperson are absent from a meeting, the members present may elect one of their members to preside at such meeting.

7.9.13.4. The Accounting Officer shall ratify the election of a chairperson as contemplated in 8.9.13.3 above.

7.9.13.5. Members

7.9.13.5.1. Members of the Committee shall:

- a) Be fully conversant with the powers and limitations of the Committee as well as all directives pertaining to Supply Chain Management, including the relevant sections of the Constitution, Public Finance Management Act and accompanying Treasury Regulations, Preferential Procurement Policy



Framework Act, Broad Based Black Economic Empowerment Act and accompanying regulations, all directives issued by National Treasury / relevant provincial Treasury as well as the delegated powers issued by the Accounting Officer and at all times act in accordance with above-mentioned legislation, regulations and procedures;

- b) apply their minds to matters at hand in order to take meaningful and accountable decisions and in the event of doubt or uncertainty, to propose that matters be referred back for clarification;
- c) in advance, furnish a written apology should he/she not be able to attend a meeting;
- d) strive to be punctual for meetings and to stay for the duration of a meeting;
- e) prepare properly for each meeting by studying the agenda and submissions/reports;
- f) be familiar with meeting procedures in order to make a contribution in the correct manner; and
- g) Members have the right to:
 - I. have advance knowledge of the agenda;
 - II. submit proposals and participate in proceedings;
 - III. vote; and
 - IV. Have a dissenting voice and have the reasons thereof recorded.

7.9.13.6. Experts/advisors

7.9.13.6.1. Experts/advisors have the same powers and duties as members but excluding the right to vote on any matter under discussion.

7.9.13.7. Observers

7.9.13.7.1. The Chairperson may, on request and subject to the Accounting Officer approval, allow officials to attend a meeting as observer/s.

7.9.13.7.2. Observers have no participation in the proceedings, except to advise the representative (member) or the committee if permitted by the chairperson.



7.9.13.7.3. Observers should be cautioned to maintain the confidentiality of the discussions.

7.9.14. **TENDER COMMITTEE SECRETARIAT – [TC SECRETARIAT]**

7.9.14.1. **The TC Secretariat must:**

- a) In conjunction with the chairperson/ vice chairperson compile an agenda and determine dates of meetings;
- b) Give notice of proposed meetings to committee members;
- c) Process and distribute all submissions/reports together with the agenda to committee members at least three working days before the actual meeting takes place;
- d) Minute all decisions taken at meetings;
- e) Adhere strictly to the stipulations of the National Archives of South Africa Act, No.43 of 1996 and accompanying directives;
- f) Ensure that the proceedings at meetings are recorded mechanically;
- g) Give written feedback of all decisions taken by the committee; and
- h) Be responsible for all the administrative tasks of the Committee.
- i) Maintain expenditure register, attendance register, and declaration register for committee.
- j) Prepare and maintain briefing sessions and/or presentation sessions documentation - if part of procurement process.
- k) Maintain register of access to information.
- l) Secure all bid documents.
- m) Facilitate documentation flow between committees and relevant delegated authorities.
- n) Maintain Bid File Portfolio of Evidence.

7.9.15. **RESOLUTION OF DISAGREEMENTS**



- 7.9.15.1. Where the Bid Adjudication Committee disagrees with the recommendation of the relevant Bid Evaluation Committee on the adjudication of a bid, it must refer the request together with its recommendations to the Bid Evaluation Committee for consideration.
- 7.9.15.2. Where the Bid Adjudication Committee still disagrees with the recommendation of the relevant Bid Evaluation Committee the commentary and reasons of the Bid Adjudication Committee is to be submitted to the Accounting Officer for a final decision.
- 7.9.15.3. The Accounting Officer may obtain advice as deemed necessary, including advice from outside the Department.
- 7.9.15.4. Where the Accounting Officer disagrees with the Bid Committees' recommendations, he/she may request further information from the relevant committee and subject to such information make a final determination.
- 7.9.15.5. Should the Accounting Officer decide to award a bid to a bidder other than the one recommended by either the Bid Evaluation Committee or Bid Adjudication Committee the Auditor-General, the National Treasury and the Provincial Treasury must be informed in writing within 10 days of the reasons for such deviation.

8. FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

8.1. The Supply Management Policy Contains Policies relating to the following elements of Supply Chain Management:

- (a) Demand Management
- (b) Acquisition Management
- (c) Logistics Management
- (d) Disposal Management
- (e) Risk Management
- (f) Performance Management

9. DEMAND MANAGEMENT

9.1. **General**



- 9.1.1. The Demand Management is intended to ensure that the goods or services required to support the strategic and operational commitments of the North-West Department of Health are delivered at the right price, to the correct location, and that the quantity and quality satisfies the needs of the Department.
- 9.1.2. Demand Management is intended to build or promote effective planning, timeous acquisition of goods and services for Departmental Business Requirements and to ensure that the line offices /institution get timeous and quality procurement support to deliver services within targets set
- 9.1.3. The Accounting Officer must develop and implement a supply chain strategy for his/her SCM Unit which must be reviewed on an annual basis. Such strategy must at least deal with:
- (a) SCM vision of the Department;
 - (b) SCM goals and objectives linked to the Department's strategic objectives;
 - (c) Commodity and market analysis in relation to the core functions of the Department;
 - (d) Identified scarce commodities and procurement options;
 - (e) strategic partners;
 - (f) stakeholder involvement in the supply chain cycle;
 - (g) identified cost drivers;
 - (h) risk analysis and mitigation measures; and
 - (i) Goods and services to be procured over a five year period.
- 9.1.4. Heads of Health Institutions must, annually, align activities in their strategic plan, operational plan and approved budget allocations, with the goods and services including asset requirements of the office to develop a Demand Management Plan.
- 9.1.5. Demand Managers must analyse key issues, assess the appropriateness of existing goods, services and assets and identify the need and time frames for the acquisition, disposal, leasing of goods, services and assets required in support of service delivery.
- 9.1.6. The relevant Demand Manager MUST compile:
- a) The relevant District or Institution Procurement Plan for goods and services which exceeds R500,000.00
 - b) The relevant District or Institution Demand Management Plan for goods and services which is below R500,000.00



- c) The schedule of all planned procurement to be sourced from running transversal contracts
- 9.1.7. The District or Institution Demand and Procurement Management Plan must be approved in with the SCM Delegations of Authority.
- 9.1.8. The Demand Manager at Provincial Office must verify and develop sourcing strategies and buying mechanisms to address the Integrated Demand Management Plan.
- 9.1.9. The Demand Manager at Provincial office must compile the Integrated Demand Management Plan which must include the following:-
- a) A consolidated Departmental Procurement Plan for goods and services which exceeds R500,000.00
 - b) A consolidated Departmental Demand Management Plan for goods and services which is below R500,000.00
 - c) The schedule of all planned procurement to be sourced from running transversal contracts
- 9.1.10. The integrated Demand Management and Procurement Plan must be approved in line with the SCM Delegations of Authority.
- 9.1.11. The North-West Department of Health shall submit an Integrated Procurement Plan for the financial year in respect of goods and services which exceeded R500, 000 to the North West Provincial Treasury within the prescribed timeframes and format for monitoring purposes.
- 9.1.12. The Demand Manager must consider the following alternative strategies prior to the acquisition process:-
- a) acquisition of redundant / obsolete material, goods and assets from other institutions; Leasing / rental / hiring from other institutions
 - b) sourcing of expertise from other institutions;
 - c) utilization of transversal contracts administered by other institutions;
 - d) local versus International sourcing; or
 - e) Public Private Partnerships.
- 7.1.13. All officials must ensure that they do not enter into second contracts if similar contracts already exist within the Department.

9.2. PROCUREMENT PLANNING



- a) Procurement planning should take place during the beginning of the financial year when the institution's strategic plan and budget have been approved.
- b) Procurement plans cannot be developed in isolation; it should instead form part of the institution's and other functional strategies.
- c) The SCM Unit must perform hand-in-hand with user departments/ directorates in the formulation of procurement plans.

9.2.1. COMPILATION OF PROCUREMENT PLAN

9.2.1.1. Completion of the above activities should result in the compilation of the procurement plan to be implemented by the SCM Unit. This plan should indicate;

- a) The end-user
- b) The contact person representing the end user
- c) A description of the goods, works or service
- d) Estimated value
- e) Date of submission of specifications
- f) Date of advertisement of the bid
- g) Closing date of the advertised bid
- h) Estimated evaluation time
- i) Envisaged date of the Bid Adjudication Committee meeting,
- j) Envisaged date of issuance of an official order, etc.

9.2.1.2. See example explaining the procedures to be followed to establish the timeframe when dealing with advertised competitive bids is attached as Annexure A to the original GUIDELINES

9.3. ANALYSIS OF THE GOODS, WORKS OR SERVICES REQUIRED

9.3.1. During the strategic planning phase of the institution, the goods, works or services required to execute the identified functions are determined.



- a) The SCM representative(s) should assist the process in ensuring that the identified goods, works or services are the optimum resources required to achieve the goals and objectives of the institution.

9.3.2. The SCM Unit of the institution must analyze the goods, works or services required and execute, among others, the following:

- a) List the functions to be executed by the institution;
- b) Conduct an analysis of the past expenditure as this exercise may, among others, contribute in determining the manner in which the institution fulfilled its needs in the past; and
- c) Compile a detailed list of the goods, works or services required to execute the functions listed as per Sub-paragraph (a) above.

9.4. **PLANNING TO OBTAIN THE REQUIRED GOODS, WORKS OR SERVICES**

9.4.1. Together with the end-user, the SCM Unit should apply strategic sourcing principles to determine the optimum manner in which to acquire the required goods, works or services. This entails, among others, the following:

- a) Conducting an industry and market analysis of the goods, works or services to be obtained. This must include the determination of a reasonable price for the required goods, works or services;
- b) Confirmation that sufficient funds have been allocated for the procurement of the required goods, works or services. If this is not so, the end-user must be informed accordingly. The procurement process should not proceed if funds are not available. Documentary proof must be obtained to substantiate availability of budgetary provisions.
- c) Considering the optimum method to satisfy the need, for example whether the procurement should be by means of price quotations, advertised competitive bids; limited bids; procuring the goods, works or services from other institutions (e.g. stationery, printing and related supplies from the Government Printing Works or furniture from the Department of Correctional Services), or on transversal term contracts or *ad hoc* contracts;
- d) The frequency of the requirement(s) must be established in order to determine whether it would be cost-effective to arrange a specific term contract for the goods,



works or service, if it is not available in terms of a transversal term contract facilitated by the relevant Treasury;

- e) Establishing whether it would be cost-effective to have the goods available as a store item within the institution. Should this be the case, the minimum and maximum storage levels of these items should be determined and managed; and
- f) Establishing the lead time required by the potential suppliers to deliver the required goods, works or services after receipt of an official order.

