



# COGTA SUPPLY MANAGEMENT STANDARD OPERATING PROCEDURES



**cogta**

Department:  
Cooperative Governance and Traditional Affairs  
**PROVINCE OF KWAZULU-NATAL**

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## ABBREVIATIONS

<b>AO</b>	Accounting Officer
<b>BAC</b>	Bid Adjudication Committee
<b>BBBEE</b>	Broad-Based Black Economic Empowerment
<b>BBBEEA</b>	Broad-Based Black Economic Empowerment Act
<b>BEC</b>	Bid Evaluation Committee
<b>BSC</b>	Bid Specification Committee
<b>CFO</b>	Chief Financial Officer
<b>CIPC</b>	Companies and Intellectual Property Commission
<b>CSD</b>	Central Supplier's Database
<b>KZN</b>	KwaZulu-Natal
<b>KZN PT</b>	KwaZulu-Natal Provincial Treasury
<b>SBD</b>	Standard Bid Documents
<b>PFMA</b>	P Finance Management Act, 2003 (Act 56 of 2003)
<b>PPPFA</b>	Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)
<b>PPR</b>	Preferential Procurement Regulations
<b>SCM</b>	Supply Chain Management
<b>SCMU</b>	Supply Chain Management Unit
<b>SOP's</b>	Standard Operating Procedures

## DEFINITION OF CONCEPTS

**Abuse of power** means the use by a public servant of his or her vested authority to improperly benefit another public servant, person or entity or using such power to improperly discriminate against another public servant, person or entity.

**'Abuse of privileged information'** involves the use, by a public servant of privileged information and knowledge that a public servant possesses as a result of his/her office to provide unfair advantage to another person or entity to obtain a benefit.

**'Bribery'** means a promise, offering or giving of a benefit that improperly affects the actions or decisions of public servants.



**‘Business risk’** means the threat that an event or action will adversely affect the Department’s ability to maximise stakeholder value or citizen perception of service delivery.

**‘Conflict of interest’** means the failure by a public servant to act or to consciously fail to act on a matter where the public servant has an interest or another person or entity that has some form of relationship with the public servant has an interest.

**‘Control’** means any action, procedure or operation undertaken to increase the likelihood that activities and procedures achieve their objectives. Control is a response to risk and is intended to contain uncertainty of outcome.

**‘Compliance’** means the meeting of obligations under laws, regulations, codes or standards.

**‘Corruption’** means giving or offering, receiving or agreeing to receive, obtaining or attempting to obtain any benefit which is not legally due to or by a person who has been charged with a duty or power by virtue of any employment, to do any act or omit to do any act in relation to that power or duty.

**‘Embezzlement’** involves theft of resources by persons who control such resources.

**‘Extortion’** means the abuse of authority in order to obtain money.

**‘Favoritism’** means the provision of services or resources according to personal affiliation of an official.

**“Fraud”** means introducing a course of action by deceit or other dishonest conduct, involving acts or omissions of the making of false statements, orally or in writing, with the object of obtaining money or other benefit from, or of evading a liability to, the department. This definition includes monetary gain and any benefit that could be gained, including intangibles, such as information. Fraud causes actual or holds potential financial loss to any person or entity immediately before or after the activity.

**‘Fraud prevention’** involves the design, implementation and monitoring of effective accounting and operational controls. The functioning of these controls depends on the control environment, which is the tone set by management. If management is risk averse and support the application of controls, then accounting and operational controls are likely to be effective. Conversely, if management do not support the application of controls, accounting and operational controls are likely to be ineffective.



**‘Fruitless and Wasteful Expenditure’** (FE & WE) means expenditure made in vain and would have been avoided had reasonable care been exercised.

**‘Irregular Expenditure’** (IE), other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of applicable legislation, including:

- Public Finance Management Act;
- Public Office-Bearers Act, 1998 (Act 20 of 1998)

**‘Maladministration’** means an administrative action that is unlawful, arbitrary, unjust, oppressive and improperly discriminatory or taken for an improper purpose and which substantially and adversely affects someone’s interest.

**‘Nepotism’** means the events where an official ensures that a family member is appointed to departmental service positions or that family members receive contracts from the department.

**‘Official’** means any departmental employee or official appointed in terms of the Public Finance Management Act (PFMA).

**‘Risk’** means the threat than an event or action will adversely affect the department’s ability to achieve its objectives and to execute its strategies successfully.

**‘Theft’** means the unlawful and intentional misappropriation of another’s property or property, which is in his/her lawful possession, with the intention to deprive the owner of its rights permanently. **Unauthorised Expenditure’** (UE) means the expenditure incurred in contravention of or not in accordance with a requirement of applicable legislation and without the required approvals.





## **PART 1: INTRODUCTION**

Both National and Provincial Treasury have developed legislative frameworks to manage implementation of Supply Chain Management processes within Government structures in South Africa. Resultantly, COGTA has developed this Standard Operating Procedure Manual to assist SCM Practitioners in complying with the Departmental SCM Policy. The policy and procedure manual is designed to ensure optimal service delivery and achievement of National, Provincial and Local Government objectives with regard to Supply Chain Management.

### **1.1 PURPOSE OF THIS MANUAL**

This Standard Operating Procedure manual is intended to be a mode of operation for Supply Chain Management Practitioners to:

- ✓ ensure compliance with the Supply Chain Management Policy; and
- ✓ ensure efficiency, effectiveness and uniformity in the procurement of goods, services and works, required for the proper functioning of the Department whilst promoting National, Provincial and Local Government SCM goals.

The Standard Operating Procedures should be used by Supply Chain Management Practitioners in their day-to-day operations.

This manual is structured around five (5) elements namely:

- Part 1: Introduction;
- Part 2: Demand Management;
- Part 3: Acquisitions Management;
- Part 4: Asset Management;
- Part 5: Reporting schedule;

These Standard Operating Procedures will be amended when the need arises and when National Treasury, the Department of Trade and Industry and the Department of Cooperative Governance and Traditional Affairs issue amendments to the Regulations and Practice Notes. These Standard Operating Procedures will be implemented with effect from the date of approval.

## 1.2 ELEMENTS OF SUPPLY CHAIN MANAGEMENT

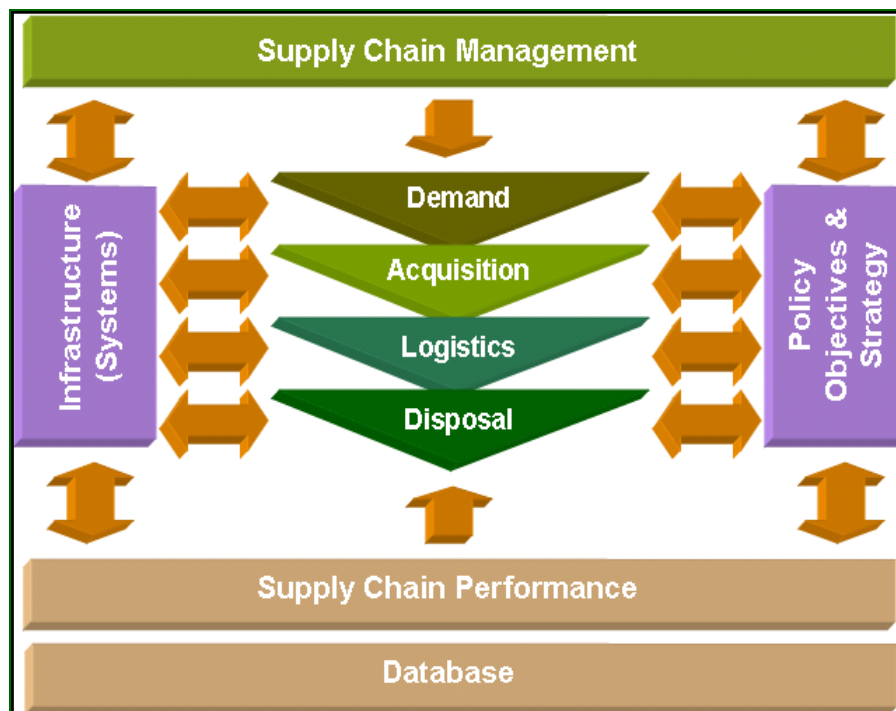


Figure 1: Supply Chain Management Model



## **PART TWO: DEMAND MANAGEMENT (PRE BIDDING PHASE)**

### **2.1 DEMAND MANAGEMENT**

Demand Management is the first phase of Supply Chain Management. It is the action of assessing 'what' good and/or service is needed, and then 'planning' when and how that good and/or service will be acquired.

Demand Management starts with the assessment of, and accepts input from:

- ✓ The business Plan;
- ✓ Annual Performance Plan;
- ✓ Approved Budget; and
- ✓ Existing Contract Register.

This is the first element of Supply Chain Management where:

- ✓ A proper needs assessment is undertaken of required goods, works and/or services;
- ✓ An analysis is conducted of historical spend against goods and services and suppliers;
- ✓ Market Research is conducted to identify the availability of potential suppliers, new and innovative products in the market and also to ascertain the estimated costs of goods and services required;
- ✓ Specifications are determined;
- ✓ The sourcing strategy is determined; and
- ✓ Requirements are linked to the budget.

This phase enables the Supply Chain Management Practitioner to work closely with the End Users to ensure that value for money is achieved.

### **2.2 PRE-PROCUREMENT ACTIVITIES**





By the 1<sup>st</sup> of December, before commencement of the new financial year, the Demand Management unit must draft a circular, notifying all End Users/ Heads of Departments of the preparation of procurement plans.

The Demand Management Unit must liaise with Business Units and collect the following input documentation to enable the Unit to compile the necessary information for utilisation by End Users in preparing their Procurement Plans:

- ✓ Operational Plans;
- ✓ Budget;
- ✓ Spend Analysis Reports;
- ✓ Contract Register; and
- ✓ Commitments and Accruals and
- ✓ Other relevant source of information.

2.2.2 The Demand Management Unit must develop a Procurement Plan Template (**Annexure 1**) following the formats of the National Treasury and Provincial Treasury templates and obtain approval for the template from the Manager: SCMU, the CFO and the Accounting Officer.

2.2.3 Demand Management will distribute and workshop the template with individual Departments and provide training on how to compile their procurement plans.

## **2.3 NEEDS ANALYSIS**

2.3.2 The Demand Management Practitioner will use the information from the business Plans, Operational Plans and the department's budget to estimate the type, quality, quantity and specifications of the goods and services that will be needed to achieve the targets identified by the Department and produce a Needs Analysis Report.

2.3.3 The Demand Management Practitioner will also use historical information from the prior financial period to confirm the needs analysis for goods and services required in the current period.

## **2.4 HISTORICAL SPEND ANALYSIS**



2.4.2 The Demand Management Practitioner will obtain all the budget and expenditure information for goods and services procured in the prior financial period and conduct an analysis on the manner of spend on such goods and services.

2.4.3 The following steps will be followed when conducting the spend analysis:

- ✓ Obtain the schedule of goods and services acquired in the past financial year;
- ✓ Obtain the approved budget for the same period;
- ✓ Obtain the expenditure reports, stores catalogues and monthly spend analysis reports on goods and services procured ; and
- ✓ Analyse the information obtained and prepare a schedule of total spending against each good/service item per vote.

## **2.5 MARKET RESEARCH**

2.5.2 The Demand Management Practitioner will undertake market research to identify the availability of the goods and services required and potential suppliers of the goods and services required.

2.5.3 The Demand Management Practitioner will also conduct a market analysis to estimate the financial implications of acquiring these goods and/or services.

2.5.4 Information on the availability of suppliers can also be obtained by analysing the information on the Central Supplier's Database.

2.5.5 No guarantees or commitments must be made to any supplier/service provider that such goods/services will be procured from them since all acquisitions will follow prescribed supply chain management procedures.

2.5.6 The Demand Management Practitioner will identify a list of items required by the Department that are not available from existing suppliers on the Database and facilitate registration of suppliers for these requirements.

## **2.6 COLLECTION AND CONSOLIDATION OF PROCUREMENT PLANS**

2.6.2 The Demand Management Practitioner will contact all heads of programmes (1-4) and Chief Directors of individual business units and obtain their approved procurement plans.



- 2.6.3 A procurement plan register must be compiled to keep track of procurement plans received.
- 2.6.4 The Demand Management Practitioner should follow up on outstanding procurement plans.
- 2.6.5 Demand Management must check all procurement plans for completeness and accuracy.
- 2.6.6 Procurement plans must then be consolidated and submitted to the Director: Supply Chain Management Unit for review and submission to the Chief Financial Officer.
- 2.6.7 The Chief Financial Officer will table the Procurement Plans at a Management meeting and once approved, the Accounting Officer will sign off on the consolidated procurement plan. This must be done by 01<sup>st</sup> April of the new financial year.
- 2.6.8 The approved consolidated procurement plan is then submitted to KZN Provincial Treasury and printed copies of the procurement plans are submitted to the respective user departments.

