Supply Chain Management
Procurement Policy
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INTRODUCTION

1.1 Procurement Policy Document definition

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<th>Draft for review</th>
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<tr>
<td>Date:</td>
<td></td>
</tr>
<tr>
<td>Summary:</td>
<td>Approved Policy from 2011 was reviewed, with extensive changes made to align it to National Treasury Legislation and Guidelines.</td>
</tr>
<tr>
<td>Revision date:</td>
<td>Every 2 years</td>
</tr>
<tr>
<td>Signature:</td>
<td>__________________________</td>
</tr>
<tr>
<td>Signature date:</td>
<td>October 2016</td>
</tr>
<tr>
<td>Resolution number:</td>
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The SAPO procurement shall be executed in accordance with this policy document and procurement procedures.

The Procurement policy and procedures is applicable to employees of the South African Post Office Ltd, its subsidiaries, the shareholder, the SAPO Board of Directors, and suppliers.

1.2 Distribution of the Procurement Policy and Amendments

The SAPO procurement policy and amendments shall be made accessible by means of the SAPO website, intranet and emails.

2 ABBREVIATIONS AND TERMINOLOGY

2.1 List of abbreviations

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<th>Description</th>
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<tr>
<td>AO</td>
<td>Group Chief Executive Officer</td>
</tr>
<tr>
<td>B-BBEE</td>
<td>Broad Based Black Economic Empowerment</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>CIDB</td>
<td>Construction Industry Development Board</td>
</tr>
<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
</tr>
<tr>
<td>CSD</td>
<td>National Treasury Centralised Supplier Database</td>
</tr>
<tr>
<td>EME</td>
<td>Exempted Micro Enterprises</td>
</tr>
<tr>
<td>ESD</td>
<td>Enterprise Supplier Development</td>
</tr>
<tr>
<td>EOI</td>
<td>Expression of Interest</td>
</tr>
<tr>
<td>CAE</td>
<td>Chief Audit Executive</td>
</tr>
<tr>
<td>GE:SCM</td>
<td>Group Executive: Supply Chain Management</td>
</tr>
<tr>
<td>GE: Governance and Regulatory Affairs</td>
<td>Group Executive: Governance and Regulatory Affairs</td>
</tr>
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2.2 Terminology

**ACCOUNTING AUTHORITY**

Body or person mentioned in section 49 of the PFMA. This role is fulfilled by the Board of Directors.

**GROUP CHIEF EXECUTIVE OFFICER**

Body or person mentioned in section 36 of the PFMA. This role is fulfilled by the CEO.

**ACQUISITION MANAGEMENT**

Acquisition management is the process of procurement of goods, works and services and includes inter alia the following:
- Application of depreciation rates;
- Application of total cost of ownership principle;
- Evaluation of bids and tabling of recommendations;
- Compilation and signing of contract documents;
- Contract administration.

**ACCEPTABLE BID**

Means any bid which in all respects complies with the specification, functionality requirements and conditions of bid as set out in the bid document.

**AWARD**

Final decision taken by the relevant award structure/s, after adjudication of the acceptable bids/quote.

**BID EVALUATION COMMITTEE**

The Evaluation Committee’s role is to consider and recommend bids for award.