9.5. PROCUREMENT PLAN PROGRESS

9.5.1. The Procurement Plan must be submitted to Provincial Treasury annually on the 31st March and reviewed on quarterly basis against the budget and the strategic and annual performance plans to ensure its relevance. *(Unless determined otherwise by Provincial Treasury)*

9.5.2. The SCM Unit should on a continuous basis monitor and assess the validity and accuracy of and compliance to the procurement plan.

10. ACQUISITION MANAGEMENT

10.1. General

10.1.1. The North West Department of Health commits itself to provide for an effective and efficient system of acquisition management in order to ensure that-

- a) Goods or services are procured in accordance with authorized processes.
- b) The financial threshold values for the different range of procurement processes as determined by the Treasury are complied with.
- c) Bid documentation ,general conditions of contract and special conditions of contract, are in accordance with all applicable legislation
- d) Expenditure on goods or services are provided for in the approved budget of the institution.

10.1.2. Acquisition Management provides guidance on how goods, services and assets should be procured, leased or hired from the market place. All procurement must be in line with the approved Demand Management Plan.

10.1.3. It is the responsibility of the end –user to finalize the detailed Terms of Reference /specifications and manage the appointed Service Provider.



10.1.4. The capturing and approval of requests must be dealt with in line the SCM Delegations of Authority.

10.1.5. The creation of the procurement advice must be in line with the SCM Delegations of Authority.

10.2. RANGE OF PROCUREMENT PROCESSES

10.2.1. PETTY CASH PURCHASES UP TO A TRANSCATION VALUE OF R2 000 (INCLUSIVE OF ALL APPLICABLE TAXES)

10.2.1.1. The Accounting Officer:

10.2.1.1.1. may procure goods and services by means of petty cash up to the value of R2 000 (inclusive of all applicable taxes) without inviting price quotations or following a bidding process

10.2.1.1.2. Must establish the Departmental internal instructions or standard operating procedures to arrange procurement of goods or services by means of petty cash.

10.2.1.2. For Procurement of goods, Services and Works by means of Petty cash the following conditions are applicable:

- a) The cost of going through competitive is much higher than that of using Petty Cash
- b) The procurement of such is of an Emergency nature
- c) Receipts and other documents related to procurement must be maintained at all times.

10.2.1.3. The following are excluded from procuring using Petty Cash

- a) Assets (Minor and Major)
- b) Travel Management Services

10.2.2. WRITTEN QUOTATIONS ABOVE THE TRANSCION VALUE OF R00.01 BUT NOT EXCEDDING R1 000 000 (INCLUSIVE OF ALL APPLICABLE TAXES)

10.2.2.1. The Department Must invite written price quotations for Good, Works and Services up to an estimated value of R 1 000 000.00 (inclusive of all applicable taxes) from prospective suppliers who are registered on the Central Supplier Database;

- 10.2.2.2. At least (3) written price quotations must be obtained from three (3) different suppliers registered on CSD.
- 10.2.2.3. If it is not possible to obtain at least three (3) written quotations from (3) different suppliers registered on the CSD, the reasons should be recorded and approved by the delegated official/ authority in line with the departmental SCM Delegations before the order is issued;
- 10.2.2.4. Department of Health must ensure that the prices received are market related and where they are not, negotiations will be entered into in line with Preferential Procurement Regulations.

10.2.3. ABOVE THE TRANSACTIONAL VALUE OF R2000 BUT NOT EXCEEDING R 30 000 (INCLUSIVE OF ALL APPLICABLE TAXES)

- 10.2.3.1. The department must invite price written Quotation for the Minimum number of 3 working days from prospective service providers who are registered on CSD per commodity;
- 10.2.3.2. The request of invitation must be done in writing on the Departmental letterhead and shall include a closing date.
- 10.2.3.3. Quotations must be accompanied by Standard Bidding Documents 4, 6.1, copy of valid BBEE cert and a copy of valid Tax Pin and shall be received primarily by official e-mail
- 10.2.3.4. Where the above is not practical (systems problems), an arrangement may be made with SCM for use of a register. In this instance, quotations may be brought physically or through alternative email.
- 10.2.3.5. The department shall invite quotations through email or publishing on designated notice boards¹ from a minimum number of 5 Prospective suppliers registered on the Central Supplier Database per commodity;
- 10.2.3.6. Quotations shall be evaluated by SCM practitioners and approved by the relevant SCM manager in line with the SCM Delegations;
- 10.2.3.7. All written price quotations shall, have a validity period of 30 days from the date of closure.

¹ This shall apply to facilities that do not have access to email facilities



10.2.3.8. Provision shall be made for historically disadvantage individuals and points shall be allocated in line with the departmental Preferential Procurement Policy

10.2.4. ABOVE R30 000 BUT NOT EXCEEDING R500 000 (INCLUSIVE OF ALL APPLICABLE TAXES)

10.2.4.1. The department must invite written price quotations for a minimum number of 5 working days from prospective service providers who are registered on CSD per commodity;

10.2.4.2. The request of invitation must be done in writing on the Departmental letterhead.

10.2.4.3. The department shall invite quotations through email or publishing on designated notice boards² from a minimum number of 6 Prospective suppliers registered on the Central Supplier Database per commodity;

10.2.4.4. Quotation must be accompanied by Standard Bidding Documents 4, 6.1, copy of valid BBEE cert and copy of valid Tax Pin and shall be received by official email

10.2.4.5. Where the above is not practical (systems problems), an arrangement may be made with SCM for use of a register. In this instance, quotations may be brought physically or through alternative email.

10.2.4.6. Quotations shall be evaluated by SCM practitioners and approved by the SCM manager in line with the SCM Delegations;

10.2.4.7. All price written Quotations shall have a validity period of 30 days from the closure.

10.2.4.8. Provision shall be made for historically disadvantage individuals and points shall be allocated in line with the departmental Preferential Procurement Policy.

10.2.5. ABOVE R500 000 BUT NOT EXCEEDING R 1 000 000 (INCLUSIVE OF ALL APPLICABLE TAXES)

10.2.5.1. The department must invite written price quotations for a minimum number of 7 working days from prospective service providers who are registered on CSD per commodity;

² This shall apply to facilities that do not have access to email facilities

- 10.2.5.2. The request of invitation must be done in writing on the Departmental letterhead.
- 10.2.5.3. The department shall invite quotations through email or publishing on designated notice boards³ from a minimum number of 10 Prospective suppliers registered on the Central Supplier Database per commodity;
- 10.2.5.4. Quotations shall be submitted at the Tender Box in a sealed Envelope;
- 10.2.5.5. The Tender Box shall be opened on the closing date and all written price quotations registered;
- 10.2.5.6. Quotations shall be evaluated by SCM practitioners and approved by the SCM manager in line with the SCM Delegations;
- 10.2.5.7. All written price quotations shall have a validity period of 60 days from the date of closure;
- 10.2.5.8. Provision shall be made for historically disadvantage individuals and points shall be allocated in line with the departmental preferential policy.

10.2.6. **Methodology for Selection of Service providers**

- 10.2.6.1. The selection of service providers shall follow the process prescribed on the CSD user Guideline.

Standard Procedure

Central Supplier Database

The supplier search is driven by six elements –

The supplier commodity, delivery location, set limit, tax compliant indicator, Bank Verification and local or preferred address indicator.

To search for a supplier(s), the user needs to action the following steps:

1. On the home page, click Search
2. Enter the commodity you are looking for
 - a. The supplier commodity field has auto-complete capability. When a minimum of three characters is typed in, a popup with a list of options to select from

³ This shall apply to facilities that do not have access to email facilities



- becomes visible. Select a commodity you want to search on. The commodity may be specified at segment, family, class or commodity level.
3. Enter the location where the supplier will need to provide the goods and/or service.
 - a) The Delivery location field has auto-complete capability. When a minimum of three characters is typed in, a popup with a list of options to select from becomes visible. Select the location you want to search on. The delivery location may be specified at province, municipality, and city or suburb level.
 4. Set the limit
 - a) The maximum of 5000 is returned and this is randomised with every search, in order to refine the search and results you can reduce the maximum limit in line with the SCM Policy.
 5. The following boxes must be ticked at all times
 - a. Tax compliant
 - b. Verified bank account
 - c. Local address or
 - d. Preferred local address
 6. Click on Search
 - a) The list of service providers will appear showing the name of the services providers.
 7. Convert the names into a report
 - a) To convert the list into a report you must click on the view details and add to report on each service provider. Click on the results to report icon to convert then save the report to PDF and print. The report will show the supplier number, supplier name, contact number, email address and name of the contact person.

10.2.6.2. Where applicable, professional services such CIDB shall take precedence

Construction Industry Development Board

In relation to Bids/Quotations for building, engineering and Construction works consideration to General conditions of contract and Standard bidding projects issued by CIDB must be adhered to.

In the execution of the above the service providers from the construction industry must be considered at all times.

Using the relevant grading, users must search service providers from the register of contractors on the CIDB website and verify if they are register on CSD.

To search for a supplier(s), the user needs to action the following steps:

1. On the home page, click Register of contractors
2. Select Status – Active
3. Select Region – North West
4. Select designation and class
5. Select Potentially emerging – optional
6. Town/City filter
7. Click Search
8. Use the list to verify if suppliers are registered on CSD before sending out an invite

10.2.7. Preferential Procurement system

10.2.7.1. The Department shall develop and maintain a Preferential Procurement Policy in accordance with the provisions of the Preferential Procurement Policy Framework Act.

10.2.7.2. The Policy shall make provisions for the following:

- a) 80/20 preference point system shall apply for all procurement above R00.01 up to an estimated value of R50 000 000,00;
- b) 90/10 Preference point system shall apply for all procurement above R50 000 000,01;

10.2.8. COMPETITIVE BIDS ABOVE THE TRANSACTION VALUE OF R 1 000 000 (INCLUSIVE OF ALL APPLICABLE TAXES)

10.2.8.1. The department shall Invite open competitive bids for all procurement above R 1 000 000 (inclusive of all applicable taxes);

10.2.8.2. The Competitive Bids shall be advertised in at least the Government Tender Bulletin and eTender Publication Portal. The Tender may also be advertised on the on the Departmental Website and in any other appropriate media;

10.2.8.3. The department must publish the awards of bids in the Government Tender bulletin and eTender publication Portal. The Department may also publish awards of bids in any other media the bid was advertised in;

10.2.8.4. In instances where goods and services above the transaction value of R 1 000 000 (Inclusive of all applicable taxes) were procured in terms of Treasury Regulations 16A6.4, the department must, within ten (14) working days of approval of the award of the contract, report to the Provincial Treasury and the Auditor-General.

10.2.8.5. The report referred to above shall include the description of the goods and services, the name/s of the supplier/s, the amounts involved and the reasons for dispensing with the competitive bidding process.

10.3. LATE BIDS

10.3.1. Bids that are received late must not be taken into consideration and where practical should be returned unopened to the bidder accompanied by an explanation.