## **2.7 AMENDMENTS TO PROCUREMENT PLANS**

In cases where the End-User identifies a need not planned and/or budgeted for in their individual procurement plan, a motivation for the need must be drafted by the End-User and approved by the Accounting Officer or tabled and approved in a formal budget committee meeting chaired by the Accounting Officer. Upon approval, the procurement plan must be amended and submitted to the Demand Management Unit. The Demand Management Practitioner must ensure that all amendments to the approved Procurement Plans have been approved by the Accounting Officer.

## **2.8 CENTRAL SUPPLIER'S DATABASE ADMINISTRATION**

The Supply Chain Management Demand Management Unit is responsible for ensuring registration of prospective suppliers/service providers to be used for procurement requirements on the Central Supplier's Database (CSD). The main aim of the Supplier Database is to ensure that all prospective suppliers/ service providers of goods and/or services are afforded a "fair, transparent, equitable and competitive" process of invitation



and quoting for goods and/or services. The Deputy Director must ensure strategic procurement is exercised by ensuring targeted and preferred procurement is observed at all points in time.



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/ GUIDE	MEANS OF VERIFICATION
<i>NEEDS ANALYSIS</i>	The Demand Management Practitioner will use the information from the Business Plan, Annual Performance Plans, and Procurement Plans.	Demand Practitioner L7	Guide for Accounting Officers	<i>Needs Analysis Report</i>
	Establish a cross functional team (Comprised internal control, engineering, PMU, SCM, Legal and HR)	AD/ DD Procurement Director L 10/11/12	Guide for Accounting Officers	<i>Established Cross Functional Team and terms of reference</i>
	Analyse <b>Departmental</b> budget to estimate the type, quality, quantity and specifications of the goods and services that will be needed to achieve the targets identified by the department and produce a Needs Analysis Report	Demand Practitioner L7	Guide for Accounting Officers	<i>Needs Analysis Report</i>
<i>HISTORICAL SPEND ANALYSIS</i>	The Demand Management Practitioner will obtain all the budget and expenditure information for goods and services procured in the prior financial period and conduct an analysis on the manner of spend on such goods and services	Demand Practitioner L7	Guide for Accounting Officers	Historical spend Analysis Report
	<p>The following steps will be followed when conducting the spend analysis:</p> <ul style="list-style-type: none"> <li>✓ Obtain the schedule of goods and services acquired in the past financial year;</li> <li>✓ Obtain the approved budget for the same period;</li> <li>✓ Obtain the expenditure reports, stores catalogues and monthly spend analysis reports on goods and services procured ; and</li> <li>✓ Analyse the information obtained and prepare a schedule of total spending against each good/service item per vote.</li> </ul>	Demand Practitioner L7	Guide for Accounting Officers	
<i>MARKET RESEARCH</i>	The Demand Management Practitioner will undertake market research to identify the availability of the goods and services required and potential suppliers of the goods and services required.	Demand Practitioner L7	Guide for Accounting Officers	
	The Demand Management Practitioner will also conduct a market		Guide for Accounting	Total list of



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/ GUIDE	MEANS OF VERIFICATION
	analysis to estimate the financial implications of acquiring these goods and/or services.		Officers	commodities and their relative prices
	Information on the availability of suppliers can also be obtained by analysing the information on the Central Supplier's Database. Information can be obtained amongst other sources STATISTICS SA, internet, price catalogues and directory or commodities	Demand Practitioner L7	Guide for Accounting Officers	Prices
	No guarantees or commitments must be made to any supplier/service provider that such goods/services will be procured from them since all acquisitions will follow prescribed supply chain management procedures.	Demand Practitioner L7	Guide for Accounting Officers	
	The Demand Management Practitioner will identify a list of items required by the department that are not available from existing suppliers on the Database and facilitate registration of suppliers for these requirements.	Demand Practitioner L7	Guide for Accounting Officers	
<b>COLLECTION AND CONSOLIDATION OF PROCUREMENT PLANS</b>	The Demand Management Practitioner will contact all Heads of individual business units and obtain their approved procurement plans.	Demand Practitioner L7	Guide for Accounting Officers	
	A procurement plan register must be compiled to keep track of procurement plans received.	Demand Practitioner L7	Guide for Accounting Officers	
	The Demand Management Practitioner should follow up on outstanding procurement plans.	Demand Practitioner L7	Guide for Accounting Officers	
	Demand Management must check all procurement plans for completeness and accuracy.	Demand Practitioner L7 and AD / DD Procurement	Guide for Accounting Officers	
	Procurement plans must then be consolidated and submitted to the Manager: Supply Chain Management Unit for review and submission to the Chief Financial Officer.	DD Procurement	Guide for Accounting Officers	



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/ GUIDE	MEANS OF VERIFICATION
	The Chief Financial Officer will table the Procurement Plans at a Management meeting and once approved, the Accounting Officer will sign off on the consolidated procurement plan. This must be done by 01st April of the new financial year.	CFO	Guide for Accounting Officers	
	The approved consolidated procurement plan is then submitted to KZN Provincial Treasury and printed copies of the procurement plans are submitted to the respective user departments.	CFO	Guide for Accounting Officers	
<b>AMENDMENTS TO PROCUREMENT PLANS</b>	In cases where the End-User identifies a need not planned and/or budgeted for in their individual procurement plan, a motivation for the need must be drafted by the End-User and approved by the Accounting Officer or Chief Financial Officer in terms of the Delegations Framework.	Demand Practitioner L7 and AD / DD Procurement	Guide for Accounting Officers	
	Upon approval of the motivation, the procurement plan must be amended and submitted to the Demand Management Unit.	User department Official	Guide for Accounting Officers	
	The Demand Management Practitioner must ensure that all amendments to the approved Procurement Plans have been approved by the Accounting Officer.	Demand Practitioner L7	Guide for Accounting Officers	
<b>CENTRAL SUPPLIER'S DATABASE ADMINISTRATION</b>	The Supply Chain Management Demand Management Unit is responsible for ensuring registration of prospective suppliers/service providers to be used for procurement requirements on the Central Supplier's Database (CSD).	Demand Practitioner L7 / SCM Clerks	Guide for Accounting Officers	
	The main aim of the Supplier Database is to ensure that all prospective suppliers/ service providers of goods and/or services are afforded a "fair, transparent, equitable and competitive" process of invitation and quoting for goods and/or services.	Demand Practitioner L7/SCM Clerks	Guide for Accounting Officers	







## **PART 3: ACQUISITION MANAGEMENT**

The word 'acquire' means to obtain or attain something which, in the Government context, may be a good, works and/or service that is required to fulfil a need. Acquisitions Management thus refers to the management of the entire process of acquiring that particular good, works and/or service which satisfies the need. This process covers the acquiring of the good, works and/or service by implementing the sourcing strategy determined by Demand Management and the administration thereof.

The primary objective of Acquisitions Management is to fulfil the demand determined by the Demand Management phase of Supply Chain Management. Acquisition Management is thus driven by the Department's Procurement Plan and refers to a process of establishing: *what will be acquired, when, how and from where it will be acquired, how much is required and at what price, as well as contracting with the vendor*. The desired outcome is a well-managed process of acquisition that results in the satisfaction of the need that arose.

Acquisitions Management is triggered by the sourcing strategy determined by Demand Management for a requisition that arose because of either a planned need or due to an urgent or emergency need. This need arises from an End User i.e. various programmes within a component which translated this need into an approved requisition or specification which can be sourced. The request will be forwarded to the Acquisition Management Section which is responsible for determining a source of supply for the request and acquiring the good and/or service via the appropriate source, i.e. implementing the sourcing strategy. As part of Acquisition Management, all possible methods of obtaining the requirements should be investigated.

### **3.1 QUOTATIONS MANAGEMENT**

The trigger for this process is the sourcing strategy identified by the Demand Management Unit for goods/services required. The requisition must include an estimation of the rand value of the goods/services to be procured. Should the estimated rand value not exceed R500 000, the Quotations Management procedures must be followed.

3.1.1 The Acquisition Clerk will receive the purchase requisition (**Annexure 2**) from Demand Management. The requisition will have already been approved by the relevant



***responsibility manager and confirmed funds availability indicated by the Budget Section. The Acquisition Clerk then:***

- ✓ Approaches the End User, should estimates not have been given;
- ✓ Confirms the specification on the requisition and query any items they you are unsure off;
- ✓ SAGE generates a requisition with a Requisition number;
- ✓ Verify that the planned procurement is included in the department's approved Procurement Plan (**Annexure 1**). If not, query with End User and advise them to complete a memo motivating for acquisition of this service to be approved by **Accounting Officer or table an item to the budget committee;**
- ✓ In the case of urgent or emergency requests, confirm that an approved motivation exists;
- ✓ Determine whether a valid contract exists for the particular good/service requested, and if a contract does exist, procure the goods/services through the particular contract;
- ✓ In the event that a valid contract does not exist, the SCM acquisition practitioner should request Demand Management to provide them with a list from CSD, of suppliers rendering the required service or goods;

3.1.2 Once the list of suppliers has been submitted, the request for quotation must be compiled, printed and forwarded to the suppliers on the list. The following methods may be used:

- ✓ Telephonic (verbal quotations);
- ✓ Secure facsimile facilities (attach proof of transmitting);
- ✓ Email (attach proof of sent mail);
- ✓ Hand delivered quotations are also considered and recorded.

3.1.3 Ensure that the least amount of time elapses between the forwarding of the request for quotation to each supplier.

3.1.4 For quotations sent before 12:00, that day is assumed to be day one of the day it is sent. Quotations sent after 12:00, the following day is assumed to be day one. The number of days to give to suppliers to respond should be the same.

3.1.5 In the case of procurement between R30 001 and R500 000 the Invitation to Quote and the form attached (**Annexure 3**) must be filled and implemented to process this procurement.

3.1.6 The Acquisition Clerk will also:



- ✓ Include the closing date and time for receiving of quotes in the information forwarded to every supplier;
- ✓ Confirm the manner in which quotes will be submitted by suppliers;
- ✓ Obtain confirmation that the supplier has received the Invitation to Quote (either a fax transmission report, confirmed sent email or an acknowledgement from the supplier);
- ✓ In the event that quotes will be received via facsimile, ensure that the fax machine is dedicated for this purpose. No manipulation should be possible; and

3.1.7 For quotes to be hand delivered, the locked “Quotation Box” must be utilised.

3.1.8 At the close of the allowed period, the prescribed closing procedures must be performed and the locked Quotations Box must be opened by two Acquisition Clerks or practitioners. No further quotations must be accepted after closing time.

3.1.9 All quotations received, either by way of facsimile, email or through the Quotations Box, must be date stamped and signed by all members present at the opening.

3.1.10 Officials to ensure that all quotations are received and recorded by an official which did not invite the quotations.

3.1.11 The following quotation documents must be utilised for all procurement below R500 000.

- ✓ SBD 4;
- ✓ SBD 8
- ✓ Where applicable, SBD 6.1 local production content and
- ✓ SBD 9

3.1.12 Procurement up to R2000:

- ✓ At least 1 written quotation must be received;
- ✓ Record the quotations received on the procurement report;
- ✓ The procurement report is then submitted to Director SCM who will check that the process was conducted with due diligence and then approves the issuing of an order;
- ✓ The SCM Practitioner will forwarded to the relevant supplier for delivery of goods / service;



- ✓ A copy of an order should be forwarded to the relevant end-user for their records and the relevant Chief Director of a business unit;
- ✓ Asset related procurement , a copy of the order must be given to Asset Logistics.

#### 3.1.13 Procurement between R2001 and R30 000:

- ✓ At least three (3) written quotations must be obtained from suppliers registered on the Central Suppliers Database;
- ✓ If only one or two suppliers respond, the quotation must be advertised in relevant local media to attract a larger market, if for some reason three quotes are not obtained a memo must be compiled to the Accounting Officer for approval and this must be treated as a deviation that the process should proceed, for audit purposes;
- ✓ Record the quotations received on the procurement report;
- ✓ The procurement report should be compiled and list all received quotations in an ascending order of price detailing the process followed including the obtaining of a memo from Accounting Officer for deviation (if applicable) and making a recommendation of the awarded quotation;
- ✓ Then it is submitted to Director SCM for checking that the process was conducted with due diligence and approval of issuing of an order. Once approved, the Acquisition Clerk forward the documentation to the Practitioner to compile, print and then submit the order for signature by the relevant delegated authority and **forwarded to the relevant supplier for delivery of goods;**
- ✓ **A copy of an order should be forwarded to the relevant end-user for their records**

#### 3.1.14 For procurement between R30 001 and R500 000:

- ✓ The Preference Points System applies and this is given by capturing the results on the comparative schedule;
- ✓ Central supplier database must confirm, the tax matters if they are in good order or not;
- ✓ The quotations can be either emailed or be submitted in a sealed envelope and dropped in a Quotation Box, only to be opened at the designated date & time. Quotations received after the closing time should not be accepted;

- ✓ As many quotations as possible must be received with a minimum of 3 quotations;
- ✓ If only one or two suppliers respond, the quotation must be advertised in relevant local media to attract a larger market, if for some reason three quotes are not obtained a memo must be compiled to the Accounting Officer and this must be treated as deviation, for audit purposes;
- ✓ The Acquisition Clerk must use the Quotation Opening Register (**Annexure 4**) to record all received quotations at the time of closure and it must be closed by drawing a diagonal line at the bottom of the last bidder, signed by the opening officials;
- ✓ The DPQ file must be compiled detailing the process followed highlighting any administrative non-compliance that has been identified. The DPQ must also indicate the preference scoring using the table below, identifying the highest scorer of points.