**BID ADJUDICATION COMMITTEE**

The Adjudication Committee must consider submissions and recommendations of the bid evaluation committee and make a recommendation on the award to the Group Chief Executive.
| **BID SPECIFICATION COMMITTEE** | The Bid Specification Committee must compile the specifications / terms of reference and the evaluation criteria for the procurement of all goods and services to be put out on tender |
| **BID / TENDER** | A written offer on the prescribed or stipulated form in response to an invitation for the provision of goods, services or works through price quotations, advertised competitive bidding processes or proposals (RFQ’s / RFP’s). |
| **B-BBEE STATUS LEVEL OF CONTRIBUTOR** | Means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good practice on Black Economic Empowerment issued in terms of section 9(1) of the B-BBEE Act. The Chief Executive Officer of the South African Post Office Group appointed by the Board in terms of Section 16 of the SA Post Office SOC Ltd Act 22 of 2011. For a business with a turnover of less than R10m per annum, a B-BBEE is not required. Customers can complete an Affidavit, signed by a Commissioner of Oaths and hand it in instead of BBBEE certificate. Once the Affidavit has been signed by the Commissioner of Oaths, the Affidavit serves as a BEE certificate as no other verification is required for Exempted Micro Enterprises |
| **CHIEF EXECUTIVE OFFICER** | The Chief Executive Officer of the South African Post Office Group appointed by the Board in terms of Section 16 of the SA Post Office SOC Ltd Act 22 of 2011 |
| **CHIEF FINANCIAL OFFICER** | The Chief Financial Officer of the South African Post Office Group appointed by the Board in terms of Section 16 of the SA Post Office SOC Ltd Act 22 of 2011 |
| **CONSULTANT** | Consultant includes among others, consulting firms, engineering firms construction managers, management firms, procurement agents, inspection agents auditors, other multinational organizations, investment and merchant banks, university research agencies, governmental agencies, non-governmental organizational (NGO’s), and individuals |
| **CONTRACTOR** | A person on company who is contracted to perform work or to provide goods or services at a certain price or for a specific time period |
| **DESIGNATED SECTORS** | Designated sector means a sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content. |
| **DEMAND MANAGEMENT** | The key activities to enable effective demand management include inter alia the following:  
  - Identification of preferential policy objectives;  
  - Determination of sourcing strategies;  
  - Compilation of bid documentation, including conditions; |
<table>
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<th>Definition</th>
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<tr>
<td>EMERGENCY PROCUREMENT</td>
<td>An emergency is an occurrence of a serious and unexpected nature that demands immediate action and poses an immediate risk to health, life, property or environment which demands immediate action to mitigate the effect of the occurrence.</td>
</tr>
<tr>
<td>END-USER</td>
<td>The end-user is the business unit requiring the product.</td>
</tr>
<tr>
<td>EXPRESSION OF INTEREST</td>
<td>A call for bids, call for tenders, or invitation to tender is a special procedure for generating competing offers from different bidders looking to obtain an award of business activity in works, supply, or service. They are usually preceded by a pre-qualification questionnaire/product.</td>
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<td>FRUITLESS AND WASTEFUL EXPENDITURE</td>
<td>Expenditure which was made in vain and would have been avoided had reasonable care been exercised.</td>
</tr>
<tr>
<td>GIFT</td>
<td>It is something given e.g. a present.</td>
</tr>
<tr>
<td>HIS</td>
<td>Refers to and including both genders.</td>
</tr>
<tr>
<td>IRREGULAR EXPENDITURE</td>
<td>Expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislations and/or approved company policy.</td>
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<tr>
<td>JOINT VENTURE / CONSORTIUM</td>
<td>An association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.</td>
</tr>
<tr>
<td>MATERIALITY FRAMEWORK</td>
<td>Is a framework of acceptable levels of materiality. Information is defined as material if its omission or misstatement could influence the economic decisions of users based on the financial statements. Thus materiality provides a threshold or cut off point.</td>
</tr>
<tr>
<td>ORIGINAL EQUIPMENT MANUFACTURERS (OEM)</td>
<td>An original equipment manufacturer where the duly delegated authority in SAPO can approve the sole use of specific OEM’s for a specified time period.</td>
</tr>
<tr>
<td>PFMA</td>
<td>PFMA means the Public Finance Management Act, 1999 (Act No 1 of 1999) as amended, as well as the National Treasury Regulations.</td>
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<tr>
<td>PROCUREMENT MANAGEMENT</td>
<td>Procurement management is the process of procurement of goods, works and services.</td>
</tr>
<tr>
<td>PROCUREMENT PRACTITIONER</td>
<td>Duly appointed person in the Supply Chain unit responsible for procurement related transactions and processes.</td>
</tr>
<tr>
<td>PUBLIC PRIVATE PARTNERSHIP</td>
<td>A Public Private Partnership (PPP) means a commercial transaction between an institution (public entity) and a private party as defined in Treasury Regulation 16.</td>
</tr>
<tr>
<td>PREFERRED BIDDER</td>
<td>Is the bidder recommended to be awarded the order / contract as a result of scoring the highest preferential points.</td>
</tr>
<tr>
<td>RESERVE BIDDER</td>
<td>Is the bidder that scores the second highest preferential points.</td>
</tr>
<tr>
<td>RESPONSIBILITY</td>
<td>The obligation imposed on an individual to properly exercise the authority vested in him/her.</td>
</tr>
<tr>
<td>RFQ</td>
<td>A request for quotation is the sourcing of written price quotations up to a value of R1 000,000 (vat incl) from suppliers on the National Treasury centralised supplier database or those suppliers who meet the criteria for registration on the centralised supplier database.</td>
</tr>
</tbody>
</table>
3 STATEMENT OF INTENT

The Policy sets out the governing framework of the key operational areas within acquisition management. In addition, SAPO intends on:

3.1.1 Finding reliable and cost effective suppliers;
3.1.2 Promoting use of local content;
3.1.3 Ensuring that the procurement process is fair, equitable and comprehensive but
logical, transparent, competitive and cost effective;
3.1.4 Encouraging Enterprise and Supplier Development as per the ESD strategy;
3.1.5 Making improvements to the SAPO B-BBEE scorecard; and
3.1.6 Promoting the consistent application of procurement best practices.