10.4. DEVIATION FROM NORMAL PROCUREMENT PROCEDURES

10.4.1. Deviations shall be permissible in cases of special services, urgency and emergency situations and where it may be impractical to acquire goods or services through normal and official procurement processes.

10.4.2. In this instances, procurement by "other means" shall be allowed provided that the Accounting Officer or his/her delegate approves and records the reasons for deviating from normal procurement processes.

10.4.3. Procurement by "other means" includes

- (a) Limited bidding;
- (b) Written price quotation not within the threshold determined by National Treasury;
- (c) Procurement that occurs in emergency situations and urgent cases.

10.4.3.1. Limited bidding

10.4.3.1.1. An Accounting Officer of the North West Department of Health may procure goods or services by means of a limited bidding process if:

- a) Limited bidding is reserved for a specific group or category of possible suppliers/service providers/contractors.

10.4.3.1.2. It should be viewed as an **exception and not a rule** as this imposes a limitation on the provision of competitiveness. Limited bidding will be permitted in instances where:

- a) A business case was developed that clearly indicates that a limited bidding process is the appropriate form of procurement. The business case must, amongst others, reflect a market and expenditure analysis of the relevant goods or services (commodity), whether the commodity is available from a sole, single or multiple source as well as how it was determined;
- b) An open invitation process was initiated which resulted in an approved list of service providers or only one service provider who could provide the goods or services. In such case proposals should be invited from the approved list of service providers or the single service provider is applicable;
- c) A competitive bidding process was initiated, but the bids received were all non-responsive or unaffordable and time is of the essence. In such cases re-invitation of bids can be limited to those service providers who initially submitted proposals; and
- d) Goods or services are designed or manufactured by the supplier or the supplier is the owner of the intellectual property. Written confirmation of such design, manufacturing or ownership if intellectual property must be obtained from the supplier and retained on the relevant bid file.
- e) Goods or services are offered by other Departments, trading entities or public entities, inclusive of service products, provided that prices are reasonable and market related.
- f) The Department has a specific need and may procure for exceptionally low prices for a limited period of time from a specific supplier. Written confirmation of the offer and the reasons for it must be provided by the supplier and retained on the relevant bid file as well as an indication that other relevant suppliers could not match the offer.
- g) There exists legislative, technological or safety requirements or standards to limit the invitation to those suppliers or contractors who meet the requirements or standards.

10.4.3.1.3. When procuring goods or services through a limited bidding process, an Accounting Officer must ensure that, where relevant:

- a) The prescribed bidding documents have been completed;

- b) The preferred bidder's tax matters are in order;
- c) The bid is evaluated in terms of the preference point system;
- d) The required demand management process has been complied with;
- e) All goods or services procured through a limited bidding process be recommended through the bid adjudication process prior to a final award being made by the Accounting Officer; and
- f) Reasons for the decision are documented and readily available to give effect to the Promotion of Administrative Justice Act, 2000(Act 3 of 2000)

10.4.4. FORMS OF LIMITED BIDDING

10.4.4.1. **Multiple Source Bidding-** This form of bidding is used in the case where the market has been tested and it is proved as fact that only a few prospective contractors will be able to present a bid. A detailed market analysis report must be available as substantiation.

10.4.4.2. **Single source bidding-** This form of bidding required a pre-selection process that actually identifies only one bidder amongst a few prospective bidders to be requested to submit a bid/proposal. Reasons for utilizing single source bidding must be documented and be readily available, thus giving effect to the provisions of the Promotion of Justice Administration Act and Promotion of Access to Information Act.

10.4.4.3. **Sole source bidding-** This form of bidding is used in the absence of competition where it has been established that only one source exists. Clear documentation in substantiation of such a bidding process must be available.

10.4.4.4. WRITTEN PRICE QUOTATION & EMERGENCY SITUATION AND URGENT CASES

10.4.4.4.1. **URGENT CASES-** Supplies and/or services may be procured by preferably making use of the list of prospective suppliers in cases where early delivery is of critical importance and the invitation of comparative tenders is either impossible or impracticable.

10.4.4.4.2. **EMERGENCY CASES⁴**- Supplies and/or services may be procured by preferably making use of the list of prospective suppliers in emergencies where immediate action is necessary in order to avoid a dangerous or risky situation, misery or want. The principle of competition should however be adhered to as far as possible.

10.4.4.4.3. Where it is found the emergency or urgent procurement was used to circumvent normal procurement procedures, corrective action shall be taken.

10.4.4.4.4. Approval for deviation from normal procurement processes must be in line with the SCM Delegations of Authority.

10.4.4.4.5. The Accounting Officer must ensure that procurement by other means is recorded in the annual report of the institution in a format determined by the National Treasury.

10.4.5. **UNSOLICITED BIDS**

10.4.5.1. An unsolicited bid/proposal may arise where bids are received outside the Department normal procurement process.

10.4.5.2. Where this occurs the Department is not obliged to consider such unsolicited bid/proposal.

10.4.5.3. However, where the Accounting Officer or his/her delegate wishes to consider an unsolicited bid/proposal the following shall apply:

10.4.6. **CRITERIA FOR CONSIDERATION OF AN UNSOLICITED PROPOSAL**

10.4.6.1. The bid/proposal must, at least, include the following information:

- a) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement of the bidder;
- b) an offer in writing clearly setting out the proposed cost of the goods/ services; and
- c) a value proposition which demonstrates a clear measurable, foreseeable efficiency gain for the Department.

⁴ Refer to annexure C - Goods and Services classified as emergency procurement in health institutions in the North West Department of Health

- d) Further a registered letter must be sent to the proponent confirming the decision to consider the proposal.

10.4.6.2. In the correspondence contemplated above the following information must be requested from the proponent, if not already provided for in the initial proposal:

- a) the proponent's name, address, identification or registration number (if a corporation), VAT registration number and the contact details of its authorized representative;
- b) identification of any confidential or proprietary data not to be made public;
- c) the names of other South African Departments that have received a similar unsolicited bid;
- d) a declaration from the proponent to the effect that the unsolicited bid was not as a result of any non-public information obtained from officials of the Department or any other Department;
- e) a concise title and abstract (approximately 200 words) of the proposed good or service;
- f) a statement of the objectives, approach and scope of the proposed good or service;
- g) a statement describing how the proposal is demonstrably innovative and supported by evidence that the proponent is the sole provider of the innovation;
- h) a statement of the anticipated benefits or cost advantages to the Department including the proposed price (as in the initial proposal) or total estimated cost for providing the good or service in sufficient detail to allow a meaningful evaluation by the Department;
- i) a statement showing how the proposed project supports the Department's strategic growth and development plan and its other objectives; and
- j) the period of time for which the proposal is valid for consideration, which may not be less than six months.

10.4.6.3. REJECTION OF AN UNSOLICITED PROPOSAL



10.4.6.3.1. Where the unsolicited bid/proposal is rejected it must be subject but not limited to the following reasons:

- a) the bid/proposal relates to known Departmental requirements that may, within reasonable and practical limits, be acquired through conventional competitive bidding methods;
- b) the bid/proposal relates to goods or services which are generally available;
- c) the bid/proposal does not fall within the Departments powers and functions; and
- d) the bid/proposal does not comply with the criteria stated above.

10.4.6.3.2. If the unsolicited proposal is rejected the Department will:

- a) notify the authorised representative of the proponent by registered post that the Department has rejected the unsolicited proposal;
- b) ensure that it does not make use of any of the intellectual property or proprietary data in the unsolicited proposal; and
- c) return to the proponent by registered mail all documents received in the unsolicited proposal including any copies of these documents.

10.4.6.3.3. **EVALUATION OF UNSOLICITED PROPOSALS**

10.4.6.3.3.1. Unsolicited proposal is compliant if:

- a) the good or service offered is a unique, innovative concept that will be exceptionally beneficial to, or have exceptional cost advantages for the Department;
- b) the person who made the proposal is the sole provider of the good or service; and
- c) the need for the good or service has been established during the strategic planning and budgeting processes.

10.4.6.3.3.2. The Department may enter into direct negotiation with the proponent, outside the normal competitive bidding process.



10.4.6.4. PUBLIC PRIVATE PARTNERSHIP (PPP) COMPLIANT UNSOLICITED PROPOSALS

10.4.6.4.1. If the unsolicited proposal is a PPP, the necessary National Treasury Regulation should be complied with.

10.4.6.4.2. If the unsolicited proposal is not compliant to the requirements for PPP"s, a comprehensive evaluation of the unsolicited proposal must be undertaken. This includes a feasibility study that evaluates the costs and benefits of procuring the good or service from the proponent including, as appropriate, an assessment of:

- a) any unique, innovative, researched or meritorious methods, approaches or concepts demonstrated in the unsolicited proposal;
- b) the overall scientific, technical, or socio-economic merit of the unsolicited proposal;
- c) the potential contribution of the unsolicited proposal to the Department's strategic growth and development plan;
- d) an assessment of whether the proposed cost of the project is realistic, affordable and justified; and
- e) any other fact which, in the opinion of the Department is relevant to the particular unsolicited proposal.

10.4.6.4.3. If at the conclusion of the feasibility study, a clear business case has been established and the good/ service involves an innovative design or involves an innovative approach to project development and management or presents a new and cost-effective method of service delivery, the Department must proceed with the processes to develop and execute an unsolicited bid agreement as set out below. If the feasibility study does not reveal the above, the Department must reject the unsolicited proposal as prescribed above.

10.4.6.4.4. UNSOLICITED PROPOSAL AGREEMENT

10.4.6.4.4.1. If the Department proceeds with the unsolicited proposal, the accounting offer/ authority must negotiate an unsolicited proposal agreement with the proponent, in order to establish amongst others:

- a) the methodology for determining any costs to be reimbursed to the proponent, should the procurement processes set out below result in an award for the good or service being made to a party other than the proponent;



- b) the procedure for further developing the project and responding to issues raised by the Department;
- c) the allocation of responsibility for developing bid documents in accordance with the Department's supply chain management systems, provided that the development of the documentation must always be under the supervision of the Department;
- d) the information in the unsolicited proposal must be treated as confidential; and
- e) the purchase of intellectual property rights, if any.

10.4.6.4.5. CALCULATION OF COSTS

10.4.6.4.5.1. In calculating costs, the Department and the proponent must restrict their consideration to direct costs incurred by the proponent in developing technical and other materials.

10.4.6.4.5.2. If the Department and the proponent cannot reach consensus, the Department will not be responsible for any costs which the proponent has incurred in preparing and submitting the unsolicited proposal. The Department may not implement the project proposed in the unsolicited proposal for the current or next financial year and may not utilise at any time the proprietary information provided by the proponent as part of its unsolicited proposal.

10.4.6.4.6. PROCUREMENT

10.4.6.4.6.1. If the unsolicited proposal agreement is concluded, the Department must prepare and issue the prescribed bidding documents to the proponent for completion.