<b>B-BBEE Status Level of Contributor</b>	<b>Number of Points (80/20 System)</b>
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
<b>Non – Contributor</b>	0

*80/20 Preference points table*

- ✓ BEE points must be attained by receipt ooriginal a certified sworn affidavit or a certified copy of a BEE verification certificate and duly completed and *signed*.
- ✓ A quotation must not be disqualified from the evaluation process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a vendor will score zero (0) out of a maximum of 20 points respectively for B-BBEE;
- ✓ The Quotation Evaluation Report (QER) must also include score sheets for pricing. The formulae to be utilised in calculating points on the 80/20 Preference point system (for acquisition of services, works or goods up to a

Rand value of up to R 50 million, (all applicable taxes included) is:

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

Where:

$P_s$  = Points scored for comparative price of bid or offer under consideration.

$P_t$  = Comparative price of bid or offer under consideration.

$P_{\min}$  = Comparative price of lowest acceptable bid or offer.

- ✓ The SCM practitioner must verify the Tax Compliance Status of at least not less than five highest scoring suppliers, and ensure compliant status is verified prior issuance of an order and submit to Director SCM Manager for consideration.
- ✓ Then the purchase is order, is sent to the supplier for delivery and a copy is sent to the requesting unit for record particularly the Chief Director of the business unit.
- ✓ The Logistics Clerk must then update the DQP register with the relevant information and waits for delivery of goods.
- ✓ All orders must be scanned onto the ECM system and a payment pack must be compiled for onwards submission to Creditors Unit for Filing.
- ✓ All orders that have a contract period of 4 (four) months and greater must be uploaded onto the Smartgov system.

## **3.2 BIDS MANAGEMENT**

The trigger for this process is the requisition received from the End User and the sourcing strategy identified for the goods/services required. The requisition must include an estimation of the rand value of the goods/services to be procured. Should the estimated value be in excess of R500 000, then the Bids Management procedures must be followed.

### **3.2.1 DEMAND MANAGEMENT**

3.2.1.1 The End User identifies the need to procure goods and services in accordance with the approved procurement plan. The End User submits an approved requisition which shall include terms of reference to Demand Management with budget confirmation certificate.

3.2.1.2 The Demand Management Practitioner within Demand Management unit confirms the Terms of Reference, the Specifications, Special Conditions of Contract and functionality criteria (if applicable) with the End User.

3.2.1.3 The Demand Management Practitioner requests a bid reference number from the Acquisitions Practitioner then records the bid on the bid register and with the allocated Bid reference number.

3.2.1.4 The Demand Management Practitioner drafts the advert for End Users.

3.2.1.5 Details of the bid are forwarded to the Bid Secretariat for inclusion in the agenda of the next bid specification meeting.

3.2.1.6 The Demand Management Practitioner will then compile the Bid Document in the following format:

<b><u>SBD</u></b>	<b><u>SBD Description</u></b>	<b><u>Document</u></b>
<b><u>Number</u></b>		
✓	Invitation to Bid	SBD 1 (section A)
✓	Notice to bidders / conditions for bidding	SBD 1 (Section B)
✓	Pricing Schedules	SBD 3.1 to 3.3
✓	Declaration of Interest	SBD 4
✓	Declaration for Procurement million)	SBD 5 (bids over R10
✓	Preference claims in terms of the Preferential Procurement Regulations, 2017	SBD 6.1
✓	Claim for Local Content and Production	SBD 6.2
✓	Formal contract	SBD 7.1 to 7.3
✓	Declaration of Bidders past SCM Practices	SBD 8
✓	Certification of Independent Bid Determination	SBD 9
✓	General Conditions of Contract	
✓	Special Condition of Contract	
✓	Terms of Reference or Specification including the evaluation criteria.	

### **3.2.2 BID SPECIFICATION COMMITTEE**





- 3.2.2.1 On the date of the bid specification meeting, the Demand Management Practitioner submits the Tender Document, draft advert, procurement plan, proposed functionality & procurement strategy.
- 3.2.2.2 The BSC must confirm that the requirement is in the procurement plan and has been budgeted for, confirm the correctness and completeness of the bid documentation, confirm the standard of the goods/services required are of the prescribed quality and also confirm that the evaluation criteria are appropriate in terms of the PPPFA and Departmental SCM policy, as well as the procurement strategy to be employed is the best possible strategy, and determine the advertising and closing dates as well as that the advert comply with all requirements.
- 3.2.2.3 Demand Management then awaits minutes and the report of the BSC from the Bid Committee Secretariat. The minutes should indicate all bids recommended for advertising and submit such to the Accounting Officer for approval. End Users may be contacted to make changes as indicated in the minutes, for bids not recommended at the BSC meeting.
- 3.2.2.4 Demand Management Practitioner updates the Bid Register with bids approved for advertising and those not approved for advertising.
- 3.2.2.5 End Users are informed of their approved bids.

### **3.2.3 BID INVITATION**

- 3.2.3.1** SCM advertise bids for end-users and ensure availability of bid documents. The bid document must be available for physical collection, at a fee if applicable, from the SCM Office. It must also be made available on e-tender portal. The advertisement must be placed on the Notice Board, the local newspaper, Departmental website, e-tender portal and i-Tender for infrastructure related bids. It must be advertised for a minimum of 21 days or 28 days for bids longer than 12 months or above R10 million. The invitation must close at least no later than 11:00am on the date specified in the invitation.
- 3.2.3.2** SCM is responsible for co-ordinating the briefing sessions, should it be a requirement of the bid. However, the Project Manager of the end-user must be the chairperson of such session and SCM must compile minutes of the meeting which must be authorised by the Project manager and be distributed to all bidders who were present at the briefing meeting.
- 3.2.3.3** During the period from advertising the bid to receiving bids, SCM shall ensure that all bids received are properly secured in a bid box and that no person has access to the bidders' submissions prior to these being officially opened, in the presence of the





required persons, at closing time and recorded. A properly guarded and secured bid box must be used for this purpose.

### **3.2.4 BID CLOSURE AND OPENING OF BID BOX**

3.2.4.1 On the closure date of the bid the following persons are to be present to open the bid box:

- ✓ A minimum of two Acquisition Management Representative;
- ✓ User Department Representative; and
- ✓ One person from the public to sign as witness on the opening register (not compulsory but recommended).

3.2.4.2 At the exact closing time, the slot of the bid box must be sealed and no bid document must be allowed in or received once the slot has been sealed. If a bid document is submitted it must be stamped as late, record the information on how many bids were received as late and returned to the representative who submitted it. If the representative insists, on leaving the bid it can be received but not opened, will only be opened by the BEC.

3.2.4.3 All received bids are read out the bidder's name and their prices, the document is signed by each representative present during opening and then recorded on the Bid Opening Register (**Annexure 7**). The bid opening register must also be signed by one service provider present at the opening. No additions or alterations must be made after the bid opening register has been closed and signed. All bids are kept at the designated room which must be under lock and key.

3.2.4.4 The bid opening register must be published on the Departmental website within 10 days of opening of the bid box and must remain on the website for at least 30 days after publishing.

### **3.2.5 PRE-SCREENING OF BIDS**

3.2.5.1 A pre-screening team must be formulated to check for the following:

- ✓ standard bid documents have been used and signed as prescribed;
- ✓ A valid tax compliance status report has been submitted;
- ✓ Proof of payment has been attached for tenders requiring payment;
- ✓ Central Supplier's Database registration number has been furnished and correct; and
- ✓ The necessary attachments and securities as required by the tender document have been furnished.



- ✓ A pre-screening report must be compiled by SCM which will outline all compliances and non-compliances that have been identified. SCM or pre-screening team should not make a decision to mention or leave out details of the findings no matter how trivial they may seem.
- 3.2.5.2 All bid documents must be numbered according to the ascending order of price, from the lowest price to the highest. A checklist must be attached on each bid document which will outline all the findings of each bid document.
- 3.2.5.3 If SCM determines that the validity period for the bid needs to be extended due to the delay by the Bid Committees, such reasons must be provided in writing to the Accounting Officer requesting that the validity period of the bid be extended for a minimum period required to complete the evaluation, obtain the necessary approvals and award the contract. Approval must be given by the Accounting Officer before the bid validity expires.
- 3.2.5.4 All bidders must be contacted by fax or email asking them whether they will extend the validity of their bids and whether their prices remain the same for the duration of the extended validity period. Such responses must be returned to the department within a given response period which should not exceed five (5) working days.
- 3.2.5.5 Each bidder must also be contacted by telephone to confirm receipt of fax or email highlighting the contents of such and emphasizing the importance of a response within the given response period.
- 3.2.5.6 Confirmation of the extension of bid validity must be obtained from bidders in writing and must be attached to each bid document for evaluation.
- 3.2.5.7 Should the bidder indicate that their prices have changed such must be accepted and the bids be evaluated in line with the changed prices without any prejudice or forfeiting their bid.

### **3.2.6 BID EVALUATION**

- 3.2.6.1 All received bids must be submitted to the Bid Evaluation Committee (BEC) for evaluation.
- 3.2.6.2 If quality was an evaluation criteria, a relevant technical committee must evaluate all bids for quality and make a report outlining the process and the scientific formulas used to allocate points for quality, if any points were allocated without making a recommendation for award or disregarding any bidder. Any bidder who is regarded as not meeting the quality criteria should be identified as such and let the BEC make a

decision for such bidder(s). All the scoring must be made available for the BEC to check.

3.2.6.3 If functionality was a criteria it must be evaluated by the BEC and individual scores must be kept for checking by the BAC. Any bidder who scores less than the required minimum qualifying criteria must be disregarded.

3.2.6.4 All bids must be evaluated according to the criteria stipulated in the bid document. It is not acceptable to change the criteria during evaluation.

3.2.6.5 All infrastructure related bids must be evaluated by the committee which is composed in a manner that is stipulated in the Standard for Infrastructure Procurement.

3.2.6.6 A bid evaluation report (**Annexure 8**) must include functionality assessment for each bidder and individual scoring sheet must be attached for audit purposes.

3.2.6.7 The bid evaluation report must also include score sheets for the calculation and scoring of Preference Points. Points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

<b>B-BBEE Status Level of Contributor</b>	<b>Number of Points (90/10 System)</b>	<b>Number of Points (80/20 System)</b>
1	10	20
2	9	18
3	6	14
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
<b>Non – Contributor</b>	0	0

A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a bidder will score zero (0) out of a maximum of 10 or 20 points respectively for B-BBEE.

3.2.6.8 The Bid Evaluation Report must also include score sheets for pricing. The formulae to be utilised in calculating points scored for price are as follows:

- ✓ 80/20 Preference point system (for acquisition of services, works or goods up to a Rand value of R50 million, all applicable taxes included);

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

Where:

Ps = Points scored for comparative price of bid or offer under consideration.

Pt = Comparative price of bid or offer under consideration.

Pmin = Comparative price of lowest acceptable bid or offer.

- ✓ 90/10 Preference point system (for acquisition of services, works and/or goods with a Rand value above R50 million, all applicable taxes included).

$$P_s = 90 \left( 1 - \frac{P_t - P_{min}}{P_{min}} \right)$$

Where:

Ps = Points scored for comparative price of bid or offer under consideration.

Pt = Comparative price of bid or offer under consideration.

Pmin = Comparative price of lowest acceptable bid or offer.

- ✓ Points scored must be rounded off to the nearest 2 decimal places.
- ✓ Note that unconditional discounts must be taken into account for evaluation purposes

3.2.6.9 The points scored for price must be added to the points scored for B-BBEE status level of contribution to obtain the bidder's total points scored out of 100.

3.2.6.10 Once complete, the Bid Evaluation Report should make a recommendation for the bidder to be awarded and submit to the Secretariat of BAC.

### **3.2.7 BID ADJUDICATION**

3.2.7.1 The Secretariat then includes the bid on the agenda for the next BAC Meeting. The Secretariat also distributes the Bid Evaluation Report to the members of the BAC at least 2 working days before the meeting.

3.2.7.2 BAC secretariat then receives minutes of the BEC meeting from the BEC Secretariat and distribute them to the members of the BAC at least 2 working days before the meeting.

3.2.7.3 The BAC will then confirm the contents of the BEC report that the process outlined is a true reflection of the actual activities and that all evidence is attached for audit purposes.