3.2 Overall Objective

To ensure the efficient, effective and uniform procurement of all services and goods, SAPO shall ensure good procurement governance through rigorous procurement processes and effective management thereof:
3.2.1 To create a common understanding and interpretation of preferential procurement;
3.2.2 To promote the consistent application of procurement best practices; and
3.2.3 To ensure that SAPO’s strategic objectives are achieved.

4 LEGISLATIVE / REGULATORY ENVIRONMENT

SAPO and its subsidiaries are committed to applying the relevant and applicable legislation to Supply Chain Management in compliance with National Treasury guidelines and other legislative and regulatory requirements.


4.2 The Public Finance Management Act, 1999
SAPO and its subsidiaries shall comply with the Public Finance Management Act, (Act 1 of 1999).

4.3 Treasury Regulations issued in terms of the PFMA
SAPO and its subsidiaries shall comply with the Treasury Regulations relative to Supply Chain Management.

4.4 The National Small Enterprise Act, 1996

4.5 The Prevention and Combating of Corrupt Activities Act

4.6 The Preferential Procurement Policy Framework Act and its regulations.
SAPO and its subsidiaries shall comply with the Preferential Procurement Policy Framework Act, 2000 and its regulations.

4.7 Other Relevant Legislation and codes of practice
Cognisance shall be taken of the following pieces of legislation that will have an impact on the Supply Chain Management:
4.7.1 Promotion of Access to Information Act, 2000 (PAIA) (Act No. 2 of 2000);
4.7.2 Promotion of Administrative Justice Act, 2000 (PAJA) (Act No 3 of 2000);
4.7.3 The Competition Act, 1998 (Act No. 89 of 1998);
4.7.4 Protected Disclosures Act, 2000 (Act No. 26 of 2000);
4.7.5 Companies Act, 2008 (Act No. 71 of 2008);
4.7.6 Consumer Protection Act, 2008 (Act No. 68 of 2008);
4.7.7 Construction Industry Development Act, 2000 (Act 38 of 2000)
4.7.8 State Information Technology Agency Act, 2002 (Act No. 38 of 2002);
4.7.9 King III Report;
4.7.11 Intergovernmental Relations Framework Act 2005 (Act no 13 of 2005)

5 PROCUREMENT PRINCIPLES

The South African Post Office Group shall subscribe to the following procurement principles:

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<tr>
<th>TRANSPARENCY</th>
<th>South African Post Office shall have a procurement system that is open and fair.</th>
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<td>EFFECTIVENESS</td>
<td>South African Post Office Group shall strive for a procurement system of excellence that delivers on the principle of doing it right the first time.</td>
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<td>EFFICIENCY</td>
<td>South African Post Office Group shall strive to standardise and simplify procedures where appropriate to optimise the process.</td>
</tr>
<tr>
<td>COMPETITION</td>
<td>South African Post Office Group shall satisfy its procurement requirements through open competition unless there are justifiable reasons to the contrary.</td>
</tr>
<tr>
<td>FAIRNESS</td>
<td>All bidders and suppliers shall be dealt with fairly and without unfair discrimination.</td>
</tr>
<tr>
<td>ETHICS</td>
<td>All its employees and suppliers will subscribe to the highest ethical standards as per the requirements of National Treasury.</td>
</tr>
<tr>
<td>ACCOUNTABILITY</td>
<td>Management within business and support units shall be accountable for the decisions and actions relative to the procurement responsibilities and the procurement processes as well as the management of contracts.</td>
</tr>
<tr>
<td>VALUE FOR MONEY</td>
<td>South African Post Office Group is committed to the achievement of value for money in terms of costs, price, quality, quantity or risk transfer or a combination thereof.</td>
</tr>
<tr>
<td>TRANSFORMATION</td>
<td>Transformation of the economy is fundamental and SAPO commits to developing EME’s and ensuring that they grow and become sustainable.</td>
</tr>
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</table>
6 EXCLUSIONS