10.4.6.4.6.2. The process to be followed when procuring a service provider shall include:

- a) the preparation of a Request for Qualification (RFQ) to test the market for the existence of other private entities capable of providing the good/ service;
- b) the preparation of a draft contract for the provision of the good/ service should there be no adequate response to the RFQ;
- c) the preparation of a Request for Proposal (RFP) with a draft contract should there be one or more adequate responses to the RFQ;
- d) conducting a competitive bidding process among the firms qualified in the RFQ and the proponent;

- e) recommendation through the bid adjudication process prior to the final award being made by the accounting officer/authority;
- f) the final award must be approved by the accounting officer/authority; and
- g) reimbursement of the proponent should the proponent not be awarded the contract for the provision of the good/service at the conclusion of the competitive bidding process. The quantum of the reimbursement shall be those audited costs of the proponent from the point in time where the accounting officer/ authority was solicited by the proponent to the conclusion of the competitive process in terms of the unsolicited proposal agreement.

10.4.6.4.6.3. The foregoing bid processes must –

- a) be developed by the Department
- b) disclose that the bid originated from an unsolicited proposal
- c) provide the agreed costs and terms of payment to the proponent, and require that all bidders, save for the proponent, make allowance for these costs and pay such costs to the proponent directly, if their bid is successful.

10.4.6.4.7. USING EXTERNAL CONSULTANTS TO ASSIST IN EVALUATING UNSOLICITED PROPOSALS

10.4.6.4.7.1. After receiving an unsolicited proposal and before accepting or rejecting the proposal, independent consultants or experts may be approached by the Department to assist in evaluating such proposal.

10.4.6.4.7.2. These consultants must however undertake that any confidential material or information provided by the proponent will not be disclosed to anyone other than an employee or agent of such a third party who will, in turn, treat the information or material as confidential and give an undertaking to do so. The cost of obtaining independent advice must be covered by the Department, unless the proponent

10.4.6.4.7.3. Withdraws the proposal prior to entering into an unsolicited proposal agreement, in which event the proponent will be liable to the Department for these costs.

10.4.6.4.8. USE OF UNSOLICITED PROPOSAL



10.4.6.4.8.1 The Department may not use any data, concept, idea, or other part of an unsolicited proposal as the basis or part of the basis, for a solicitation or in negotiations with any other firm unless the project proceeds to procurement and the proponent is notified of and agrees to the intended use, provided that, this prohibition does not preclude the use of any data, concept or idea in the proposal that also is, or becomes, available from another source without restriction.

10.4.6.4.8.2. The Department further will not disclose any information identified in the unsolicited proposal agreement but shall treat it as confidential.

10.4.6.4.9. REPORTING

10.4.6.4.9.1. The Provincial Treasury must be notified in writing within ten working days of receipt of an unsolicited proposal whether such proposal had been considered or rejected by the Department.

10.4.6.4.9.2. Department's must report all concluded unsolicited proposal agreements in its annual report.

10.5. BREAKING OF BIDS

10.5.1. Goods or services may not be split deliberately into parts or items of lesser value for the sake of circumventing the applicable thresholds.

10.5.2. In the event where the above occurs, the Accounting Officer shall take corrective steps against any official involved.

10.6. REJECTION OF BIDS AND CANCELLATION OF AWARDED CONTRACTS

10.6.1. The following conditions shall lead to rejection of Bids or cancellation of contracts:

10.6.1.1. Where a Service Provider fails to provide written proof from the South African Revenue Service (SARS) that the Service Provider either has no outstanding tax obligations or has made arrangements to meet outstanding tax obligations.

10.6.1.2. Where a Bidder has committed a corrupt or fraudulent act in competing for the particular contract.

10.6.1.3. Where a bidder/ service provider commits any corrupt or fraudulent act during the execution of that contract ; or



10.6.1.4. Where any official of the department, or other role player committed any corrupt or fraudulent act during the Bidding process or the execution of that contract that benefited that Service Provider.

10.6.2. The Bid Adjudication Committee:

10.6.2.1. May disregard the Bid of any Bidder if that Bidder or any of its Directors have:

- a) Abused the Department's SCM system;
- b) Committed fraud or any other improper conduct in relation to the SCM system;
- c) Failed to perform on any previous contract.

10.6.2.2. The SCMU must inform the Provincial Treasury of any action taken in terms of paragraph 10.6.2.1.

10.6.2.3. The SCM manager must inform the Service Providers of the outcome of rejected or cancelled Bid or contract.

10.7. TAX CLEARANCE REQUIREMENT

10.7.1. For all matters related to tax compliance status of the bidders, Annexure B shall be relied upon⁵.

10.8. NATIONAL INDUSTRIAL PARTICIPATION PROGRAMME (NIPP)

10.8.1. The Supply Chain Management of the department, District or Institution shall ensure that the requirements of the NIPP are adhered to for all contracts in excess of the value as determined by the Department of Trade and Industry.

10.9. REGISTER FOR TENDER DEFAULTERS AND DATABASE OF RESTRICTED SUPPLIERS

10.9.1. The Accounting Officer shall ensure that defaulting suppliers are listed on the National Treasury's Database of Restricted Suppliers in accordance with the criteria prescribed in the National Treasury by way of Treasury Instructions.

⁵ Annexure D - Tax compliance Instruction note



10.9.2. Prior to listing the defaulting supplier on the National Treasury Database of Restricted Suppliers referred to in Treasury Regulations, the Accounting Officer must consider the listing of defaulting supplier in accordance with criteria prescribed by the National Treasury in consultation with Provincial Treasury.

10.9.3. The Accounting Officer shall reject the bid of any bidder if that bidder or any of its directors has been listed in the Register for Tender Defaulters in terms of Section 29 of Prevention and Combating of Corrupt Activities Act (No 12 of 2004) or on the Database of Restricted Suppliers.

10.10. PUBLICATION OF AWARDS

10.10.1. The Accounting Officer shall ensure that awards are published in the Government Tender Bulletin and/or other media.

10.10.2. The following information on the successful bids shall be published on the Department's website and/or in the Government Tender Bulletin and/or also in the media where the bid was originally advertised;

- a) Contract numbers and descriptions;
- b) Names of successful bidder(s) and preferences claimed;
- c) Where possible, the contract price; and
- d) Brand names and dates for completion of the contract.

10.11. TRANSVERSAL TERM CONTRACTS

10.11.1. Accounting Officer may participate in any transversal term contract facilitated by the relevant Treasury, if they have a need for any goods or services provided for in such a transversal term contract.

10.11.2. If a department participated in a transversal term contract that has been or will be facilitated by the relevant Treasury, the Accounting Officer shall not solicit bids for the same or similar goods or services during the tenure of the transversal term contract.

10.11.3. After a transversal term contract has been awarded by the relevant Treasury, Accounting Officer shall ensure that, where appropriate, service level agreements are entered into by his or her institution. The provisions in the service level agreements must be consistent with the terms and conditions of the contract awarded by the relevant Treasury.



10.11.4. If the Accounting Officer participate in the transversal contract the Accounting Officer shall not expand or vary the transversal contract but may request the relevant Treasury to expand or vary the contract.

10.12. PROCUREMENT OF INFORMATION TECHNOLOGY AND INFORMATION TECHNOLOGY SERVICES

10.12.1. Information Technology-related goods and services shall be procured in accordance with the provisions of State Information Technology Agency (SITA) Act and related regulations.

10.12.2. The Directorate: ICT shall approve specifications for all IT hardware requirements and must comply with the Asset Management Policy and adhere to the Information Technology equipment standards (as provided by the Director Information Technology).

10.13. CONTRACTS PROCURED BY OTHER ORGANS OF STATE

10.13.1. The Accounting Officer may procure goods or services under a contract secured by another organ of state only if:

- a) The contract secured by that other organ of state is supported by a business case, analysing the commodity, the market and the appropriate sourcing method.
- b) The institution has no reason to believe that such contract was not validly procured.
- c) The other organ of state and relevant service providers have consented to such procurement in writing.
- d) The institution procures under the same terms and conditions as provided for in the original contract or more beneficial terms or conditions; and
- e) A separate service level agreement is concluded for this purpose which clearly stipulates the duration of the contract with particular emphasis on the start and end date.

10.14. APPOINTMENT OF CONSULTANTS

10.14.1. Accounting Officer shall ensure that consultants are appointed only where this is a cost-effective alternative to the utilization of staff employed by the department.

10.14.2. The appointment of consultants must be supported by an approved motivated business case setting out an analysis of the underlying skills gap and a diagnosis of requirements and specified deliverables.



10.14.3. Bid documentation for the appointment of consultants must include a clause that rates of remuneration will be subject to negotiation, not exceeding the applicable rates as contained in the guidelines referred to below:

- a) The Guideline on hourly fee rates for consultants as issued by departments of public service and administration; and/or
- b) remuneration guidelines issued by professional service organisations or regulatory bodies as may be relevant
- c) Consultancy contracts must include overall cost capping by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements

10.14.4. If a contract for the provision of a consultancy is within the threshold determined for competitive bids, such a contract must be procured by means of a competitive bidding process.

10.14.5. The appointment of transaction advisors to assist with the preparation, concluding and/or implementation of Public Private Partnerships (PPPs) or part thereof shall be done in compliance with Treasury instructions as may be issued from time to time by National Treasury.

10.15. PROJECTS OR SERVICES FUNDED BY GRANTS IN ACCORDANCE WITH A TECHNICAL ASSISTANCE AGREEMENT

10.15.1. The Accounting Officer or accounting authority shall ensure that:

- a) If a project or commodity is fully funded by means of a grant in accordance with a technical assistance agreement which does not prescribe the procurement procedure to be followed, the prescripts of Preferential Procurement Policy Framework Act, Act No.5 of 2000 and its associated Regulations are applied.
- b) If a project or commodity is fully funded by means of a grant in accordance with a technical assistance agreement which prescribes that the funds must be utilized in accordance with the donor's own procurement procedures, the prescripts of the Preferential Procurement Policy Framework Act, Act No.5 of 2000 and its associated Regulation may not apply.

- c) If a project or commodity is partially funded by means of a grant in accordance with a technical agreement which does not prescribe the procurement procedures to be followed and the remainder is funded by the department itself, the prescripts of the Preferential Procurement Policy Framework Act, Act No.5 of 2000 and its associated Regulations must be applied.
- d) If a project or commodity is partially funded by means of a grant in accordance with a technical agreement which does prescribe the procurement procedures to be followed and the remainder is funded by the department itself, the prescripts of the Preferential Procurement Policy Framework Act, Act No. 5 of 2000 and its associated Regulation must be applied for the funds provided by the department.