- 3.2.7.4 BAC also checks whether the evaluation criteria was applied with cognisance of fairness, competitiveness, transparency, equity and cost-effectiveness.
- 3.2.7.5 BAC should also ensure that the recommended bidder is not on National Treasury's tender defaulter's register, that tax matters are in order, that the bidder's Departmental rates and taxes are not in arrears as well as its Directors that they do not owe this or any other department where they are doing work.
- 3.2.7.6 The BAC then makes an award or recommend an award to the Accounting Officer, depending on their delegation of authority.
- 3.2.7.7 When the award has been confirmed, SCM should draft the Letters of Intent for signature by the Accounting Officer together with the BAC minutes and report.
- 3.2.7.8 An intention to award must be advertised on the website and the local newspaper. It may also be sent by means of email or fax, to the individual bidders who participated in a particular bid to inform them of the result of the bid and in particular of their own bids and allow them an opportunity, for a period of 14 days, to raise an objection should they wish to do so.
- 3.2.7.9 When no objection is raised after the period of 14 days SCM should publish the award on the, notice board, Departmental website, etender portal and the CIDB i-Tender for construction related bids. It may no longer be necessary to publish same on the local newspaper.



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
<b>QUOTATION MANAGEMENT</b>	The trigger for this process is the sourcing strategy identified by the Demand Management Unit for goods/services required. The requisition must include an estimation of the rand value of the goods/services to be procured. Should the estimated rand value not exceed <b>R500 000.00</b> , the Quotations Management procedures must be followed		Treasury Regulation 16A6	<i>Needs Analysis Report</i>
	Verify that the planned procurement is included in the department's approved Procurement Plan (Annexure 1). If not, query with End User and advise them to complete a memo motivating for acquisition of this service to be approved by CFO or Accounting Officer;	Demand Practitioner L7	SCM Practice Notes and PFMA an Procurement Plan	
	In the case of urgent or emergency requests, confirm that an approved motivation exists;	Demand Practitioner L7		
	Determine whether a valid contract exists for the particular good/service requested, and if a contract does exist, procure the goods/services through the particular contract;	Demand Practitioner L7		
	In the event that a valid contract does not exist, the Demand Management to provide A with a list from CSD, of suppliers rendering the required service or goods;	Demand Practitioner L7	SCM Practice Notes	
	In the case of urgent or emergency requests, confirm that an approved motivation exists;	Demand Practitioner L7		
	Determine whether a valid contract exists for the particular good/service requested, and if a contract does exist, procure the goods/services through the particular contract;	Demand Practitioner L7		



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	In the event that a valid contract does not exist, the Demand Management to provide A with a list from CSD, of suppliers rendering the required service or goods;	Demand Practitioner L7	SCM Practice Notes	
	Record the Requisition in the Requisition Register and allocate to Acquisition Clerk			
	The Acquisition Clerk will receive the purchase requisition (Annexure 2) from Demand Management. establish a cross functional team	Acquisition Practitioner L7	SCM Practice Notes and SCM Policy	<i>Established Cross Functional Team and terms of reference</i>
	The requisition will have already been approved by the relevant Section Head and funds availability indicated by the Budget Section. The Acquisition Clerk then:		SCM Practice Notes and SCM Policy	<i>Needs Analysis Report</i>
	Once the list of suppliers has been submitted, the request for quotation must be compiled, printed and forwarded to the suppliers on the list. The following methods may be used: <ul style="list-style-type: none"><li>✓ Telephonic (verbal quotations);</li><li>✓ Secure facsimile facilities (attach proof of transmitting and receiving);</li><li>✓ Email (attach proof of sent mail and received mail);</li><li>✓ Collection by the supplier (collection register must be established for this purpose and return record).</li></ul>	Acquisition Practitioner L7	SCM Practice Notes	
	Ensure that the least amount of time elapses between the forwarding of the request for quotation to each supplier.	Acquisition Practitioner L7		



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	For quotations sent before 12:00, that day is assumed to be day one of the day it is sent. Quotations sent after 12:00, the following day is assumed to be day one. The number of days to give to suppliers to respond should be the same. A maximum of three days for goods and services below R10 000 and a maximum of five days for goods and services below R30 000 and a maximum of ten days for goods and services below R500 000.	Acquisition Practitioner L7	Guide for Accounting Officer	
	<p>The Acquisition Clerk will also:</p> <ul style="list-style-type: none"><li>✓ Include the closing date and time for receiving of quotes in the information forwarded to every supplier;</li><li>✓ Confirm the manner in which quotes will be submitted by suppliers;</li><li>✓ Obtain confirmation that the supplier has received the Invitation to Quote (either a fax transmission report, confirmed sent email or an acknowledgement from the supplier);</li><li>✓ In the event that quotes will be received via facsimile, ensure that the fax machine is dedicated for this purpose. No manipulation should be possible; and</li><li>✓ In the event of receiving quotations via email, utilise a dedicated email address under the control of the Acquisition Co-ordinator and encourage suppliers forwarding quotes via email to convert documents to "PDF" format.</li></ul>		SCM Practice Notes	
	For quotes to be hand delivered, the locked "Quotation Box" must be utilised.	Acquisition Practitioner L7	SCM Practice Notes	





CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	At the close of the allowed period, the prescribed closing procedures must be performed and the locked Quotations Box must be opened by two Acquisition Clerks. No further quotations must be accepted after closing time.	Acquisition Practitioner L7	SCM Practice Notes	
	All quotations received, either by way of facsimile, email or through the Quotations Box, must be date stamped and signed by all members present at the opening.	Acquisition Practitioner L7	SCM Practice Notes	
<i>PROCUREMENT UP TO R2000</i>	<p>The following quotation documents must be utilised for all procurement below R500 000.</p> <ul style="list-style-type: none"><li>✓ SBD 4; (all quotations)</li><li>✓ SBD 9 (above R2000) and</li><li>✓ SBD 6.1 for quotations above R30 000</li></ul> <p>Procurement up to R2000:</p> <ul style="list-style-type: none"><li>✓ At least 1 written quotation must be received with SBD 4;</li><li>✓ Record the quotations received on the procurement report;</li><li>✓ The procurement report is then submitted to SCM Manager who will check that the process was conducted with due diligence and then approves the issuing of an order;</li></ul>	Acquisition Practitioner L7	SCM Practice Notes	
	<p>The Acquisitions Clerk will create, print and submit the order for signature by the delegated authority, it will be forwarded to the relevant supplier for delivery of goods / service;</p> <p>A copy of an order should be forwarded to the relevant end-user for their records and budget control;</p>	Acquisition Practitioner L7	SCM Practice Notes	



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
<i>PROCUREMENT UP TO R2001 – R30 000</i>	At least three (3) written quotations must be obtained from suppliers registered on the Central Suppliers Database; Record the quotations received on the procurement report; The procurement report should be compiled and list all received quotations in an ascending order of price detailing the process followed including the obtaining of a memo from Accounting Officer for deviation (if applicable) and making a recommendation of the awarded quotation; The Acquisitions clerk will compile, print and submit the order for signature by the relevant delegated authority. Once approved, the Acquisition Clerk will the order is forwarded to the relevant supplier for delivery of goods; A copy of an order should be forwarded to the relevant end-user for their records and budget control;	Acquisition Practitioner L7	SCM Practice Notes	
<i>PROCUREMENT UP TO R30 001-R500 000</i>	For procurement between R30 001 and R500 000: The Preference Points System applies; The quotations can be emailed or hand delivered by submitting in a sealed envelope and dropped in a Quotation Box, only to be opened at the designated date & time. Quotations received after the closing time should not be accepted; As many quotations as possible must be received with a minimum of 3 quotations; The Acquisition Clerk must use the Quotation Opening Register (Annexure 4) to record all received quotations at the time of closure and it must be closed by drawing a diagonal line at the bottom of the last bidder, signed by the opening officials; The Quotation Evaluation Report (QER) must be compiled detailing the process followed highlighting any administrative non-	Acquisition Practitioner L7	SCM Practice Notes	



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	compliance that has been identified. The report must also indicate the preference scoring using the table below, identifying the highest scorer of points.			
	<p>BEE points must be attained by receipt on an original sworn affidavit or a certified copy of a BEE verification certificate and duly completed and signed SBD 6.1 form.</p> <p>A quotation must not be disqualified from the evaluation process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a vendor will score zero (0) out of a maximum of 20 points respectively for B-BBEE;</p> <p>The Quotation Evaluation Report (QER) must also include score sheets for pricing. The formulae to be utilised in calculating points on the 80/20 Preference point system (for acquisition of services, works or goods up to a Rand value of up to R 50 million, (all applicable taxes included) is:</p> <div style="text-align: center;"><p>Where: <math display="block">P_s = 80 \left( 1 - \frac{P_t - P_{min}}{P_{min}} \right)</math></p><p><math>P_s</math> = Points scored for comparative price of bid or offer under consideration.</p><p><math>P_t</math> = Comparative price of bid or offer under consideration.</p><p><math>P_{min}</math> = Comparative price of lowest acceptable bid or offer.</p></div>	Acquisition Practitioner L7	Preferential Procurement Regulations 2017	
	The Acquisition Clerk must verify the Tax Compliance Status of at least not less than five highest scoring suppliers, print results and submit to delegated official for approval.	Acquisition Practitioner L7	PFMA, Treasury Instruction No. 9 of 2017-2018	



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	<p>The report is then sent back to the Acquisitions Clerk to be sent to the supplier for delivery and a copy is sent to the requesting unit for record.</p>			
	<p>Only orders that are for a period less than 4 months and more than one month will be required to signing of a Service Level Agreement between the service provider and Director SCM. All orders are to be scanned and loaded onto the ECM system</p>	Acquisition Practitioner L7		
<b>FRAMEWORK AGREEMENTS /PANEL OF SERVICE PROVIDER</b>	<p>Framework agreements may be entered into with contractors by:</p> <ul style="list-style-type: none"><li>• inviting expression of interest to enter into a suitable framework agreement for the required work, using stringent eligibility and evaluation criteria to ensure that contracts are entered into with only those contractors who have the capability and capacity to provide the required goods, services or works; and</li><li>• entering into a limited number of contracts based on the projected demand and geographic location for such goods, services or works.</li><li>• <b>Panels: Service Providers Appointed on the basis of Price and Preference points only.</b><ul style="list-style-type: none"><li>• A minimum of three suppliers are selected and invited from the panel list. Awards are made on price and preference points.</li><li>• Awarded service providers are eliminated from the next round of invites so as to ensure fairness, transparency and equal distribution of work amongst the panel.</li></ul></li><li>• <b>Panels: Service providers Appointed based on a fix rate</b></li></ul>	Acquisition Practitioner L7		



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	<p><b>and same BEE Level.</b></p> <ul style="list-style-type: none"><li>• An appointment is made to a single company as all service providers on the panel are restricted to fix rates and are all level 1 BBEE compliant.</li><li>• Awards are on a rotational basis until all service providers have been provided equal share of work.</li></ul> <p>• <b>Panels: Service providers are appointed on the basis of Functionality/Eligibility, Price and Preference Points.</b></p> <ul style="list-style-type: none"><li>• A minimum of three suppliers are selected and invited from the panel list. Awards are made on functionality, price and preference points.</li><li>• Awarded service providers are eliminated from the next round of invites so as to ensure fairness, transparency and equal distribution of work amongst the panel.</li></ul>			
	<p>The term of a framework agreement shall not exceed three years.</p> <ul style="list-style-type: none"><li>• Framework agreements that are entered into shall not commit an organ of state to any quantum of work beyond the first order, or bind the employer to make use of such agreements to meet its needs.</li></ul>			
<i>BID MANAGEMENT</i>	<p>The trigger for this process is the requisition received from the End User and the sourcing strategy identified for the goods/services required. The requisition must include an estimation of the rand value of the goods/services to be procured. Should the estimated value be in excess of <b>R500 000.00</b>, then the Bids Management procedures must be followed.</p>		Treasury Regulations 16A6	
	<p>The End User identifies the need to procure goods and services in accordance with the approved procurement plan. The End User submits an approved requisition which shall include terms of reference to Demand Management with budget confirmation certificate.</p>		SCM Policy and Practice Notes	



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	The Demand Management Practitioner within Demand Management unit confirms the Terms of Reference, the Specifications, Special Conditions of Contract and functionality criteria (if applicable) with the End User.			
	The Demand Management Practitioner requests a bid reference number from the Acquisitions Practitioner then records the bid on the bid register and with the allocated Bid reference number.		SCM Policy and Practice Notes	
	The Demand Management Practitioner drafts the advert for End Users.		SCM Policy and Practice Notes	
	Details of the bid are forwarded to the Bid Secretariat for inclusion in the agenda of the next bid specification meeting.		SCM Policy and Practice Notes	
	<p>The Demand Management Practitioner will then compile the Bid Document in the following format:</p> <ul style="list-style-type: none"><li><b>SBD</b> Description</li><li>Document Number</li><li>✓ Invitation to Bid</li><li>SBD 1 (section A)</li><li>✓ Notice to bidders / conditions for bidding</li><li>SBD 1 (Section B)</li><li>✓ Pricing Schedules</li><li>SBD 3.1 to 3.3</li><li>✓ Declaration of Interest</li><li>SBD 4</li><li>✓ Declaration for Procurement</li><li>SBD 5 (bids over R10 million)</li><li>✓ Preference claims in terms of the Preferential Procurement Regulations, 2017</li></ul>		SCM Policy and Practice Notes	