The following are excluded from the procurement process:

6.1.1 Professional memberships;
6.1.2 Water and electricity;
6.1.3 Rates and taxes and other levies raised by local authorities or provincial administrations;
6.1.4 Goods/services provided by the Divisions/BU’s/Subsidiaries within the SAPO;
6.1.5 Sponsorships, donations, donor funding (procurement process is specified by the donor) and bursaries;
6.1.6 Participation in contracts concluded by other organs of state and SoE’s;
6.1.7 Goods and services procured from other government departments and SoE’s;
6.1.8 Revenue generating transactions that don’t have a procurement aspect to them in that there is no incurring of expenditure from SAPO in the conclusion of this revenue generating transaction.
6.1.9 Third party procurement that generates revenue.

6.2 Other Exclusions – ring fenced procurement transactions

6.2.1 Risk / Insurance orders
These orders do not come through the normal procurement process as these are insurance related transactions. The funds utilised for these transactions are not SAPO’s and come from the Insurance Company. (Cell captive)

6.2.2 Minor Repair Authority / Fleet orders
These orders do not come through the normal procurement process as they relate to the Motor Vehicle Lease contract, where the contracted entity that SAPO leases vehicles from stipulates which service providers should be used to maintain and repair their vehicles. These vehicles do not belong to SAPO which is why the leasing company dictates which suppliers should be used.

6.3 Other Exclusions – general

6.3.1 Services / goods / work in respect of which prices are set by SAPO. e.g Mail contractors; delivery agents; retail post office agents etc.

7 AUTHORITY TO EXECUTE

All procurement activities will be executed in accordance with the Delegation of Authority and the Materiality Framework, to ensure control, responsibility and accountability.

7.1 General rules on delegation of authority

Any procurement activity to be executed must be done in accordance with the Accounting Authority’s pre-established delegated powers. These delegations must be according to
rank/position (indicating a person and/or a rank), in writing and contained in the Accounting Authority’s Delegation of Authority and Materiality Framework:

7.1.1 The delegation shall be subject to such limitations and conditions as the Accounting Authority may impose in a specific case.

7.2 Procurement management system

The Group Chief Executive Officer or Accounting Authority must develop, document, maintain and implement an effective and efficient supply chain management system.

SAPO’s procurement management system ensures that the sourcing and adjudication process for goods and services is open, fair, competitive, cost effective and transparent. The system ensures that objectivity, value for money and procurement principles like Total Cost of Ownership are adopted in all phases of the procurement process.

In certain circumstances where it is warranted, the tender process can be initiated even though there isn’t an approved business case, where the outcome of the tender process will be used to determine the financial/budget figures to be used in the business case.

In all instances where this happens, the tabling of the final submission to the bid evaluation committee and the bid adjudication committee will not happen until the business case process has been completed.

For all RFP submissions, the recommended bidder’s price/s will be benchmarked against a competitive industry benchmark price to confirm the market relatedness or otherwise of the price/s received through the tender process.

Where this exercise shows that the pricing received through the tender process is not market related, the Chief Executive can take a decision to cancel the tender and restart the tender process.

7.3 Preferential procurement system

7.3.1 Preferential points system

The following preference points are applicable on all procurement above R30k (Vat inclusive) and above:

− The 80/20 system for requirements with a Rand value not exceeding R1m (Vat inclusive);
− The 90/10 system for requirements with a Rand value exceeding R1m (Vat inclusive); and
− Preference points on bids shall be awarded for price and B-BBEE contributor level;
− An acceptable bid is the highest scoring bidder who meets all bid conditions and functionality requirements.

7.3.2 Pre-qualification criteria for preferential procurement

7.3.2.1 If SAPO chooses to apply pre-qualifying criteria in the evaluation of a tender, the criteria stated in the tender may include, but is not limited to:
(a) the tenderer having the stipulated minimum B-BBEE status level of contribution
(b) the tenderer to sub-contract at a minimum of 30% of the value of the contract to one or more of the following:
   i) EME’s or QSE’s owned by black people who are female
   ii) EME’s or QSE’s owned by black people from the ages of 14 to 35
   iii) EME’s or QSE’s owned by black people
   iv) EME’s or QSE’s owned by black people with disabilities

7.3.2.2 A tender that fails to obtain any pre-qualifying criteria stipulated in the tender documents is not an acceptable tender