10.16. CONTRACTS AND CONTRACT MANAGEMENT ADMINISTRATION – HEAD OFFICE, DISTRICT OFFICES & SCM UNITS

10.16.1. The Accounting Officer shall ensure that all contracts entered into by the department are legally sound.

10.16.2. The contract concluded must consist of at least:-

10.16.2.1. The general conditions of contract issued by the National Treasury;

- a) Where applicable, special conditions in relation to the specific goods or services procured;

10.16.2.2. Submitted bid documents;

10.16.2.3. Documentation for the claiming of preferential bidding points;

10.16.2.4. Tax clearance certificate;

10.16.2.5. Authority from the supplier to confirm with the South African Revenue Service on the tax status of the company during the duration of the contract; and

10.16.2.6. Letter of acceptance.

10.16.3. Contracts relating to Information Technology must be prepared in accordance with the State Information Technology Act, 1998 (Act 88 of 1988), and any regulations issued in terms of that Act.

10.16.4. The special conditions may include, but is not limited to:-

- a) A preamble that serves to explain the rationale for the conclusion of the contract or to provide contextual or background information;
- b) Governance protocols;

- c) Reporting on performance in terms of the contract or agreement in respect of contracts that extend over a period of time;
- d) A periodic review of the contract or agreement by the parties in respect of contracts that extend over a period of time;
- e) Clauses that clearly and unambiguously set out the rights and obligations of the parties, relevant to the specific subject matter in respect of which the contract is entered into;
- f) Service levels, if applicable; and
- g) Incorporation of other documents as annexures.

10.16.5. The supply chain management system of the Department, District, Programme or Health institution must provide for the contract management to include, but not limited to:

- a) Recording of contract in a contract register;
- b) Monitor and regular reporting on contracts;
- c) Evaluation of compliance with transversal contracts in which the institution participates;
- d) Identification of institutional period contracts in which the institution participate;
- e) Evaluation of applications for price adjustments;
- f) Evaluation of applications for variations, amendments, and cancellations; and
- g) Invoking of penalty clauses.

10.16.6. EVALUATION PERFORMANCE OF CONTRACTS

10.16.6.1. Accounting Officer or his/her delegates shall continuously ensure that an assessment of the supplier's/service provider's (including consultants where applicable) performance is undertaken and that this assessment should be available for the future reference.

10.16.6.2. The assessment must include the reliability of the supplier or service provider in terms of, among others;

- a) Delivery periods;
- b) Quality; and
- c) Quantity

10.16.7. MANAGEMENT OF EXPANSIONS OR VARIATIONS OR ORDERS AGAINST THE ORIGINAL CONTRACT

10.16.7.1. Accounting Officer or his/her delegate may:

- a) Expand a contract by increasing the scope of work; or
- b) Vary a contract by changing the scope of work

10.16.7.2. If an expansion or variation in the scope of work requires an extension in the period of the contract, the motivation must distinguish between the change in the scope of work and the period for which the contract is extended.

10.16.7.3. If a contract for:

- a) Construction related goods or services or both, is expanded or varied by more than 20% or R20 million (including all applicable taxes), whichever is lesser; and
- b) All other goods and services or both, is expanded or varied by more than 15% or R15million (including all applicable taxes), whichever is lesser,
 - i. The Accounting Officer must, in a format determined by the National Treasury, submit a monthly report, including the reasons for the expansion or variation, to the relevant Treasury and the AGSA.

10.16.7.4. The Accounting Officer must record expansions or variations in the annual report of the institution in a format determined by the National Treasury.

10.17. PUBLIC PRIVATE PARTNERSHIP

10.17.1. EXCLUSIVE COMPETENCY OF ACCOUNTING OFFICER

10.17.1.1. Only the Accounting Officer of the Department may enter into a PPP agreement on behalf of the department.

10.17.1.2. As soon as the department identifies a project that may be concluded as a PPP, the Accounting Officer must in writing:

- a) Register the PPP with the North-West Provincial Treasury
- b) Inform Treasury of the expertise within the Department to proceed with a PPP
- c) Appoint a project officer from within or outside a Department



- d) Appoint a transaction advisor if the Treasury so requests,
- e) The appointment of transaction advisors to assist with the preparation, concluding and/ or implementing of PPP or part thereof, must be done in accordance with the relevant prescripts of PPP as determined by National Treasury Practice Note(s) issued in terms of the PFMA as amended.

10.18. INFORMATION TO BE FURNISHED TO THE PROVINCIAL TREASURY

10.18.1. In terms of Regulation 16A11.1 of the Treasury Regulations (Supply Chain Management), the Accounting Officer must submit to the relevant provincial Treasury such supply chain management information as that Treasury may require.

10.18.2. The Accounting Officer shall furnish the following information to the Provincial Treasury:

- a) A copy of the appointment letter of each member of a bid specifications committee, bid evaluation committee and bid adjudication committee, which should be submitted within 7 days after the appointment.
- b) A report within 7 days of any bid committee member(s) whose membership is terminated before the end of the term.

11. LOGISTICS/ PURCHASING MANAGEMENT

11.1. General

11.1.1 Logistics Management refers, amongst others, to coding of items, setting of inventory levels, placing of orders, receiving and distribution, stores/warehouse management, expediting orders, and generation of payments.

11.1.2 The North West Department of Health shall implement an effective and efficient system of logistics management to ensure that:

- a) Processes, whether manual or electronic, and procedures are in place for the effective, efficient, economical and transparent use of the institution's resources;
- b) A proper record of all the applicable assets and group of assets and group of assets under the control of the institution is maintained;
- c) Proper control systems exist for assets and that:
 - i. Preventative mechanism are in place to eliminate theft losses, wastage and misuse, and
 - ii. Stock levels are at an optimum and economic level.



- d) The reliability of supplier in terms of delivery periods, quantity and quality is monitored and acted upon; and
- e) Full record of all procurement transactions is kept and maintained.

11.1.3. The Department's logistics management system shall provide for the following policies and standard operation procedures, including the checklists and templates:

- a) Requisition of goods and services ;
- b) Placing of order for goods or services;
- c) Receiving of goods;
- d) Distribution of goods;
- e) Preparation of payment vouchers; and
- f) Reconciliation of assets records with financial accounts.

11.2. REGISTRATION OF CODES FOR NEW ITEMS

11.2.1. All goods and assets must be coded in accordance with the procurement systems' functional requirements.

11.3. SETTING OF INVENTORY LEVELS

11.3.1. All departmental institutions must set minimum and maximum inventory levels.

11.3.2. For the purpose of clause... above, Institutions must ensure that Inventory managers are appointed.

11.4. PLACING OF ORDERS

11.4.1 Creation or authorization of orders on the Procurement system must be in line with the SCM Delegation of Authority.

11.5. RECEIPT AND DISTRIBUTION

11.5.1. All goods and assets must be inspected to verify quality and quantity before they are accepted by the Receiving Official.

11.5.2. Records of all goods and assets received and issued must be accurately maintained.

11.5.3. A register of guarantees and warrantees must be maintained by the Logistics Manager for all goods, services and assets acquired.

11.6. STORES/WAREHOUSE MANAGEMENT

11.6.1. The Stores and Warehouse Manager must ensure that an annual stock count of the Stores/Warehouse inventory is undertaken.



11.6.2. All surpluses/deficits identified during the annual stock count must be reported to Directorate: Assets and Inventory.

11.6.3. Where applicable, the shelf life of stock must be managed on a regular basis.

11.7. EFFICIENT AND EFFECTIVE SYSTEM FOR EXPENDITURE MANAGEMENT

11.7.1. All the Programme, Directorates, Districts and Health Institutions in the Department must manage expenditure efficiently and effectively by implementing appropriate logistics management procedures and processes for:

- a) Verification of source documents;
- b) Certification of source documents;
- c) Preparation of payment vouchers; and
- d) Authorisation of payments

11.7.2. The Chief Financial Officer shall ensure that Standard operating procedures are developed and approved for all categories of expenditure, as the case may be, which include:

- a) Goods and services;
- b) interest and rent on land;
- c) payment for financial assets;
- d) expenditure for capital assets;
- e) compensation of employees; and
- f) Transfers and subsidies.

11.8. INTERNAL CONTROL MEASURES IN RELATION TO EXPENDITURE

11.8.1. All Programmes, Directorates, Districts and Health Institutions in the Department must implement appropriate internal control measures in relation to expenditure, to ensure that:

- a) transactions are executed in accordance with institution instructions and standard operation procedures;
- b) All transactions are promptly recorded at the correct amount and in the accounting period to which it relates;
- c) All transactions are recorded appropriately in accordance with the standard chart of accounts or allocation/classification codes, whichever applicable;
- d) Commitment registers are maintained and updated on a regular basis;
- e) Payment are not unnecessarily deferred on a regular basis;
- f) Asset register are updated timeously and reconciled to physical assets counts; and

- g) Programme managers are held accountable for expenditure management within their areas of responsibility.

11.9. TRANSACTION CHECKLIST

11.9.1. All Programme, Directorates, Districts and Health Institutions in the Department must implement transaction checklist which records all actions to be performed from the initiation of a request for specific goods or services to the final authorisation of the payment.

11.9.2. The transaction checklist must provide for at least the following processes:

- a) Requisitioning;
- b) Sourcing (form of procurement)
- c) Procurement advice;
- d) Ordering;
- e) Delivery note;
- f) Invoice; and
- g) Payment authorisation.

11.9.3. The transaction checklist must be supported by templates for the various forms of Procurement.

11.10. APPROVAL OF COMMITMENT AND EXPENDITURE

11.10.1. An employee of an institution must not spend, or enter into a commitment to spend public money except with the express approval of an authorised or properly delegated employee.

11.10.2. Before approving expenditure or the incurring of a commitment to spend public money, the authorised or properly delegated employee must ensure that:

- a) Any limitations or conditions attached to the instrument of delegation or authorization are complied with;
- b) The expenditure or commitment is strictly in accordance with the purpose of the approved budget;
- c) For department the amount of the expenditure or commitment can be met within the monetary limit of the department's budget and that the expenditure or commitment will not give rise to unauthorized, irregular, or fruitless and wasteful expenditure;
- d) The purpose of the expenditure will contribute positively to the achievement of the relevant goals and objectives;



- e) The expenditure represents best value for money for the institution; and
- f) In the case of expenditure, that the amount to be paid is correct paid to the correct beneficiary and that the goods or services have been delivered in accordance with the original approval.

12. Disposal Management

12.2. Disposal Management refers to the disposal of assets as registered on the Asset Register of the Department.

12.3. All assets must be disposed of in accordance with one of the following methods:

- a) Sale;
- b) Lease;
- c) Transfer;
- d) Donation;
- e) Destruction.

12.4. The Accounting Officer shall appoint members of the Departmental Asset Disposal Committee in each financial year to oversee the disposal of assets in accordance with the approved methods.