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	<p>SBD 6.1</p> <ul style="list-style-type: none"> <li>✓ Claim for Local Content and Production</li> </ul> <p>SBD 6.2</p> <ul style="list-style-type: none"> <li>✓ Formal contract</li> </ul> <p>SBD 7.1 to 7.3</p> <ul style="list-style-type: none"> <li>✓ Declaration of Bidders past SCM Practices</li> </ul> <p>SBD 8</p> <ul style="list-style-type: none"> <li>✓ Certification of Independent Bid Determination</li> </ul> <p>SBD 9</p> <ul style="list-style-type: none"> <li>✓ General Conditions of Contract</li> <li>✓ Special Condition of Contract</li> <li>✓ Terms of Reference or Specification including the evaluation criteria.</li> </ul>			
<b>BID SPECIFICATION COMMITTEE</b>	On the date of the bid specification meeting, the Demand Management Practitioner submits the Tender Document, draft advert, procurement plan, proposed functionality & procurement strategy.		SCM Policy and Practice Notes	Total list of commodities and their relative prices
	SCM Policy and Practice Notes		SCM Policy and Practice Notes	Prices
	SCM Policy and Practice Notes			
	SCM Policy and Practice Notes			
	TR 16A			
<b>BID INVITATION</b>	SCM advertise bids for end-users and ensure availability of bid documents.			
	The bid document must be available for physical collection, at a fee if applicable, from the SCM Office. It must also be made available on e-tender portal.			
	The advertisement must be placed on the Notice Board, the local newspaper, Departmental website, e-tender portal and i-Tender for			



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	infrastructure related bids. It must be advertised for a minimum of 14 days or 30 days for bids longer than 12 months or above R10 million.			
	The invitation must close at least no later than 12:00pm on the date specified in the invitation.			
	SCM is responsible for co-ordinating the briefing sessions, should it be a requirement of the bid. However, the Project Manager of the end-user must be the chairperson of such session and SCM must compile minutes of the meeting which must be authorised by the Project manager and be distributed to all bidders who were present at the briefing meeting.			
	During the period from advertising the bid to receiving bids, SCM shall ensure that all bids received are properly secured in a bid box and that no person has access to the bidders' submissions prior to these being officially opened, in the presence of the required persons, at closing time and recorded. A properly guarded and secured bid box must be used for this purpose.			
<b>BID CLOSURE AND OPENING OF BID BOX</b>	On the closure date of the bid the following persons are to be present to open the bid box: A minimum of two Acquisition Management Representative to sign as witness on the opening register;		TR 16A	
	At the exact closing time, the slot of the bid box must be sealed and no bid document must be allowed in or received once the slot has been sealed. If a bid document is submitted it must be stamped as late, record the information on how many bids were received as late and returned to the representative who submitted it.			
	If the representative insists, on leaving the bid it can be received but			





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CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	not opened, will only be opened by the BEC.			
	All received bids are read out the bidder's name and their prices, the document is signed by each representative present during opening and then recorded on the Bid Opening Register (Annexure 7). The bid opening register must also be signed by one service provider present at the opening. No additions or alterations must be made after the bid opening register has been closed and signed. All bids are kept at the designated room which must be under lock and key.			
	The bid opening register must be published on the Departmental website within 10 days of opening of the bid box and must remain on the website for at least 30 days after publishing.			
<b>PRE-SCREENING OF BIDS</b>	<p>A pre-screening team must be formulated to check for the following:</p> <ul style="list-style-type: none"><li>✓ standard bid documents have been used and signed as prescribed;</li><li>✓ Proof of payment has been attached for tenders requiring payment;</li><li>✓ Central Supplier's Database registration number has been furnished and correct; and</li><li>✓ The necessary attachments and securities as required by the tender document have been furnished.</li><li>✓ A pre-screening report must be compiled by SCM which will outline all compliances and non-compliances that have been identified. SCM or pre-screening team should not make a decision to mention or leave out details of the findings no matter how trivial they may seem.</li></ul>		TR PPR 2017 16A	



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CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	All bid documents must be numbered according to the ascending order of price, from the lowest price to the highest. A checklist must be attached on each bid document which will outline all the findings of each bid document.		SCM Policy and Practice Notes	
	If SCM determines that the validity period for the bid needs to be extended due to the delay by the Bid Committees, such reasons must be provided in writing to the Accounting Officer requesting that the validity period of the bid be extended for a minimum period required to complete the evaluation, obtain the necessary approvals and award the contract. Approval must be given by the Accounting Officer before the bid validity expires.		SCM Policy and Practice Notes	
	All bidders must be contacted by fax or email asking them whether they will extend the validity of their bids and whether their prices remain the same for the duration of the extended validity period. Such responses must be returned to the department within a given response period which should not exceed five (5) working days.		SCM Policy and Practice Notes	
	Each bidder must also be contacted by telephone to confirm receipt of fax or email highlighting the contents of such and emphasizing the importance of a response within the given response period.		SCM Policy and Practice Notes	
	Confirmation of the extension of bid validity must be obtained from bidders in writing and must be attached to each bid document for evaluation.		SCM Policy and Practice Notes	
	Should the bidder indicate that their prices have changed such must be accepted and the bids be evaluated in line with the changed prices without any prejudice or forfeiting their bid.		SCM Policy and Practice Notes	
<b>BID EVALUATION</b>	All received bids must be submitted to the Bid Evaluation Committee (BEC) for evaluation.		SCM Policy and Practice Notes	



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	If quality was an evaluation criteria, a relevant technical committee must evaluate all bids for quality and make a report outlining the process and the scientific formulas used to allocate points for quality, if any points were allocated without making a recommendation for award or disregarding any bidder.		SCM Policy and Practice Notes	
	Any bidder who is regarded as not meeting the quality criteria should be identified as such and let the BEC make a decision for such bidder(s). All the scoring must be made available for the BEC to check.		SCM Policy and Practice Notes	
	If functionality was a criteria it must be evaluated by the BEC and individual scores must be kept for checking by the BAC. Any bidder who scores less than the required minimum qualifying criteria must be disregarded.		SCM Policy and Practice Notes	
	All bids must be evaluated according to the criteria stipulated in the bid document. It is not acceptable to change the criteria during evaluation.		SCM Policy and Practice Notes	
	All infrastructure related bids must be evaluated by the committee which is composed in a manner that is stipulated in the Standard for Infrastructure Procurement.		SCM Policy and Practice Notes	
	A bid evaluation report (Annexure 8) must include functionality assessment for each bidder and individual scoring sheet must be attached for audit purposes.		SCM Policy and Practice Notes	
	The bid evaluation report must also include score sheets for the calculation and scoring of Preference Points. Points must be awarded to a bidder for attaining the B-BBEE status level of contributor		SCM Policy and Practice Notes	
	A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a bidder will		SCM Policy and Practice Notes	



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	score zero (0) out of a maximum of 10 or 20 points respectively for B-BBEE.			
	<p>The Bid Evaluation Report must also include score sheets for pricing. The formulae to be utilised in calculating points scored for price are as follows:</p> <p>✓ 80/20 Preference point system (for acquisition of services, works or goods up to a Rand value of R50 million, all applicable taxes included);</p> <p>Where:</p> $P_s = 80 \left( 1 - \frac{P_t - P_{min}}{P_{min}} \right)$ <p><math>P_s</math> = Points scored for comparative price of bid or offer under consideration. <math>P_t</math> = Comparative price of bid or offer under consideration. <math>P_{min}</math> = Comparative price of lowest acceptable bid or offer.</p>			
	<p>90/10 Preference point system (for acquisition of services, works and/or goods with a Rand value above R50 million, all applicable taxes included).</p> <p>Where:</p> $P_s = 90 \left( 1 - \frac{P_t - P_{min}}{P_{min}} \right)$ <p><math>P_s</math> = Points scored for comparative price of bid or offer under consideration. <math>P_t</math> = Comparative price of bid or offer under consideration. <math>P_{min}</math> = Comparative price of lowest acceptable bid or offer. Points scored must be rounded off to the nearest 2 decimal places.</p>			



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS VERIFICATION	OF
	Note that unconditional discounts must be taken into account for evaluation purposes The points scored for price must be added to the points scored for B-BBEE status level of contribution to obtain the bidder's total points scored out of 100.				
	Once complete, the Bid Evaluation Report should make a recommendation for the bidder to be awarded and submit to the Secretariat of BAC.				
<b>BID ADJUDICATION</b>	The Secretariat then includes the bid on the agenda for the next BAC Meeting. The Secretariat also distributes the Bid Evaluation Report to the members of the BAC at least 2 working days before the meeting.		TR PPR PFMA	16A 2017	
	BAC secretariat then receives minutes of the BEC meeting from the BEC Secretariat and distribute them to the members of the BAC at least 2 working days before the meeting.				
	The BAC will then confirm the contents of the BEC report that the process outlined is a true reflection of the actual activities and that all evidence is attached for audit purposes.				
	BAC also checks whether the evaluation criteria was applied with cognisance of fairness, competitiveness, transparency, equity and cost-effectiveness.				
	BAC should also ensure that the recommended bidder is not on National Treasury's tender defaulter's register, that tax matters are in order, that the bidder's Departmental rates and taxes are not in arrears as well as its Directors that they do not owe this or any				



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CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	other department where they are doing work.			
	The BAC then makes an award or recommend an award to the Accounting Officer, depending on their delegation of authority.			
	When the award has been confirmed, SCM should draft the Letters of Intent for signature by the Accounting Officer together with the BAC minutes and report.			
	An intention to award must be advertised on the website and the local newspaper. It may also be sent by means of email or fax, to the individual bidders who participated in a particular bid to inform them of the result of the bid and in particular of their own bids and allow them an opportunity, for a period of 14 days, to raise an objection should they wish to do so.  When no objection is raised after the period of 14 days SCM should publish the award on the, notice board, Departmental website, etender portal and the CIDB i-Tender for construction related bids. It may no longer be necessary to publish same on the local newspaper.			



## BID COMMITTEE ADMINISTRATIVE PROCESSES AND PROCEDURES

CONTROL PROCEDURE		ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEAN OF VERIFICATION
1	Identify need	Complete tender request for submission to SCM Unit	User	➤ T.R 16	➤ The strategic plan may guide strategic sourcing ➤ Good project management principles will assist with proper succession planning ➤ Demand Planning Principles must be utilised
2	Prepare bid documents	Draft bid documents	Line function	SOP	Final Bid Document
3		Identify BSC members	Line function	➤	➤ Members must have sufficient technical knowledge of goods or services required ➤ SCMU may be consulted for advice
4	Appoint BSC members	Draft appointment letter	SCMU		Appointment letter must indicate the Chair of the meeting



CONTROL PROCEDURE		ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEAN OF VERIFICATION
5		Sign appointment letter	DA		Members must sign for receipt
6		Inform members of meeting details	SCMU		
7		Provide members with copies of documentation	SCMU		Members must sign for receipt
8	BSC meeting	Prepare agenda	SCMU		
9		Members declare interest	BSC		
10		Consider Specifications/Terms of Reference and bid documentation	BSC	Consider and resolute on ALL matters within BSC mandate	Consider and resolute on ALL matters within BSC mandate
11		Consider bid documentation	BSC		
12		Consider evaluation/ adjudication criteria and weights	BSC	Refer to PPPFA Regulations, 2011	
13		Consider risks and risk mitigating factors	BSC	Refer to SCM Risk Management SOP	
14		Consider contractual arrangements	BSC	Refer to GCC or CIDBA requirements	
15		Consider "special conditions"	BSC	Refer to PPPFA	
16		Maintain minutes	SCMU		
17		Formulate Resolution	BSC		





CONTROL PROCEDURE		ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEAN OF VERIFICATION
18		Sign minutes	BSC Chair	SCM Delegation	
19	Approval of bid documents	Consider minutes and sign-off on bid documents	DA		
20	Advertisement	Advertise bid	SCMU	SCM Policy and Practice Notes	<ul style="list-style-type: none"> <li>➤ Within media prescribed</li> <li>➤ Refer to AO volume Acquisition for bid advertising, information session, closing and pre-bid evaluation of bids procedures</li> </ul>
21	Closure	Close bid	SCMU	SCM Policy and Practice Notes	Refer to AO volume Acquisition for bid advertising, information session, closing and pre-evaluation assessment of bids procedures
22	Pre-evaluation assessment	Assess compliance and responsiveness of bids	SCMU	SCM Policy and Practice Notes	Refer to AO volume Acquisition for bid advertising, information session, closing and pre-