7.3.2.3 If the tenderer is part of a joint venture, consortium or sub-contracting arrangement, such tenderer may not submit a separate tender for the same invitation to tender for which they are bidding as part of the joint venture, consortium or sub-contracting arrangement

7.4 Measures to prevent abuse of the supply chain system

The Group Chief Executive Officer or Accounting Authority or delegated authority will –

(a) take all reasonable steps to prevent abuse of the supply chain management system;
(b) take all reasonable steps to ensure that no person interferes with the supply chain management system or is able to amend or tamper with any bid or contract;
(c) investigate any allegation against an employee or other third party of corruption, improper conduct or failure to comply with the supply chain management system, and when justified –
   i. take steps against that employee or other third party and inform the relevant treasury of those steps; and
   ii. report to the South African Police Service any conduct that may constitute a criminal offence;
(d) reject a recommendation for the award of a bid if the recommended bidder has made a misrepresentation or submitted false documents in competing for a particular contract;
(e) reject a recommendation for the award of a bid if the recommended bidder has been convicted of a corrupt or fraudulent act in competing for any contract; or
(f) cancel a contract awarded to a supplier for goods or services –
   i. if it has come to light that the supplier has made a misrepresentation, submitted falsified documents or has been convicted of any corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or
   ii. if any employee or other role player was convicted of any corrupt or fraudulent act during the bidding process or during the execution of that contract.

The Group Chief Executive Officer or Accounting Authority or delegated authority –

(a) may on justifiable grounds and after following due process, disregard the bid of any bidder, or instruct that the bid of any bidder be disregarded, if that bidder, or any of its directors, members, trustees or partners -
   (i) has abused the supply chain management system;
   (ii) has been convicted of a corrupt or fraudulent act; or
(iii) has been involved in any other improper conduct in relation to that system; and

(b) must ensure that all reasonable steps are taken to deter any form of collusive bidding when bids are considered.

The Group Chief Executive Officer or Accounting Authority or delegated authority must establish a mechanism –

(a) to receive and consider complaints regarding any alleged non-compliance with the supply chain processes
(b) for remedial actions to be taken if non-compliance with the supply chain processes is established, including initiating criminal proceedings in the case of corruption, fraud or other criminal offences.

To this end, SAPO has an independently managed “Hotline” to which complaints can be channelled.

8 BID COMMITTEES

8.1 Establishment of supply chain management bid committees

The Group Chief Executive Officer or Accounting Authority must, within the supply chain management system of the institution, establish a committee system consisting of at least a –

(a) bid specification committee;
(b) bid evaluation committee; and
(c) bid adjudication committee.

The committee system established must be applied for all competitive bids (RFP’s) and limited source bids.

The Group Chief Executive Officer or Accounting Authority must ensure the segregation of duties in the composition of the bid committees.

8.2 Appointment of bid committee members

The Group Chief Executive Officer or Accounting Authority must, in writing, appoint the members of the institution’s bid committees and specify the duties of each member.

The following persons may not be appointed to a bid committee:

(a) a political office bearer;
(b) a public office bearer;
(c) a person appointed in terms of section 12A to the Public Service Act; or
(d) any person having a conflict of interest.
8.3 Technical advisers and subject experts

The Group Chief Executive Officer or the Accounting Authority may, in writing, appoint technical advisors and subject experts to assist a bid committee with any technical aspect related to a bid. Technical advisers and subject experts referred to above do not have voting rights in any bid committee.

8.4 Procedures of bid committees

A bid committee may determine its own procedures for meetings of the committee, subject to any directions as may be determined by the Group Chief Executive Officer or Accounting Authority.

- The proceedings of bid committees must be recorded electronically and/or in writing.
- Recordings or signed minutes must be kept in a secured environment for a period of at least five years after the fulfilment, lapse or cancellation of the contract to which the recordings or minutes relate, unless otherwise determined in terms of the National Archives and Record Service of South Africa Act, 1996 (Act No. 43 of 1996).

8.5 Composition of bid specification committees

A bid specification committee must consist of at least three members of which -

(a) the chairperson must be an employee of SAPO with requisite skills; and
(b) other members must at least include a supply chain management practitioner and the end user of SAPO.

No member of, or technical adviser, or subject expert assisting a bid specification committee, or any family member or an associate of the member, adviser or expert may submit a bid for goods or services being procured.

8.6 Functions and proceedings of bid specification committees

A bid specification committee must, for goods or services to be procured by the entity, recommend to the Group Chief Executive Officer, Accounting Authority or delegated authority, whichever applicable –

(a) the specifications;
(b) the terms of reference;
(c) the evaluation criteria; and
(d) the special conditions of contract, if applicable.