12.5. Assets must be sold via a Bidding process.

12.6. The asset guarantees/warrantees register must be considered before disposing of an asset.

12.7. Approval for the disposal of assets shall be granted by Accounting Officer or his/her delegate.

12.8. Where computer equipment is to be disposed of, the Department must first approach any state institution involved in education and/or training and determine whether such institution requires such equipment.

13. Risk Management

13.2. All officials involved in procurement must comply with the Department's approved Risk Management and Fraud Prevention Plan.

13.3. All officials involved in SCM must adopt a systematic approach to prevent, detect, and correct any risk related to procurement.

13.4. The Director: SCM shall be responsible for setting up controls within the SCM processes to mitigate risks.



- 13.5. Risks and rewards of ownership will only be transferred to the Department on acceptance of the goods and/or assets on the premises of the Department by a duly authorized official.
- 13.6. The responsibilities of reporting any known fraudulent or non-compliance activity will rest with all officials.
- 13.7. Disciplinary action will be instituted against officials who fail to report fraudulent and/or non-compliant activities.

14. SCM GOVERNANCE

14.2. ETHICS

- 14.2.1. All members of staff involved in procurement processes must possess a high level of professionalism and standards of personal integrity.
- 14.2.2. It is mandatory that everyone ensure that the SCM system is not abused for any purpose, neither for the sake of the Department nor for any potential contractor/service provider.
- 14.2.3. Any employee suspected of acting contrary to this call (14.1.2), will be dealt with in terms of the relevant disciplinary procedures.
- 14.2.4. Accordingly all officials are directed to conduct themselves in the following manner in their dealing with all procurement related matters :
 - a) Be open, honest and co-operative business relations with colleagues and vendors;
 - b) Exercise confidentiality of both government and commercial information;
 - c) avoid conflict of interest or a perception of bias and disclosure of such to the Head of the SCM unit;
 - d) Engage in fair dealings and impartial conduct in the evaluation of bids;
 - e) Maintain high standard of professionalism and competence as well as the encouragement of similar standards amongst colleagues;
 - f) Exercise and display mutual trust and respect with all stakeholders involved in SCM;
 - g) Promote environment where business can be conducted with integrity and in a fair and reasonable manner;
 - h) Deal with suppliers even-handedly;
 - i) Ensure that they do not compromise the good standing of the state through acts of impropriety, which may arise from the acceptance of gifts and hospitality;
 - j) Prevent the scrupulous use of public property; and



k) Provide assistance in the elimination of fraud and corruption.

14.2.5. The Accounting Officer has the right to request security clearance for any serving or newly appointed official involved in Supply Chain Management.

14.3. CONFIDENTIALITY

14.3.1. To prevent SCM abuses and maintain integrity of SCM processes, no official is permitted to divulge any information about prices, terms and conditions to any third parties or external sources.

14.3.2. Otherwise corrective action shall be taken as this behavior has a potential to undermine the Department's reputation as an honest and responsible organization and can affect the stability of professionally negotiated contracts.

14.4. CODE OF CONDUCT FOR SCM PRACTITIONERS

14.4.1. Practitioners must comply with the Code of Conduct for supply chain Practitioners, Practice Note Number 04 of 2003⁶

14.5. REMUNERATIVE WORK OUTSIDE PUBLIC SERVICE

14.5.1. Before an Accounting Officer enters into any contract with an entity for the sale, lease or supply of goods or services, the entity must, in the prescribed manner, disclose any business interest that an employee or a family member of an employee who is in the service of the state has in that entity.

14.5.2. An employee of the Department must disclose in the prescribed manner to the Accounting Officer any business interest that the employee or any family member of the employee has in an entity conducting business with the State

14.5.3. Prior to the consideration of all bids, SCM practitioners must undertake the following:

- a) Establish whether or not the bidder is employed within its own staff establishment and whether or not the bidder is on the list provided by the National Treasury that was matched against the public service PERSAL information; and

⁶ Annexure E – Code of conduct for SCM practitioners



- b) Establish where a conflict is detected whether or not that official has appropriate authority to undertake remunerative work outside his or her employment in the Department (RWOPS).
- c) Report to the Accounting Officer outcome of the assessment envisioned above.

14.6. RESTRICTIONS OF PERSON DOING BUSINESS WITH GOVERNMENT

14.6.1. Restriction of persons doing business with government shall be dealt with in accordance to the relevant National Treasury Instruction note.

14.7. EQUAL TREATMENT

- 14.7.1. All officials associated with SCM, particularly those dealing directly with service providers/suppliers or potential service providers/suppliers are required to:
- a) Provide all assistance in the elimination of fraud and corruption.
 - b) Be fair, efficient, firm and courteous.
 - c) Achieve the highest professional standards in the awarding of contracts.

14.8. FRAUD AND CORRUPTION

- 14.8.1. The provisions of the Prevention and Combating of Corrupt Activities Act, 2004 shall be adhered to:
- a) The SCMU must ensure that all officials, clients and other stakeholders (including service providers) are made aware of the implications of the Prevention and Combating of Corrupt Activities Act.
 - b) Fraud prevention and anti-corruption plans shall be instituted and SCM practitioners or other role players must assist the Accounting Officer or his/her delegated authority in combating corruption and fraud against the SCM System.
 - c) The Accounting Officer or his/her delegated authority must reject a proposal for adjudication if he/she determines that the supplier/service provider recommended for adjudication, has engaged in corrupt or fraudulent activities in competing for the contract in question.
 - d) The Department must insist that a provision be included in the contract agreement, requiring contractors to permit the Accounting Officer or his/her delegated authority to inspect their accounts and records relating to the performance of the contract



and to have them audited by auditors appointed by the Accounting Officer in order to monitor and prevent corrupt activities.

- e) Contractors shall observe the highest standard of ethics during the selection and execution of the contract and must assist in combating corruption in SCM in line with the Prevention and Combating of Corrupt Activities Act, by not giving, receiving or soliciting any item of value to influence the action of an official dealing with SCM.

14.9. FRONTING

14.9.1. Where after an award of a contract it becomes evident that the award made to the organisation was based on incorrect information constituting fronting, the appropriate action is to be taken in accordance with all legal remedies available, especially the Prevention and Combating of Corrupt Activities Act, 2004, the Promotion of Administrative Justice Act, 2000 as well as Regulation 9 of the PPPFA 2022.

14.9.2. Where the Department becomes aware of a possible fronting case, the following process should be followed:

- a) The Department must inform the bidder/contractor of the alleged/suspected offence, i.e.
 - (i) That they are suspected of contravening the provisions of the PPPFA or;
 - (ii) Has promised, offered or given a bribe during the bidding process and/or after conclusion of contract; or
 - (iii) Has acted in a fraudulent manner or in bad faith or in any other improper manner during the bidding process or after conclusion of contract; or
 - (iv) That an agreement was entered into with the contractor on the strength of information furnished by them, and it became apparent after conclusion of such agreement that the information provided was incorrect.
- b) The bidder/contractor must be informed of the recourse sought.
- c) The bidder/contractor must also be afforded an opportunity to state their case. This is the application of the principles of natural justice, with particular reference to the *audi alteram partem* rule.
- d) The Department must follow the requirements for procedural fairness as outlined in Section 3 of the PAJA. Briefly it states:



- (i) An administrator (Accounting Officer or his/her delegated authority) must give a person adequate notice of the nature and purpose of the proposed administrative action.
- (ii) A reasonable opportunity to make representations.
- (iii) A clear statement of the administrative action.
- (iv) Adequate notice of any right of review or internal appeal, where applicable.
- (v) Adequate notice of the right to request reasons in terms of Section 5 of PAJA.

14.10. BID RIGGING

14.10.1. In terms of Section 4(1) (b) (iii) of the Competition Act all forms of bid rigging or collusive tendering is prohibited.

14.10.2. Where this is suspected, procurement officials must analyse the prices to determine the price patterns between the winning bids and other bids that were submitted by competing bidders.

14.10.3. In this instance, the following must be considered:

- a) Similarities in prices,
- b) Prices submitted by competing bidders for each line item or product or service, with an equal or same price difference;
- c) Prices submitted by competing bidders for each line item or product or service, with an equal percentage difference between each price;
- d) Identical price increases by bidders not explained by higher costs;
- e) Bidding at prices above the maximum award budget. The bidders may have reached an agreement for the tender to be declared void for lack of qualified bids and force the procuring entity to increase the maximum budget.

14.10.4. Where bid rigging has been established appropriate corrective action shall be taken against any transgressor.



14.11. DISPUTES AND COMPLAINTS

14.11.1. All persons aggrieved by decisions or actions taken by the Department during implementation of the supply chain management system, shall within 14 days be allowed to lodge a written objection or complaint to the Department against the decision or action with the Accounting Officer.

14.11.2. The Accounting Officer must then appoint an independent and impartial person not directly involved in the supply chain management processes of the Department to deal with the objection or complaint received.

14.11.3. An objection or complaint may be referred to the Provincial Treasury if:

- a) the objection or complaint is not resolved within 60 days and no extension has been inferred, provided such extension does not exceed 30 days; or
- b) No response is received from the Department within 60 days.

14.12. COMPLAINTS REGISTER

14.12.1. The SCM unit of the Department must establish and maintain a complaint register that effectively captures all information and evidence regarding complaints lodged and resolved by the Department.

14.12.2. The complaints register must include, but not limited to the following information:

- a) Reference number;
- b) Date received;
- c) Name of aggrieved party;
- d) Description of complaint;
- e) Type of complaint (formal or informal);
- f) Responsible official;
- g) Due date;
- h) Outcome of the complaint; and
- i) Date of response



14.13. RECORDING OF COMPLAINTS

14.13.1. The complaint and action taken should be recorded in complaints register; and

14.13.2. The Department needs to decide how much data it wants captured in the complaints register and how it will be recorded.

15. POLICY APPROVAL:



Ms. S.S. Motlhamme
Chief Financial Officer (Acting)

20230206

Date

~~Recommended/ not recommended~~


Mr. O. E. Mongale
Head of Department

07/02/2023

Date

~~Approved/ not approved~~


HON. MEC. Mr. M. Sambatha
North West Department of Health

17/02/2023

Date



health

Department:
Health
North West Provincial Government
REPUBLIC OF SOUTH AFRICA



Ground Floor, Health Office Park
Private Bag X 2068
MMABATHO
2735

SUPPLY CHAIN MANAGEMENT

Tel: +27 (18) 391 4319
Email: FTsimane@nwpg.gov.za
www.health.nwpg.gov.za

**TO : ALL MANAGERS
STAFF**

ANNEXURE : A

FROM : Ms. F TSIMANE

CD: SUPPLY CHAIN MANAGEMENT

**SUBJECT : NOTICE: SUPPLY CHAIN MANAGEMENT DELEGATIONS
AMENDMENTS**

The above subject matter bears reference;

The purpose of this notice is to bring to the attention of all institutions the contents of the approved SCM Delegations as amended

It should be noted that the delegation are effective from 12 January 2023.