CONTROL PROCEDURE		ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEAN OF VERIFICATION
					evaluation assessment of bids procedures
23	Appoint BEC members	Identify BEC members	SCMU	SCM Policy and Practice Notes	May be separate members, dependent on technical experience required
24		Draft appointment letter	SCMU	SCM Policy and Practice Notes	Appointment letter must indicate the Chair of the meeting
25		Sign appointment letter	DA	SCM Policy and Practice Notes	Members must sign for receipt
26		Inform members of meeting details	SCMU	SCM Policy and Practice Notes	
27		Provide members with copies documentation	SCMU	SCM Policy and Practice Notes	Members must sign for receipt
28	BEC meeting	Prepare agenda	SCMU	SCM Policy and Practice Notes	
29		Members declare interest	BEC	SCM Policy and Practice Notes	
30		Consider and evaluate Bids	SCMU	SCM Policy and Practice Notes	Consider and resolute on ALL matters within BEC mandate
31		Maintain minutes	SCMU	SCM Policy and	



CONTROL PROCEDURE		ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEAN OF VERIFICATION
				Practice Notes	
32		Formulate Resolution	BEC	SCM Policy and Practice Notes	
33		Sign minutes	BEC Chair	SCM Policy and Practice Notes	
34	Review process	Review recommendation	BEC	SCM Policy and Practice Notes	If so requested by BAC or AO
35	Appoint BAC members	Identify BAC members	SCMU	SCM Policy and Practice Notes	Normally appointed on annual basis but AO may appoint ad hoc BAC if so required
36		Draft appointment letter	SCMU	SCM Policy and Practice Notes	Appointment letter must indicate the Chair of the meeting
37		Sign appointment letter	AO	SCM Policy and Practice Notes	Members must sign for receipt
38		Inform members of meeting details	SCMU	SCM Policy and Practice Notes	
39		Provide members with copies documentation	SCMU	SCM Policy and Practice Notes	Members must sign for receipt
40	BAC meetings	Prepare agenda	SCMU	SCM Policy and Practice Notes	
41		Members declare interest	BAC	SCM Policy and	



CONTROL PROCEDURE		ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEAN OF VERIFICATION
				Practice Notes	
42		Consider minutes and recommendations of BEC	SCMU	SCM Policy and Practice Notes	Consider and resolute on ALL matters within BAC mandate
43		Maintain minutes	SCMU	SCM Policy and Practice Notes	
44		Formulate Resolution	BAC	SCM Policy and Practice Notes	
45		Sign minutes	BAC Chair	SCM Policy and Practice Notes	
46	Review process	Review recommendation	BAC	SCM Policy and Practice Notes	If so requested by AO or independent person
47	Approve preferred bidder	Consider minutes of BAC and: ➤ approve appointment of approved bidder OR ➤ Refer matter back for reconsideration	DA	SCM Policy and Practice Notes	AO may be replaced with duly delegated authority.
48	Alternative appointment	Inform AGSA, NT and PT if alternative bidder is appointed by AO than those recommended by BEC and/or BAC	AO/SCMU	SCM Policy and Practice Notes	No bids exceeding R10m may be awarded by another person than the AO
49	Reporting	Prepare progress reports as prescribed to: <ul style="list-style-type: none"><li>Accounting Officer,</li><li>Relevant Treasury</li><li>Relevant SCM M&amp;E Committee</li></ul>	SCMU	As per relevant SOP's and SCM System and Policy	Reasons must be recorded and maintained.





## **PART FOUR: ASSET MANAGEMENT**

### **4.1 DEFINITION OF AN ASSET**

Asset Management is governed by and performed in line with the Provincial Treasury Instruction Note 30 of which the Department had developed its own Asset Management Policy. In accordance with financial legislation and the Departmental Asset Management Policy the following definitions are highlighted:

**An asset is:**

*“means a resource controlled by the Department as a result of past events and from which a future economic benefit or service potential is expected to accrue to the Department “*

All assets costing less than R 5,000.00 will be recorded as Minor Assets and all assets with a cost in excess of R 5,000.00 will be recorded as Capital Assets on the Assets Management Systems, provided that all assets for the Traditional Trust and Levies Account must be recognised and treated in accordance with the principles of GRAP 17 on the Asset Management System.

**Asset Management is defined as:**

*“the process of guiding the acquisition, use, safeguarding and disposal of assets to make the most of their service delivery potential and manage the related risks and costs over their entire life.”*

The principal objective of asset management is to enable the Department to meet its service delivery objectives efficiently and effectively by achieving the best possible match of assets with program delivery strategies, which is based on a critical examination of alternatives to the use of assets.

As asset consumption is a real and significant cost of program delivery in the Department, and the application of life-cycle costing techniques and the establishment of appropriate accountability frameworks are integral to achieving this understanding, cognisance must be taken of a range of factors, including, but not limited to–

- ✓ the life cycle of an asset;
- ✓ asset management principles;
- ✓ the needs of business units and users;



- ✓ legislative prescripts and asset related policies;
- ✓ market factors; and
- ✓ supply chain management factors, such as preferential procurement and business development.

And **Asset Register** is:

*“a data source that records information on individual assets, usually only those over a certain value. Information may include the assets' location, condition, utilisation and ownership details, as well as the value and depreciation of the asset and its major components.”*

## **4.2 PLANNING**

During the planning phase the:

- Needs are identified during the strategic planning phase of the organisation at service delivery level
- Asset Management Plans must underpin the strategic business plans of the Department.

A needs analysis is the starting point for asset management, in consultation with Directorates to examine the need for service and infrastructure provision and consider the full range of options for responding to it, which includes both non-asset and asset solutions, as well as demand management strategies and the possible role of private sector providers. This also forms part of the Departmental Procurement Plan

As part of the planning process, economic appraisal becomes a necessary systematic task of weighing up of the costs and benefits of the various asset based and non-asset based solutions identified, and value management is one technique that assists in this process.

Assets require the commitment of funding over their entire lives, which includes capital expenditure for their purchase or construction and recurrent expenditure for their on-going maintenance and operation, as a result of which budgeting planning of funding for the asset is a critical element of the asset planning process.

Each Responsibility, Regional or District Office's movable asset budget must contain estimates of all–

- ✓ expenditure anticipated in respect of additions, maintenance and refurbishments of movable assets; and
- ✓ all collectable revenue from the sale of movable assets under their control if applicable.



### **4.3 ACQUISITION**

Decisions regarding the acquisition or disposal of assets require thorough examination and economic appraisal, with the options for the acquisition of assets including creating, purchasing or leasing, and private sector involvement to provide assets or services required must also be considered.

The management and control of all purchases of movable assets is centralised at office in Pietermaritzburg.

Each Business unit will complete and forward an approved submission requesting the assets as per the Departmental Plan, together with required documents ie. ICT application forms to the Supply Chain Management directorate (Demand Management).

Each Responsibility Manager must ensure that:

- ✓ all movable assets are procured according to supply chain policies and procedures;
- ✓ expenditure on movable assets is in accordance with the approved budget; and
- ✓ effective and appropriate steps are taken to prevent overspending of the budget, through expenditure monitoring in line with the financial management procedures

### **4.4 RECEIVING, BARCODING AND RECORDING**

After the order for the required assets is issued, a copy of the order is forwarded to the Asset Logistics section (Assistant Director). The section will then liaise with the service provider on the anticipated date of delivery which is relayed to the end user business unit.

All furniture items are delivered directly to the end user for assembly purposes and on the date of delivery the Asset Logistics Team is on site to barcode all furniture.

In cases of smaller assets ie. Voice recorders, garmins, ICT equipment the assets are delivered to the Asset Logistics Office for barcoding. This also allows the opportunity for the configuration of IT equipment by the relevant section.

During barcoding, a metal strip with a unique barcode is affixed to the asset. This same barcode is then inserted on an addition form with all relevant details, ie. Service provider, Order number, Invoice Number, Value, PERSAL number of allocated official, Initials and surname of the officials as well as the location and the SCOA allocations.

The custodian of the asset/s is then required to sign as taking ownership of the asset item.



All addition forms are then checked according to the invoice and submitted to Asset Management for recording the information on the Asset Management System.

All movable assets must be recorded in the Asset Register by Asset Controllers at the Departmental Head Office in Pietermaritzburg, at the cost of the asset to the Department with the exception of assets appearing on the exclusion list as part of the Policy.

The Asset Register must comply with the standards set by the National and Provincial Treasury in terms of location, condition, utilisation, serial number, bar code, purchase date, purchase price, value, custodian and custodian details.

All movable assets must be specifically allocated by the Asset Controller to custodians of the assets by completing and signing an asset transfer or asset addition form.

The initial recording of an asset must be at cost, which includes any necessary additional expenditure, such as initial delivery and handling costs, and installation costs.

When there is a transfer between departments during a restructure of functions, all assets must initially be recorded at the value at which they were carried in the books of the transferring department.

#### **4.5 SECURITY/ SAFEGUARDING OF ASSETS**

The responsibility for safeguarding movable assets rests with all employees in the Department who use and benefit from the said movable assets.

Movable assets must be safeguarded against–

- ✓ theft;
- ✓ vandalism; and
- ✓ illegal or fraudulent use.

Movable assets must be secured from all possible forms of risk they may be exposed to, provided that–

- ✓ the levels of physical security that can be designed over movable assets vary and are dependent on the nature of the asset and the threat that the asset is exposed to; and



- ✓ physical security measures that are to be implemented for the different categories of movable assets must be performed by the respective responsibility or district managers

Where the location of movable asset changes, a movable asset transfer form must be completed by the Asset Controller and the custodian responsible for the asset. The onus is on the custodian to liaise with the Asset Controller to indicate these type of movements.

When the custodian of movable assets departs from the Department on transfer, retirement, resignation or death, the assets allocated to him or her must be returned to the Department and the necessary forms must be completed to affect the ownership of such assets to the Director of the Directorate in which the official was appointed.

#### **4.6 PHYSICAL ASSET VERIFICATION**

The Assistant Director: Asset Logistics is responsible for the planning and co-ordination of the annual physical verification of all assets to ensure the accuracy of the Asset Register.

The physical asset verification is conducted by the Asset Logistics team consisting of the Assistant Director: Asset Logistics, practitioners and clerks.

The processes commence and are conducted as per the plan approved by the Director Supply Chain Management and in line with the Annual Performance Plan.

Members of the team draw the fixed assets register of each location at which assets are to be verified, this is called the pre-audit report which is then utilised to verify each asset at a particular Departmental Office. One member will scan an asset at the location and call the unique barcode, while the other then marks it on the pre-audit report. This is then repeated for all assets at that particular location. While scanning the barcode, the condition of the asset is then also updated to ensure that items that are obsolete, damaged and non-functional are identified.

All anomalies are recorded on the pre-audit report and the custodian at that location then signs for the outcome of the verification.

It should be noted that the updating of the system is electronically, however the database is not updated live. It is only on return to the office that the updated DAT files are loaded onto



the system to produce an updated fixed asset register. Any changes made manually during in between the DAT files being utilised in the field and then updated is overridden when the DAT files are then uploaded.

Unseen assets are investigated and reported to the Loss Control Section and a listing for obsolete/non-functional assets is compiled for consideration by the Departmental Disposal Committee.

#### **4.7 ASSET DISPOSAL**

A Departmental Asset Disposal Committee is established in accordance with the departmental Supply Chain Management delegations, which Committee: must–

- ✓ address and discuss all disposals identified within the Department and
- ✓ make recommendations for the disposal of assets to the Accounting Officer.

The disposal of any equipment owned by the Department may only be authorised by the Accounting Officer and disposed of by authorised officials, who have ensured that the relevant security risks have been mitigated and data removed or storage devices physically destroyed.

The process of disposal is considered and adhered to in accordance with the following:

- ✓ certification is obtained ensuring that all data has been removed or the media has been destroyed, preventing restoration by any means whatsoever, as legacy data from old systems may still remain accessible and compromise the confidentiality of information;
- ✓ the State Information Technology Agency has performed data removal from systems identified for disposal within the Department, and the disposal of all movable information technology assets is centrally controlled at the Departmental Head Office, to ensure the safe removing of Departmental data from the devices;
- ✓ authorisation and the correct change control procedures is in accordance with archiving requirements;
- ✓ the disposal of hazardous materials is complied with the relevant specialised requirements for the disposal of such equipment, which includes batteries, gas and other hazardous materials;



- ✓ all data and applications is archived prior to disposal of any equipment, to ensure that such data and associated files can be restored if necessary; and
- ✓ the disposal or scrapping of assets as contemplated in sub-clause 14(1)(j) of the Departmental Asset Management Policy

The disposal of all departmental motor vehicles is centrally controlled at the Departmental Head Office via the Disposal Committee, provided that–

- ✓ each vehicle disposal requires a technical report detailing all faults identified on the vehicle;
- ✓ the report is authorised by the Head of the Directorate or a delegated official, motivating for the vehicle to be disposed;
- ✓ a spreadsheet of all vehicles identified for disposal including the individual technical reports is reviewed by the Disposal Committee before the decision is made to approve or reject the disposal of the vehicles via Public Auction; and
- ✓ in the event that Accounting Officer approval is granted for the disposal of the vehicle, normal Supply Chain Management procedures must be followed to appoint a service provider to conduct the public auction.