Bid specifications -
(a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
(b) must take into account any generally accepted industry standards in relation to the goods or services to be procured;
(c) must be described in terms of performance required rather than in terms of descriptive characteristics for design;
(d) may not create trade barriers in the form of specifications, plans, drawings, design, testing and test methods, packaging and marking or labelling of conformity certification; and
(e) may not make any particular reference to trade mark, name, patent, type, specific origin or producer unless there is no other precise way of describing the characteristics of the work, in which case such reference must be accompanied by the words 'equivalent to'.

8.7 Composition of bid evaluation committees

A bid evaluation committee must –

(a) consist of at least three members of which –
   (i) the chairperson must be an employee of SAPO with requisite skills;
   (ii) other members must include a supply chain management practitioner and an end user of the institution.

(b) be composed in such a way that it is cross-functional of the activities of the institution.

8.8 Functions and proceedings of bid evaluation committees

A bid evaluation committee must evaluate bids in accordance with the specification, any criteria in the bid documentation and the information below, including the preference points system.

When evaluating a bid, the bid evaluation committee must verify –
(a) the capacity or ability of the bidder to deliver the goods or services being procured;
(b) the tax compliance status of the bidder;
(c) the declaration of interests of the bidder;
(d) that the bidder is registered on government’s Central Supplier Database; and
(e) that the bidder is not listed in the National Treasury’s register for tender defaulters or the list of restricted suppliers.

The bid evaluation committee must submit to the bid adjudication committee, a report and recommendation on the awarding of the bid or on any other related matter.

No bid submitted by a member of, or a technical adviser or subject expert assisting any bid committee of SAPO, or by a family member or an associate of the member, adviser or expert, may be considered by the bid evaluation committee.

8.9 Composition of bid adjudication committees

A bid adjudication committee must –
(a) consist of at least three members of which –
(i) the chairperson must be an employee of the institution with requisite skills;
(ii) other members must at least include a supply chain management practitioner of the institution; and

(b) be composed in such a way that it is cross-functional of the activities of the institution.

8.10 Functions and proceedings of bid adjudication committees

A bid adjudication committee must –

(a) consider the report and recommendations of the bid evaluation committee;
(b) make a recommendation on the award to the Group Chief Executive Officer, Accounting Authority or delegated authority, whichever applicable, together with reasons for the recommendation; and
(c) consider the cancellation, amendment, extension or transfer of any contract resulting from an award by the institution.

The bid adjudication committee may refer any recommendation made by the bid evaluation committee back to that committee for reconsideration.

8.11 Decisions of Group Chief Executive Officer or accounting authority on recommendations of bid adjudication committee

If the bid adjudication committee makes a recommendation on the award of a bid, the Group Chief Executive Officer, Accounting Authority or delegated authority may –

(a) award the bid, taking into account the recommendations of the bid evaluation and bid adjudication committees; or
(b) decide not to proceed or to start afresh with the process.

8.12 Disagreements between bid evaluation and bid adjudication committees

If the bid adjudication committee disagrees with the recommendation of the bid evaluation committee and decides to recommend to the Group Chief Executive Officer, Accounting Authority or delegated authority, a bid other than the one recommended by the bid evaluation committee, its recommendation must include the reasons for the decision. The Group Chief Executive Officer, Accounting Authority or delegated authority can either accept or reject the decision. If rejected, the submission must be sent back to the bid adjudication committee for a re-consideration. If accepted, then this decision has to be reported to National Treasury within 30 days.

9 DEMAND PLANNING AND MANAGEMENT

9.1 Purpose
The purpose of demand planning and management is to ensure that (a) goods and services required to support the strategic and operational commitments of SAPO are delivered at the right price, at an appropriate time and to the correct location; and (b) the quality and quantity of the goods and services satisfy the needs of SAPO.

9.2 Demand Management

The function of demand management is the responsibility of the GE: SCM together with GE’s of business and support units. The key activities to enable effective demand/procurement planning are as follows:

9.2.1 Requirements as per the corporate plan;
9.2.2 Requirements are linked to the appropriate budget (capital and / or operational);
9.2.3 Requirements are linked to the appropriate growth and transformation objectives;
9.2.4 Identifying critical delivery dates; and
9.2.5 The frequency of need or requirement is specified.