Regards

Ms Freda Tsimane

CD: SUPPLY CHAIN MANAGEMENT

DATE: 2023/01/18



health

Department:
Health
North West Provincial Government
REPUBLIC OF SOUTH AFRICA



Ground Floor,
Health Office Park,
Private Bag X 2058
MMABATHO

SUPPLY CHAIN CHIEF DIRECTORATE

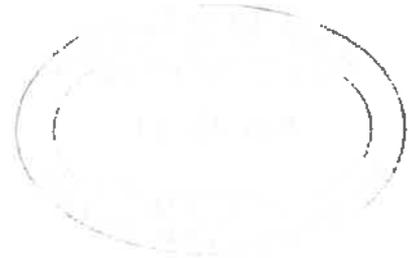
Tel: +27 (18) 391 4359
Email: @nwpg.gov.za
www.health.nwpg.gov.za

**TO : MR O MONGALE
HEAD OF DEPARTMENT**

**FROM : MS F TSIMANE
CHIEF DIRECTOR: SCM**

DATE : 11 JANUARY 2023

**SUBJECT : REQUEST FOR APPROVAL OF THE SCM DELEGATIONS
AMENDMENTS**



The office of acting CFO, Chief Director: SCM, Institutions and Districts Finance/Corporate Managers in consultations with their CEO's and Chief Directors have developed the attached amended SCM Delegations.

Therefore it is recommended that the HoD signs the attached amended delegations for implementation.

INITIATED BY:

[Signature]
Ms F Tsimane
CHIEF DIRECTOR: SCM

SUPPORTED/ NOT-SUPPORTED

[Signature]
Ms S Motlhamme
ACTING CHIEF FINANCIAL OFFICER

APPROVED/ NOT APPROVED

[Signature]
Mr O Mongale
HEAD OF DEPARTMENT

12/01/2023
C.F.O. & CD SCM
MUST put in place
an MIE & reporting
framework.

ITEM	PROVISION	POLICY REFERENCE	RESPONSIBLE OFFICIALS	LOWEST RANK OF DELEGATION	MONETARY VALUE	REMARKS/NOTES
	Implementing Logistical management system & processes	SCM policy	All SCM units	Logistical manager		
	Register new codes for goods & services	SCM policy	All SCM units	Logistical Manager		Obtain approval for the creation of new asset description and ICN numbers from Director Assets
	Set minimum and maximum inventory levels	SCM Policy	SCM HO and Decentralised units	Stores and warehouse manager		
	Create orders on the procurement system	SCM Policy section	All SCM units	All SCM Purchasing Clerks		
	Authorise orders on the Procurement system	SCM Policy section	All SCM units	CPA/PAO SPAO AD DD		The Purchasing Clerk/Officer who does not generate orders on the system MUST authorise orders on the Procurement System

INITIALS: S.S. FF EDW

Variations and Expansions	SCM Policy	HOD	Accounting Officer	Contracts	Any
	PFMA SCM instruction 3 of 21/22		Heads of Institutions	Quotations	Less than 15%/R15m whichever is less on any other goods and services Less 20%/R20m whichever is less for construction
Procurement of Goods and services	SCM Policy PFMA SCM Instruction 2 of 21/22	All SCM units	SCM Practitioners	R 2 000.00 – R 500 000.00	SCM Practitioners to source quotes. AD/SAO to evaluate all quotes
Procurement of goods and services	SCM Policy PFMA SCM instruction 2 of 21/22	All SCM Units	SCM Practitioners	R500 000 – R1 000 000.00	Head Office to use normal procurement method and Districts/Institutions to use bid committees from R200 000.00 and to be delegated as per the Head of the Institution

Handwritten initials: S-S

Handwritten initials: FT

INITIALS: S-S FT



One time vendors (TSM 5)	SCM Policy	Payments	DD	R0.01 – R500 000.00
			Director	R500 000.01 – R1 000 000.00
			Chief Director	R1 000 000.01 – 2 000 000.00
			CFO	R2 000 000.01 – R5 000 000.00
			Accounting Officer	R5 000 000.01 and above
Journals	SCM Policy	Budget	Heads of Institutions	R0.01 – R 1 000 000.00
				Journals should be approved by heads of institutions in line with their delegation to approve payments at their level
			CFO	R 1 000 000.01 and above
				Any journal that amounts to over R1 000 000.00 should be approved by the CFO

ITEM	LEVEL AND FINANCIAL LIMIT	POLICY REFERENCE	LOWEST RANK OF DELEGATION	DESIGNATED RESPONSIBILITY MANAGER	REMARKS/NOTES
	Invitation and acceptance of price quotations up to an estimated value of over R2 000 up to R1 000 000 per case	SCM policy	HOD	Director SCM Hospital CEO's Sub District Managers College principals	Minimum of three (3) written quotations must be obtained. Selection or invitations should as far as possible be made in line with the

Signature

INITIALS: SS FT

Procurement of supplies or services the hiring or letting of anything, resulting from the invitation and acceptance of price quotations up to an estimated value over R2 000 up to R1 000 000 per case, which are obtained from the suppliers, registered on the list of prospective suppliers established for this purpose

DD Finance/SCM (district)

SCM Policy

In case whereby less than three quotations were obtained through CSD for procurement less than R500 000, the motivation shall be approved by the Director SCM and those above R500 000, the motivation will be approved by the Chief Director SCM at Provincial Office and Adjudication Committees at Institutional level, District office will be approved by relevant authority. Portfolio of evidence in line with SCM Policy

SUBJECT : REQUEST FOR APPROVAL OF THE SCM DELEGATIONS AMENDMENTS

2011

INITIALS: SS FT

ANNEXURE: B

GOODS OR SERVICES CLASSIFIED AS EMERGENCY PROCUREMENT IN HEALTH INSTITUTIONS IN THE NORTH WEST DEPARTMENT OF HEALTH

A.

NO	DESCRIPTION OF SERVICE	DESCRIPTION OF EMERGENCIES	EXAMPLES
1	Maintenance (Infrastructure)	Emergency Repairs/ Works	Pipe bursts, Air-conditioning breakdown in critical areas
2	Patient Care Services Emergencies	<p>a) Outsourcing of medical care during emergency where state is unable to render services due to either non availability of beds or expertise.</p> <p>b) Outsourcing of medical care due to patient specific related treatment compliance.</p>	Private health services providers such as Netcare or Life Hospital in instances where <u>emergency services such as ICU</u> are sourced at time of need (this is when no beds are available in the public services)
3	Implantable Sets	The implants sizes (depth, length, width and diameters) can only be measured and ordered once the skin and muscle layers of the health care user are incised by surgeon.	Orthopaedic and surgical implants. The <u>items required for operation are identified at operation when patient is already under anaesthesia</u> and this procurement processes cannot be followed.
4	Medical and Surgical Consumables	Those consumables compatible with available medical,	Kidney dialysis consumables are used for those machines that were sourced from this

NO	DESCRIPTION OF SERVICE	DESCRIPTION OF EMERGENCIES	EXAMPLES
		Information Technology and Capital equipments.	manufacturer at implementation of the service.
5	Machinery strip and quote	Supplier being invited for repair inspection and quote after	<p>These include amongst others mechanical breakdowns of</p> <ul style="list-style-type: none"> • Lifts • Uninterrupted Power Supplies (with very particular skills requirements) • Health Technology equipments
6	Sole Agent Services	No any other service provider can render / supply that goods / service	<ul style="list-style-type: none"> • Milk Bank • SABC • Post Office • Pharmacy Council • Specialized Gloves for allergic personnel
7	Medical Equipment, Information Technology and Capital Equipment repairs for sole suppliers and appointed agents for specific brands	The equipment was supplied and maintained by specific licensed supplier	<p>a) Hydraulic lifting suppliers</p> <p>b) Renal Services</p>



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ANNEXURE : C

- TO ALL : ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS**
- : ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULES 2 AND 3 TO THE PFMA**
- : HEAD OFFICIALS OF PROVINCIAL TREASURIES**

NATIONAL TREASURY INSTRUCTION NO. 09 OF 2017/2018

TAX COMPLIANCE STATUS VERIFICATION

1. PURPOSE

The purpose of this Treasury Instruction is to provide guidance to accounting officers of departments and constitutional institutions and accounting authorities of public entities listed in Schedule 2 and 3 to the Public Finance Management Act (PFMA), Act No.1 of 1999, on the implementation of the revised South African Revenue Service (SARS) system for the management of tax compliance and the introduction of a revised Standard Bidding Document 1 (SBD 1) to give effect to the tax compliance status system.

2. BACKGROUND

- 2.1** Government is committed to increasing the degree of compliance with supply chain management prescripts and ensuring that persons conducting or intending to conduct business with the State have no scope to abuse the Supply Chain Management system.
- 2.2** It is therefore essential to ensure that persons conducting business with the State are tax compliant at the time of the awarding of price quotations or competitive bids. No price quotations or competitive bids shall be awarded to businesses or persons who are not tax compliant.
- 2.3** On 18 April 2016, SARS introduced an enhanced tax compliance status system on eFiling aimed at improving tax compliance and making it easier for taxpayers to manage their tax affairs.
- 2.4** In terms of the legislative requirements, the new tax compliance status impacts on supply chain management processes and documentation as the South African Revenue Service has discontinued the issuance of tax clearance certificates.

Tax compliance status verification

- 2.5 National Treasury issued National Treasury SCM Instruction No. 7 of 2017/2018 wherein approved methods of verifying a bidder's tax compliance status was communicated. Subsequent to the issuance of the aforementioned Treasury Instruction, numerous queries were received from organs of state relating to interpretation of the following issues:
- a) The process followed by SARS to confirm the tax compliance status of foreign bidders prior to award.
 - b) What time period would be regarded as reasonable for the supplier to rectify their non-compliant status?
 - c) Whether or not organs of State are required to verify if a directive has been issued by SARS regarding the withholding of payments to suppliers.
- 2.6 It therefore became necessary to review National Treasury SCM Instruction No. 7 of 2017/2018 to amend the unclear provisions and to communicate the revised amendments on how SARS will be confirming the tax compliance status of foreign recommended bidders along with the implementation thereof.
- 3. IMPLEMENTATION OF THE TAX COMPLIANCE STATUS SYSTEM**
- 3.1 In order to comply with the provisions indicated in paragraph 2 above and the condition that successful bidder's taxes must be in order, accounting officers and accounting authorities of all PFMA compliant institutions must:
- a) Designate officials, preferably from the Supply Chain Management Unit, whose function will be to verify the tax compliance status of a bidder on the South African Revenue Service's Tax Compliance Status system housed on eFiling. Guidance on the functionality of the Tax Compliance Status system on eFiling is available on the South African Revenue Service website www.sars.gov.za;
 - b) Utilise the SBD1 issued with this Treasury Instruction when inviting bids;
 - c) As a bid condition, accounting officers and accounting authorities must request bidders to register on Government's Central Supplier Database and to include in their bid their Master Registration Number (Supplier Number) in order to enable the institution to verify the supplier's tax status on the Central Supplier Database;
 - d) Utilise the tax compliance status PIN or the Central Supplier Database Master Registration Number (MAAA number) to verify the bidders' tax compliance status; and
 - e) In the case of foreign recommended bidders, with neither South African tax obligation nor history of doing business in South Africa, the foreign recommended bidder's completed SBD 1 must be submitted to the South African Revenue Service to issue the Confirmation of Tax Obligations letter in terms of paragraph 3.6 below.
- 3.2 The Central Supplier Database and the tax compliance status PIN are the approved methods of verifying the tax compliance status of a bidder. The South African Revenue Service does not issue Tax Clearance Certificates anymore but has introduced an online provision via eFiling, for bidders to print their own Tax Clearance Certificates which they can submit with their bids or price quotations.