Records of disposals, including disposal forms, disposal committee meeting minutes and submissions to the Accounting Officer, is submitted by the Asset Controllers from Asset Logistics to the Assistant Director: Asset Management, to enable the updating of the Asset Management Systems.

When assets are transferred from the Department to another Department, the Accounting Officer must comply with the provisions of the PFMA, and the Asset Controllers from Asset Logistics must inform the Asset Manager of the transfer within 30 days.

Any movable asset may be disposed of or scrapped, provided that the relevant Responsibility Manager has identified the specific asset for disposal, provided that the relevant asset must–

- ✓ be transferred and housed at a central storage facility at the Departmental Head Office in Pietermaritzburg or at the Mayville Office, until authority to approve the disposal of assets on recommendation by the Disposal Committee is obtained;
- ✓ no longer be serviceable by physical verification and or based on ad hoc reports received by the Asset Controller on the condition of the asset;



- ✓ have reached the end of its useful life by thorough examination of the service delivery needs, strategic plans, objectives and economic appraisals of the market place, and the Responsibility Manager must assess whether the asset will remain in service for the full estimated useful life or whether the current condition will render the asset obsolete sooner than estimated;
  - ✓ be approved for disposal by the Accounting Officer on recommendation of the Disposal Committee; and
  - ✓ is disposed of in a way that realises the most value for the Department on its disposal.
- 
- ✓ Any loss, damage, vandalism or theft reported, must be investigated by the Responsibility Manager in accordance with the procedures contained in the Departmental Loss Control Procedure Manual and Provincial Treasury Practice Note Number FM-15 of 2006.

#### **4.8 FINANCIAL REPORTING**

The Asset Manager or Practitioner must–

- ✓ reconcile the Asset Register monthly with the Financial Reports obtained from the BAS Financial System for the Interim and Annual Financial Statements; and
- ✓ ensure that the expenditure reflected in the financial system report “Payments for Capital Assets over R 5,000.00” and “Equipment under R 5,000.00”, balances to the values attached to assets purchased during the reporting period on the Asset Register.

The quarterly and annual reconciliations between the BAS Financial System and the Asset Management Systems must be performed by the Asset Manager or Practitioner and confirmed by the Director: Supply Chain Management as a supporting document to the relevant disclosure notes on Movable Assets in the Interim and Annual Financial Statements. Any discrepancies that are identified during the reconciliation process must be investigated and rectified, either by updating the asset register or by accounting for the discrepancy on the reconciliation.

All discrepancies identified during the reconciliation must be cleared before the next reconciliation is due, provided that in the event that the discrepancy is out of the control of

the Asset Manager or Practitioner, the discrepancy will remain present on the reconciliation until it is resolved, which must occur prior to the end of the financial year.

At the end of each financial year, the expenditure reports for purchases of assets to a value above R 5,000.00 and equipment under R 5,000.00 must be drawn for the entire financial year from the Asset Register, and the Asset Manager or Practitioner must reconcile the two reports for the entire financial year for the purpose of disclosure in the Annual Financial Statement.

The Asset Manager must annually report on the disposal of assets with a value greater than R 5,000.00, which report forms part of the Annexures to the Annual Financial Statements, and must contain details of–

- ✓ how the asset was disposed of; and
- ✓ the proceeds received as a result of the disposal, if any.

All documentation supporting the disposal must be maintained by the Chairperson of the Disposal Committee and a copy must be forwarded to the Asset Manager for audit purposes and to dispose of the assets on the Asset Management Systems.

#### **4.9 LOSSES**

In the event that an asset is lost, stolen or damaged, the appointed custodian must immediately report the loss to the relevant Responsibility Manager and to the South African Police Service, and ensure that the relevant Loss Control forms are completed and submitted to the Supply Chain Management Loss Control Unit within 48 hours after the loss, theft or damage has been identified in terms of the Policy on the Administration of Losses and damages.

Custodians of assets must immediately report the loss, damage, vandalism or fraudulent or illegal use of an asset in writing by way of a Loss Control Form to his or her Supervisor, who must verify and confirm whether there has been any negligence on the part of the custodian of the asset.

The Directorate: Supply Chain Management must be informed of the loss and actions taken to report the loss, where after the Loss Control Unit requests a suitable directive on the



course to be taken from the Head of Department through the channels of management, Internal Control and Legal Services.

Should the Head of Department deem further action or investigation to be conducted the matter is referred back to Loss Control for administrative processes to follow according to the approved recommendation of the Head of Department.

Where theft, loss, or willful or accidental damage to any asset occurs, the facts must be reported by the relevant custodian to the nearest station of the South African Police Service, immediately after the incident became known, and a case number must be obtained, before the Loss Control documents are completed and submitted to the Loss Control Unit.

Should there be any loss or damage as a result of negligence on the part of the custodian, such losses must be recovered from the official concerned, by way of a debt being created in accordance with the departmental Debt Management Procedure Manual and Provincial Treasury Practice Note Number FM 2 of 2006 as directed by the Head of Department.

Where the Department suffers a loss through no fault of any official:-

- ✓ the loss must be written off in accordance with the Departmental Loss Control Procedure Manual and the Provincial Treasury Practice Note FM 15 of 2006, only after approval from the Head of Department; and
- ✓ the Loss Controller must update the Provincial LOCO Loss Control Management System and the Asset Management Systems.





CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
PLANNING	Each Responsibility Manager must– <ul style="list-style-type: none"> <li>✓ during the process to commence the preparation of a budget for the forthcoming financial year for their Responsibility, take into consideration the anticipated needs in respect of movable assets to meet the service delivery needs of their component; and</li> <li>• incorporate the movable asset budget into the Annual Performance Plan of his or her Directorate.</li> </ul>	<ul style="list-style-type: none"> <li>• DD Management &amp; Asset Logistics</li> </ul>	<ul style="list-style-type: none"> <li>• Provincial Treasury Instruction Note</li> <li>• Departmental Policy on Asset Management</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement Plan of the Department</li> <li>• Annual Performance Plan</li> </ul>
	The Assistant Director will utilise the above information to draw up and compile the Departmental Annual Asset Strategic Plan	<ul style="list-style-type: none"> <li>• DD Asset Management and Logistics</li> </ul>	Departmental Policy on Asset Management	Annual Asset Strategic Plan
ACQUISITION	Requests for all assets to be made via the electronic procurement system attaching the following document: <ul style="list-style-type: none"> <li>• Approved submission for procurement of items</li> <li>• IT application forms</li> <li>• Technical reports (where required)</li> <li>• Loss Control Form (where required)</li> </ul>	<ul style="list-style-type: none"> <li>• DD Procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Provincial Treasury Cost Containment Circular</li> </ul>	Requisition generated
	Each Responsibility Manager must ensure that: <ul style="list-style-type: none"> <li>✓ all movable assets are procured according to supply chain policies and procedures;</li> <li>✓ expenditure on movable assets is in accordance with the approved budget; and</li> <li>✓ effective and appropriate steps are taken to prevent overspending of the budget, through expenditure monitoring in line with the financial management procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Director/Chief Director/Deputy Director General</li> </ul>	<ul style="list-style-type: none"> <li>• Supply Chain Management Policy</li> <li>• Financial Management Procedures</li> </ul>	Requisition approved
	Supply Chain Management (Procurement) will then through the processes and procedures facilitate the procurement of such items	<ul style="list-style-type: none"> <li>• DD Procurement</li> </ul>		Order issued
RECEIVING	The Acquisition section forwards a copy of the order to Asset Logistics to assist the staff to liaise with the service provider on the quantity and anticipated delivery date	<ul style="list-style-type: none"> <li>• DD Asset Management and</li> </ul>		Copy of order Email to service provider



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
		Logistics/AD Asset Logistics		
	The Asset Logistic team conveys the information to the end user business unit	• AD Asset Logistics		Email
	On the date of delivery of furniture, the Asset Logistic team will on site check the delivery of the furniture in accordance with the specifications of the request, together with the end user business unit/custodian of the furniture.	• AD Asset Logistics		Goods received Note
	Smaller equipment and IT equipment is delivered to Pietermaritzburg for checking against the specifications	• AD Asset Logistics		Goods received Note
BARCODING	Barcoding for furniture is done on site, whereas the other equipment is barcoded at Asset Logistics Offices. A metal strip with a unique barcode is pasted with special glue to each asset	• AD Asset Logistics		Metal barcode on each asset
	For each additional item, a HARDCAT addition form is completed by the Asset Logistic staff member	• AD Asset Logistics	HARDCAT procedure manual (National Treasury)	Completed Pink/Blue forms
	IT equipment is sent to ICT for configuration and received back after configuration is completed. Asset Logistics then liaise with the custodian for collection	• AD Asset Logistics		Register for movement of IT equipment
ISSUING	The pink forms are signed by the custodian to certify that the PERSAL number, invoice number, order number, Barcode, Location and SCOA allocations are correct	• AD Asset Logistics	HARDCAT procedure manual (National Treasury)	Signed Pink forms
	The blue forms (IT equipment) are signed by the custodian to certify that the PERSAL number, invoice number, order number, Barcode, Location and SCOA allocations are correct	• AD Asset Logistics	HARDCAT procedure manual (National Treasury)	Signed Blue forms
	The custodians of IT equipment is also requested to sign an "acceptance of responsibility form"	• AD Asset Logistics	Standard operating procedures	Signed forms
	A register is completed for each asset issued from an Asset Logistics Office, signed by the collector of the asset	• AD Asset Logistics	Standard operating procedures	Signed register
RECORDING	Asset Controllers at the Head Office is responsible for the recording of the all movable assets in the Fixed Asset Register at cost, with	• DD Asset Management &	Departmental Asset	Register signed off by DD: Asset



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	the exception of the assets deemed as exclusions	logistics/AD Asset Management	Management Policy	Management & Logistics/AD: Asset Management
	Each HARDCAT form submitted by Asset Logistics is checked against the invoice to ensure that the cost of the asset, invoice number, description, supplier and order number is correct	• DD Asset Management & logistics/AD Asset Management	Standard operating procedures	DD: Asset Management & Logistics stamp
	The HARDAT forms are utilised to capture the information on the HARDCAT system, updating the Fixed Asset Register with additions	• DD Asset Management & logistics/AD Asset Management	Standard operating procedures	Signed HARDCAT form: Datacapturer
	List is drawn for assets captured as additions and checked against the expenditure of BAS	• DD Asset Management & logistics/AD Asset Management	Standard operating procedures	Practitioner
SECURITY/SAFEGUARDING OF ASSETS	The responsibility of safeguarding of movable assets rests with all employees in the Department who use and benefit from the said movable assets	• Director/Chief Director/Deputy Director General for his/her respective business unit	PFMA Departmental Policy on Asset Management	Asset Verification
	Where the location of movable asset changes, a movable asset transfer form must be completed by the Asset Controller and the custodian responsible for the asset. The onus is on the custodian to liaise with the Asset Controller to indicate these types of movements.	• Director/Chief Director/Deputy Director General for his/her respective business unit	HARDCAT procedures Departmental Policy on Asset Management	Completed and signed HARDCAT yellow form
	When the custodian of movable assets departs from the Department on transfer, retirement, resignation or death, the assets allocated to him or her must be returned to the Department and the	• Director/Chief Director/Deputy Director General for his/her	Departmental Policy on Asset Management	Completed and signed HARDCAT yellow form



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	necessary forms must be completed to affect the ownership of such assets to the Director of the Directorate in which the official was appointed.	respective business unit		
PHYSICAL ASSET VERIFICATION	A Physical Asset verification plan is drawn up by the Assistant Director and asset team	<ul style="list-style-type: none"><li>DD Asset Management and Logistics/AD Asset Logistics</li></ul>	Standard Operating Procedures Annual Performance Plan	Approved and signed Plan
	Locations are visited by the team as per the asset verification plan where the pre-audit listing is checked against the actual assets found at that location as well as the condition of the asset	<ul style="list-style-type: none"><li>DD Asset Management and Logistics/AD Asset Logistics</li></ul>	Standard Operating Procedures	Pre-audit report ticked and signed off by the checker and verifier and custodian of the assets
	The barcode on each asset as per the location is scanned at the same time and the DAT files uploaded once back at the office. The condition of the asset is also updated at the same time	<ul style="list-style-type: none"><li>DD Asset Management and Logistics/AD Asset Logistics</li></ul>	Standard Operating Procedures	Updated Fixed Asset Register
	Unseen assets are investigated and reported to the Loss Control Section	<ul style="list-style-type: none"><li>DD Asset Management and Logistics/AD Asset Logistics</li></ul>	Standard Operating Procedures Departmental Asset Management Policy	Loss Control forms
	A list of obsolete/non-functional assets is compiled for consideration by the Disposal Committee	<ul style="list-style-type: none"><li>DD Asset Management and Logistics/AD Asset Logistics</li></ul>	Standard Operating Procedures Departmental Asset	Listing