9.3 Annual Procurement Plan

9.3.1 SAPO’s corporate strategy sets out SAPO’s strategic priorities and plans going forward. The approved corporate plan is then aligned to the organisation’s budget.
9.3.2 The annual procurement plan emanates from the SAPO corporate plan. The procurement plan will detail the annual requirements for goods and / or services.
9.3.3 The annual procurement plan shall be submitted to the Group Chief Executive Officer for approval and the Accounting Authority for noting.
9.3.4 All SAPO requirements budgeted for, but not on the corporate plan, shall form part of the Procurement plan.

9.4 Strategic Sourcing

The procurement function needs to manage the demand for goods and services by:

9.4.1 Analysing demand levers and sourcing data that will enable a more accurate view/prediction of demand;
9.4.2 Validate and prioritise demand;
9.4.3 Developing and implementing sourcing strategies for the products /services;
9.4.4 Commodity and Industry analysis,
9.4.5 Identifying alternative products in the market; and
9.4.6 All lifecycle cost elements are identified and quantified including support and maintenance costs (i.e. a TCO understanding).

10 ACQUISITION MANAGEMENT

10.1 Procurement Methods

SAPO will use various sourcing strategies to procure goods and services. The procurement methods will include but not limited to the following:
10.1.1 Petty cash purchases

(i) Goods or services may be procured by means of petty cash up to a value of R2000 without inviting bids only if this is in accordance with SAPO’s standard operating procedures that deal with Petty Cash transactions.

10.1.2 Request for quotations (RFQ’s)

All RFQ’s shall be sourced by way of obtaining written price quotations from suppliers that are registered on the National Treasury central supplier database or possible suppliers who meet the criteria for registration on the National Treasury central supplier database.

If it is not possible to obtain at least three written price quotations, the procurement practitioner must show proof of the impossibility which must be recorded for audit purposes.

R1-R1000 (Vat included)
- Business/ Support Units must obtain one (1) quotation which must be loaded onto SAP and generate the requisition that has to be duly authorised, for SCM to then do the final release and generate the purchase order

The following should not be purchased under this threshold:-

- Purchase items that are available from existing contracts or stock;
- Travel;
- Entertainment;
- Payment of memberships.

R1001-R30k (Vat included)
- SCM will receive a duly authorised requisition and then SCM must obtain one (1) quotation which must be attached to SAP and generate the purchase order

The following should not be purchased under this threshold:-

- Purchase items that are available from existing contracts or stock;
- Travel

Above R30k-R1 000 000 (Vat included)
- SCM will receive a duly authorised requisition and then SCM must obtain a minimum of three (3) quotations which must be attached on SAP and generate the purchase order.
- Where less than three quotations are obtained, GE: SCM approval must be obtained. This may include showing proof that three or more suppliers were approached.

10.1.3 Request for proposal (RFP)
Above R1 000 000 (Vat included)
- SAPO must invite competitive bids through the RFP process for all procurement above R1 000 000 (Vat inclusive).
- The bids referred to above must be advertised in the National Treasury’s e-Tender portal or in another medium and for a period of 21 days, except in urgent cases when bids may be advertised for such shorter period as the GE:SCM may approve, provided that such shorter period must be at least 14 days.
- If considered necessary, GE:SCM may, in addition to the medium referred to above, also authorise the advertising of bids in other appropriate media to ensure greater exposure to potential bidders.

10.1.4 Breaking up a case/ splitting a case/ parcelling to ensure that the value is under a certain threshold, to get around tabling the transaction at the appropriate Adjudication Committee in terms of the DoA, is deemed non-compliant to this policy.

10.1.5 Deviations from normal bidding process (Limited Bidding)

SAPO must only deviate from inviting competitive bids in cases of emergency and sole supplier status.
- An emergency procurement may occur when there is a serious and unexpected situation that poses an immediate risk to health, life, property or environment which calls an agency to action and there is insufficient time to invite competitive bids.
- Sole source procurement may occur when there is evidence that only one supplier possesses the unique and singularly available capacity to meet the requirements of the institution.
- Apart from the two scenarios above, SAPO must invite as many suppliers as possible and select the preferred supplier using the competitive bid committee system.
- Any other deviation will be allowed in exceptional cases subject to the prior written approval from the relevant treasury.