Tax compliance status verification

- 3.3 Accounting officers and accounting authorities are therefore required to accept printed or copies of Tax Clearance Certificates submitted by bidders and to verify their authenticity on eFiling. The verification result recorded as per paragraph 3.1 of this Treasury Instruction must be filed for audit purposes.
- 3.4 Where a bidder does not submit a tax compliance status PIN but provides a Central Supplier Database Number, accounting officers and accounting authorities must utilise the Central Supplier Database Number via the Central Supplier Database website www.csd.gov.za to access the supplier records and to verify the bidder's tax compliance status. A printed screen view at the time of verification must be attached to the supplier's records for audit purposes.
- 3.5 Where goods and services are procured from foreign suppliers with tax obligations in South Africa, proof of their tax compliance status must be obtained from the supplier.
- 3.6 Foreign suppliers with neither South African tax obligations nor history of doing business in South Africa must complete the questionnaire on the SBD1. Where a recommendation for award of a bid has been made to a foreign bidder, accounting officers and accounting authorities must submit the bidder's completed SBD1 to the South African Revenue Service at the following email address: GovernmentInstitute@sars.gov.za. The South African Revenue Service will issue a confirmation of tax obligations letter to the accounting officer or accounting authority confirming whether or not the foreign entity has tax obligations in South Africa.
- 3.7 There is no need to require proof of a suppliers tax compliance status where goods and services are procured by institutions such as South African Embassies and Missions or any other South African office outside the borders of South Africa for use outside the country.
- 4. APPLICATION DURING SUPPLY CHAIN MANAGEMENT PROCESS**
- 4.1 Designated employee(s) must verify the bidder's tax compliance status prior to the awarding of price quotations or competitive bids.
- 4.2 Where the recommended bidder is not tax compliant, the bidder must be notified in writing of their non-compliant status and the bidder must be requested to submit written proof from SARS of their tax compliance status or proof that they have made an arrangement to meet their outstanding tax obligations within 7 working days. The bidder should thereafter provide the accounting officer or accounting authority with proof of their tax compliance status which should be verified via the Central Supplier Database or eFiling.
- 4.3 Should the recommended bidder fail to provide written proof of their tax compliance status in terms of paragraph 4.2 above, accounting officers and accounting authorities must reject the bid submitted by the bidder.
- 4.4 Where goods or services have been delivered satisfactorily without any dispute, accounting officers and accounting authorities must not delay the processing of payments as a result of outstanding tax matters.
- 4.5 In all instances, accounting officers and accounting authorities must ensure that systems are in place in their respective institutions to ensure that all invoices are paid within 30 days from receipt of an invoice, unless determined otherwise in a contract or other agreement.

Tax compliance status verification

5. APPLICABILITY

This Treasury Instruction applies to all departments, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA.

6. EFFECTIVE DATE

This Treasury Instruction takes effect from the date of issue.

7. REPEAL OF NATIONAL TREASURY SCM INSTRUCTION NO. 7 OF 2017/2018

7.1 This Treasury Instruction repeals:

- a) National Treasury SCM Instruction No. 7 of 2017/2018; and
- b) SBD 1 that was issued with National Treasury SCM Instruction No. 7 of 2017/2018.

8. DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY INSTRUCTION

8.1 Accounting officers of national departments and constitutional institutions must bring the contents of this Treasury Instruction to the attention of:

- a) Chief financial officers, heads of supply chain management and supply chain management officials of their respective institutions; and
- b) All accounting authorities of public entities reporting to the executive authority of their respective departments.

8.2 Heads Officials of Provincial Treasuries are requested to bring the contents of this Treasury Instruction to the attention of all accounting officers of their provincial departments with the request that the information contained therein be disseminated to all chief financial officers, heads of supply chain management and supply chain management officials in their respective departments.

8.3 Accounting authorities of public entities must bring the contents of this Treasury Instruction to the attention of chief financial officers and supply chain management officials of their respective public entities.

9. AUTHORITY FOR THIS INSTRUCTION

This National Treasury Instruction is Issued in terms of section 76(4)(g) of the Public Finance Management Act.

Tax compliance status verification

10. CONTACT INFORMATION

Enquiries related to this Treasury Instruction may be directed to:

Mpho Nxumalo
Director: SCM Policy
Tel: (012) 315 5208
E-mail: mpho.nxumalo@treasury.gov.za


ZANELE MXUNYELWA¹
ACTING ACCOUNTANT - GENERAL
DATE: 5 April 2018

¹ The Accountant-General is responsible for the issuing of all Treasury Instructions at the National Treasury to ensure that such is issued from a central point. The contents of this Treasury Instruction is, however, the responsibility of the Office of the Chief Procurement Officer and is issued on behalf of that Office.



ANNEXURE : D

**NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA**

Private Bag X116, Pretoria, 0001 Tel: +27 12 316 8111, Fax: +27 12 316 8234
Enquiries: J Soobramanian Ref: 344/3/2/10 Tel: 315 6336 FBC: 328 5445
e-mail: jsoobramanian@treasury.gov.za

**TO ALL
ACCOUNTING OFFICERS: NATIONAL DEPARTMENTS
HEADS: PROVINCIAL TREASURIES
CHIEF FINANCIAL OFFICERS: PROVINCIAL DEPARTMENTS
CHIEF EXECUTIVE OFFICERS / CHIEF FINANCIAL OFFICERS: CONSTITUTIONAL
INSTITUTIONS / PUBLIC ENTITIES**

**Supply Chain Management Office
Practice Note Number SCM 4 of 2003**

CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS

In accordance with the Framework for Supply Chain Management (Section 76(4)(c) of the PFMA) that was promulgated in Government Gazette Number 25767 on 5 December 2003 as Treasury Regulations, National Treasury is required to issue a Code of Conduct for Supply Chain Management Practitioners that should be adhered to by all officials and other role players involved in supply chain management.

1. General Principles

- 1.1 The Government of South Africa commits itself to a policy of fair dealing and integrity in the conducting of its business. The position of a supply chain management (SCM) practitioner is, therefore, a position of trust, implying a duty to act in the public interest. Practitioners should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or supplier/contractor for themselves, their family or their friends.
- 1.2 Practitioners should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation and regulations including the Public Service Regulations issued by the Department of Public Service and Administration, National Treasury Regulations and Practice Notes and directives issued by accounting officers / authorities. They should ensure that public resources are administered responsibly.

- 1.3 Practitioners should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.
- 1.4 Practitioners should comply with the Code of Conduct for the Public Service as contained in Chapter 2 of the Public Service Regulations, 2001 especially items C4.5 to C4.12 and C5.3 to C5.4 thereof.

2 Conflict of interest

- 2.1 SCM practitioners, to the extent required by their position, should declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest.
- 2.2 They should not place themselves under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties.
- 2.3 Practitioners should not take improper advantage of their previous office after leaving their official position.

3 Accountability

- 3.1 Practitioners are accountable for their decisions and actions to the public.
- 3.2 Practitioners should use public property scrupulously.
- 3.3 Only accounting officers / authorities or their delegates have the authority to commit the government to any transaction for the procurement of goods and/or services.
- 3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

4 Openness

- 4.1 Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

5 Confidentiality

- 5.1 Any information that is the property of the government or its suppliers should be protected at all times. No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractor's personal rights.
- 5.2 Matters of confidential nature in the possession of supply chain practitioners should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions should also apply after separation from service.

6 Bid Evaluation / Adjudication Teams

- 6.1 Bid evaluation / adjudication teams should regulate supply chain management on behalf of the institution in an honest, fair, impartial, transparent, cost-effective and accountable manner in accordance with the accounting officer's / authority's directives/delegated powers.
- 6.2 The evaluation / adjudication team may be authorized to deal with all supply chain management matters and finalize bids/price quotations in accordance with the directives/delegated powers of the accounting officer / authority.
- 6.3 Bid evaluation / adjudication teams should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- 6.4 All members of bid adjudication teams should be cleared at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.
- 6.5 No person should-
 - 6.5.1 interfere with the supply chain management system on an institution; or
 - 6.5.2 amend or tamper with any bid after its submission.

7 Combative Practices

- 7.1 Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:
 - (i). Suggestions to fictitious lower quotations;
 - (ii). Reference to non-existent competition;
 - (iii). Exploiting errors in bids;
 - (iv). Soliciting bids from bidders whose names appear on the list of restricted bidders/suppliers/persons.


JAN BREYTENBACH
CHIEF DIRECTOR: NORMS AND STANDARDS
5 DECEMBER 2003

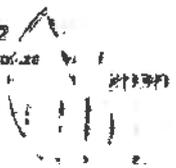
Policy:\SCM-ProcNote-Code of Conduct



Department of
Health
North West Province
REPUBLIC OF SOUTH AFRICA

Private Bag X2068
WINDHOEK

M. M. HINGANE
Tel: (018) 301 4182
m.hingane@nwde.gov.za



OFFICE OF THE MEC

**TO : MS. SEIPONE MOTLHAMME
CHIEF DIRECTOR: FINANCIAL MANAGEMENT SERVICES**

**FROM : MR. MADODA SAMBATHA
HON. MEC
NORTH WEST DEPARTMENT OF HEALTH**

DATE : 08 MAY 2020

**SUBJECT : APPOINTMENT AS ACTING CHIEF FINANCIAL OFFICER:
YOURSELF**

This serves to inform you that you have been appointed as the **Acting Chief Financial Officer** of the North West Department of Health with effect from the **08 May 2020 until further notice**. The appointment comes with full responsibilities and delegations associated with the post and it is therefore, important that you familiarise yourself with the roles and responsibilities, delegations, regulations and all prescripts as well as the conditions associated with the post.

I wish you all the best in the new responsibilities.

Kind regards,

**Mr. Madoda Sambatha
Hon. MEC
North West Department of Health**

DATE: 08/05/2020

Accepted / Not Accepted

**Ms. Seipone Motlhamme
Chief Director: Financial Management Services**

Date: 2020-05-08