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
			Management Policy	
	New tags are affixed and recorded as such to those assets of which tags had fallen. A list is compiled and provided to Asset Management for updating the Fixed Asset Register	<ul style="list-style-type: none"><li>• DD Asset Management and Logistics/AD Asset Logistics</li></ul>	Standard Operating Procedures Departmental Asset Management Policy	Listing
ASSET DISPOSAL	The Departmental Asset Disposal Committee convenes to: <ul style="list-style-type: none"><li>✓ address and discuss all disposals identified within the Department and</li><li>✓ make recommendations for the disposal of assets to the Accounting Officer.</li></ul>	<ul style="list-style-type: none"><li>• DD Asset Management and Logistics/AD Asset Logistics</li></ul>	Departmental Asset Management Policy Disposal Committee appointment letters	Minutes and submission
	The process of disposal is considered and adhered to in accordance with the following: <ul style="list-style-type: none"><li>✓ certification is obtained ensuring that all data has been removed or the media has been destroyed, preventing restoration by any means whatsoever, as legacy data from old systems may still remain accessible and compromise the confidentiality of information;</li><li>✓ the State Information Technology Agency has performed data removal from systems identified for disposal within the Department, and the disposal of all movable information technology assets is centrally controlled at the Departmental Head Office, to ensure the safe removing of</li></ul>	<ul style="list-style-type: none"><li>• DD Asset Management and Logistics/AD Asset Logistics</li></ul>	Departmental Asset Management Policy	Technical reports



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	<p>Departmental data from the devices;</p> <ul style="list-style-type: none"><li>✓ authorisation and the correct change control procedures is in accordance with archiving requirements;</li><li>✓ the disposal of hazardous materials is complied with the relevant specialised requirements for the disposal of such equipment, which includes batteries, gas and other hazardous materials;</li><li>✓ all data and applications is archived prior to disposal of any equipment, to ensure that such data and associated files can be restored if necessary; and</li><li>✓ the disposal or scrapping of assets as contemplated in sub-clause 14(1)(j) of the Departmental Asset Management Policy</li></ul>			
	<p>The disposal of all departmental motor vehicles is centrally controlled at the Departmental Head Office via the Disposal Committee, provided that–</p> <ul style="list-style-type: none"><li>✓ each vehicle disposal requires a technical report detailing all faults identified on the vehicle;</li><li>✓ the report is authorised by the Head of the Directorate or a delegated official, motivating for the vehicle to be disposed;</li><li>✓ a spreadsheet of all vehicles identified for disposal including the individual technical reports is reviewed by the Disposal Committee before the decision is made to approve or reject the disposal of the vehicles via Public Auction; and</li><li>✓ in the event that the Accounting Officer approval is granted for the disposal of the vehicle, normal Supply Chain Management procedures must be followed to appoint a service provider to conduct the public auction.</li></ul>	<ul style="list-style-type: none"><li>• DD Asset Management and Logistics/AD Asset Logistics</li></ul>	Departmental Asset Management Policy Departmental SCM Policy	Auctioneers report and revenue generated
	<p>Records of disposals, including disposal forms, disposal committee meeting minutes and submissions to the Accounting Officer, is submitted by the Asset Controllers from Asset Logistics to the</p>	<ul style="list-style-type: none"><li>• DD Asset Management and Logistics/AD</li></ul>	Departmental Asset Management	Updated fixed asset register – disposals



CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	Assistant Director: Asset Management, to enable the updating of the Asset Management Systems.	Asset Logistics	Policy	HARDCAT (green forms)
FINANCIAL REPORTING	The Asset Manager or Practitioner must– <ul style="list-style-type: none"> <li>✓ reconcile the Asset Register monthly with the Financial Reports obtained from the BAS Financial System for the Interim and Annual Financial Statements; and</li> <li>✓ ensure that the expenditure reflected in the financial system report “Payments for Capital Assets over R 5,000.00” and “Equipment under R 5,000.00”, balances to the values attached to assets purchased during the reporting period on the Asset Register.</li> </ul>	<ul style="list-style-type: none"> <li>• DD Asset Management and Logistics/AD Asset Management</li> </ul>	Financial Management processes and procedures	MFS input FAR
	Reconciliations between the BAS Financial System and the Asset Management Systems must be performed by the Asset Manager or Practitioner and confirmed by the Director: Supply Chain Management as a supporting document to the relevant disclosure notes on Movable Assets in the Interim and Annual Financial Statements.	<ul style="list-style-type: none"> <li>• DD Asset Management and Logistics/AD Asset Management</li> </ul>	Departmental Asset Management Policy Annual Performance Plan	IFS input M&E reporting on performance
	At the end of each financial year, the expenditure reports for purchases of assets to a value above R 5,000.00 and equipment under R 5,000.00 must be drawn for the entire financial year from the Asset Register, and the Asset Manager or Practitioner must reconcile the two reports for the entire financial year for the purpose of disclosure in the Annual Financial Statement.	<ul style="list-style-type: none"> <li>• DD Asset Management and Logistics/AD Asset Management</li> </ul>	Annual Performance Plan Departmental Policy on Asset Management	AFS input
	The Asset Manager must annually report on the disposal of assets with a value greater than R 5,000.00, which report forms part of the Annexures to the Annual Financial Statements, and must contain details of– <ul style="list-style-type: none"> <li>✓ how the asset was disposed of; and</li> <li>✓ the proceeds received as a result of the disposal, if any.</li> </ul>	<ul style="list-style-type: none"> <li>• DD Asset Management and Logistics/AD Asset Management</li> </ul>	Annual Performance Plan Departmental Policy on Asset Management	AFS input
LOSSES	In the event that an asset is lost, stolen or damaged, the appointed custodian must report the loss to the relevant Responsibility	<ul style="list-style-type: none"> <li>• DD Asset Management</li> </ul>	Policy on the Administration of	Policy on Administration of





CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
	Manager and to the South African Police Service	and Logistics/AD Asset Management	Losses and damages.	Claims and Losses
	The custodian must ensure that the relevant Loss Control forms are completed and submitted to the Supply Chain Management Loss Control Unit	• DD Asset Management and Logistics/AD Asset Management	Policy on the Administration of Losses and damages.	Loss Control Forms
	Custodians of assets must report the loss, damage, vandalism or fraudulent or illegal use of an asset in writing by way of a Loss Control Form to his or her Supervisor, who must verify and confirm whether there has been any negligence on the part of the custodian of the asset.	• DD Asset Management and Logistics/AD Asset Management	Policy on the Administration of Losses and damages.	Loss Control Forms
	The Loss Control Unit requests a suitable directive on the course to be taken from the Head of Department through the channels of management, Internal Control and Legal Services.	• DD Asset Management and Logistics/AD Asset Management	Policy on the Administration of Losses and damages Standard operating procedures	Submission
	Should the Head of Department deem further action or investigation to be conducted the matter is referred back to Loss Control for administrative processes to follow according to the approved recommendation of the Head of Department.	• DD Asset Management and Logistics/AD Asset Management	Email sent by Legal Services	Office memo
	Should there be any loss or damage as a result of negligence on the part of the custodian, such losses must be recovered from the official concerned as directed by the Head of Department.	• DD Asset Management and Logistics/AD Asset Management	Departmental Debt Management Procedure Manual Provincial Treasury Practice Note Number FM 2 of	Debt take on form





CONTROL PROCEDURE	ACTION	RESPONSIBILITY	LEGISLATIVE REF/GUIDE	MEANS OF VERIFICATION
			2006	
	<p>Where the Department suffers a loss through no fault of any official:-</p> <ul style="list-style-type: none"><li>✓ the loss must be written off after approval from the Head of Department; and</li><li>✓ the Loss Controller must update the Provincial LOCO Loss Control Management System and the Asset Management Systems.</li></ul>	<ul style="list-style-type: none"><li>• <b>DD Asset Management and Logistics/AD Asset Management</b></li></ul>	<p>Provincial Treasury Practice Note FM 15 of 2006 Policy on the Administration of Losses and damages Standard operating procedures</p>	<p>Submission</p>



## PART FIVE: SCM LEGISLATIVE REPORTING SCHEDULE

### COGTA SCM LEGISLATIVE REPORTING SCHEDULE

REFERENCE TO LEGISLATION		DETAILS OF COMPLAINE				
No	Item Description	Date required	Time period	Measure of Compliance	Comments	POE Required
1	Compile a procurement plan and submit to Provincial Treasury	Annually	Within 15 days after each financial year	National Treasury Instruction note 2 of 2016/2017	Accounting Officer	Procurement Plan
2	Reporting on annual procurement plan to Provincial Treasury	Quarterly	Within 15 days after end of each quarter	National Treasury Instruction note 2 of 2016/2017	Accounting Officer	Procurement Plan
3	Reporting on SCM Statistics plan to Provincial Treasury	Monthly	By the end of the following month		CFO	SCM reports
4	Reporting on Deviations for the value above R500,000.00 to Provincial Treasury and Auditor General	Per incident	Within 10 days after order		Accounting Officer	Deviations register
5	Effecting payments within (30) days from receipt of an invoice.  Department required to report on late and non-payment of invoices.	Monthly	By the 15 of every month	In terms of National Treasury Instruction Note no. 34 of 2012/2013	Accounting Officer, Treasury	Report signed by AO
6	Irregular, fruitless and wasteful expenditure	Immediately	Immediately after each	PFMA and Treasury	Accounting	Registers



REFERENCE TO LEGISLATION		DETAILS OF COMPLAINEE				
		after each case	case	Regulations	Officer, Treasury, Auditor General	
7	Petty Cash Reconciliations	Monthly	By the 10 <sup>th</sup> of every month	Petty Cash Policy	Director: SCM	Signed Recon statements
8	Publication of names of bidders in respect of advertised competitive bids – Above R 500 000	Ongoing	Within 10 days after closure of the bid  To remain on the website for 30 days	National Treasury Instruction note 31 May 2011	Director: SCM	Register of closed bids/Proof of placing on department's website
9	Advertising of Bids above R 500 000 on eTender portal	Ongoing	21 Days before closing of the bid	National Treasury Instruction note 1 of 2015/2016	Accounting Officer	Proof of placing ads on eTender portal
10	Reconciliations between Fixed Asset Register on Hardcat and the Basic Accounting System (Vote 11), in preparation to submitting the Interim Financial Statements	Monthly	12 <sup>th</sup> of each month		CFO	Reconciliations submitted with Fixed Assets Register: Hardcat vs BAS reports
11	Interim Financial Statements for Assets in Department (Vote11), in preparation to submitting the Annual Financial Statements	Quarterly	As per Activity plan provided by Financial Accounting	PFMA and Treasury Regulations	CFO	Interim Financial Statements with Notes, Annexures for IFS (Prov Treasury Templates)



REFERENCE TO LEGISLATION		DETAILS OF COMPLAINEE				
12	Property Plant and Equipment reconciliations on the Assets for Traditional Levies and Trust Account, in preparation to submitting the Interim Financial Statements	Monthly	12 <sup>th</sup> of each month		CFO	PPE Recon with Fixed Asset Register and PASTEL ledger
13	Interim Financial Statements for Assets held under Traditional Levies and Trust Account, in preparation to submitting the Annual Financial Statements	Quarterly	As per Activity plan provided by Financial Accounting	PFMA, Treasury Regulations and GRAP 17	CFO	PPE Recon for inclusion into the IFS
14	Reporting on the Assets of Vote 11 as part of the Annual Financial Statements	Annual	As per Activity plan provided by Financial Accounting	PFMA and Treasury Regulations	CFO	Notes, Annexures for AFS (Prov Treasury Templates)
15	Reporting on the Assets for the Traditional Levies and Trust Account as part of the Annual Financial Statements	Annual	As per Activity plan provided by Financial Accounting	PFMA, Treasury Regulations and GRAP 17	CFO	PPE Recon for AFS (Prov Treasury Templates)
16	Reporting on the Contingency and Liabilities of the Department in consultation with Legal Services	Quarterly	As per Activity plan provided by Financial Accounting for the Interim Financial Statements	PFMA and Treasury Regulations	CFO	Contingency and Liabilities note to the IFS
17	Reporting on the Contingency and Liabilities of the Department in consultation with Legal Services	Annual	As per Activity plan provided by Financial Accounting for the Annual Financial	PFMA and Treasury Regulations	CFO	Contingency and Liabilities note to the AFS



REFERENCE TO LEGISLATION		DETAILS OF COMPLAINE				
			Statements			
18	Report on the Performance of the Directorate as per the Business Plan for the current financial year	Quarterly	Last day of the quarter	APP	Dir: Control Planning      Budget and	Hardcopy document as input and evidence submitted together with electronic version on CD
20	Reporting on the stationery stock of the Department held at Supply Chain Management to identify Surplus, Loss or slow moving stock	Annual	End of the financial year	Inventory Policy	Dir: SCM	Stock report



**APPROVAL**

<b>TITLE</b>	Supply Chain Management Standard Operating Procedures
<b>VERSION</b>	Version 1. 0
<b>COMPILED BY</b>	DIRECTOR: SUPPLY CHAIN MANAGEMENT
<b>EFFECTIVE DATE</b>	
<b>SUMMARY</b>	This document is the Supply Chain Management Standard Operating Procedures for End Users applicable