10.2 Unsolicited bids

SAPO is not obliged to consider unsolicited bids or proposals. If any employee in SAPO decides to consider an unsolicited quotation/bid, he or she may do so only:
- the bid presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for the institution;
- the goods or service that is offered in terms of the bid is a demonstrably or proven unique innovative concept;
- product or service presents a new and cost effective way of service delivery;
- proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the bidder;
- the bid is in writing and clearly sets
the person who made the bid is the sole provider of the goods or service out the proposed cost;
- the CEO is satisfied that adequate reasons exist for not going through normal bidding processes.
- SCM shall carry out a desktop Request for Qualification (RFQL), to test if the product is unique and there are no such products or alternatives in the market.

SAPO shall reject unsolicited bids under the following circumstances:
- relates to known requirements that can be acquired by competitive bidding methods;
- relates to product and services that are generally available;
- does not comply substantially with the criteria for consideration of unsolicited bids;
- has not been submitted by a duly authorised representative of the proponent;
- contravenes provisions of any law;
- proponent is not tax compliant.

The recording of unsolicited bids:
- Unsolicited bids will be registered/recorded at a central place within Commercial Division.
- The unsolicited bid will be sent through to business for interrogation and business will provide reasons for acceptance or rejection, in writing, within a specified period.
- The acceptance/rejection of the unsolicited bid must be recorded and forwarded to the executive committee sitting, for noting.
- Furthermore SAPO can create an innovation committee, where all unsolicited bids must be tabled at this committee with reasons for acceptance/rejection provided after consideration of all submissions.

10.3 Emergency procurement

Definition:
a) The following circumstances would normally be regarded as sufficient grounds for invoking the emergency procedure i.e. a situation has arisen where there is an imminent risk of:
- human injury or death;
- human suffering;
- serious business disruption that could not have been reasonably foreseen;
- interruption of essential services;
- serious damage to property or financial loss;
- serious environmental damage or degradation.

b) The concept of an “emergency” must be applied restrictively and should not be used as an excuse for bad planning. As such, in order to qualify for the emergency procedure:
- the circumstances giving rise to the emergency must not have been foreseeable;
engaging in bidding procedures or any other methods of procurement would be impractical; and
the occurrence requires immediate action.

An emergency should not be attributable to a lack of proper planning. In such instances appropriate action must be taken against the individual(s) responsible for the bad planning.

Process to institute the emergency process:

a) The end-user requests authority from the person with the necessary delegation of authority to institute the emergency procurement procedure. If possible, the end user must notify procurement of the emergency requirement telephonically followed by email.

(b) The duly authorised Manager to invoke the emergency process will consider the request and decide on whether to grant such authority. He/she will notify the requestor in the form of an email, SMS or even verbally. If by SMS or verbally, this must be confirmed in writing or by e-mail afterwards.

c) Procurement will invite a Bid(s) from a supplier(s) best able to deal with the emergency immediately. Alternatively, if the emergency occurs after office hours or it is not possible to contact procurement, the end user, after having received the required approval as per sub-paragraph (a) above, may invite the Bid/s directly from suppliers and/or issue instructions to commence the work.

d) Retrospective authority must be obtained as soon as possible thereafter. This involves submitting all quotes and supporting motivation for approval to the duly delegated authority / person based on the value of the transaction and the applicable Delegation of Authority.

10.4 Procurement of goods or services under contracts concluded by other organs of state

SAPO may procure goods or services from a contract concluded by another organ of state but only if –

(a) the contract has been properly concluded by that organ of state through a procurement process that was fair, equitable, transparent, competitive and cost effective;
(b) the organ of state that concluded the contract and the relevant supplier have both, in writing, consented to the procurement;
(c) the participating institution procures the required goods or services under the same terms and conditions as provided for in the original contract;
(d) the value or price of the participating institution’s required goods or services do not exceed the value or price of the original contract by a threshold as prescribed by National Treasury instruction; and
(e) the participating institution concludes a separate service level agreement with the supplier that stipulates the duration of the agreement stating the start and end date, which may not be later than the end date of the original contract.
10.5 Transversal contracts

(a) SAPO may, with the approval of National Treasury, participate in a transversal term contract arranged by National Treasury.

(b) After goods or services have been procured through a transversal term contract, the responsible GE must ensure that, where appropriate, a service level agreement is entered into between the supplier and the institution before any goods or services are ordered in terms of the contract.

(c) The provisions of the service level agreement must be consistent with the terms and conditions of the relevant transversal term contract.

10.6 Contract variations

The SAPO CEO may, in terms of the National Treasury SCM Instruction Note 3 of 2016/17, approve that contracts are not varied by more than 20% or R20m ((incl VAT) whichever is the higher) for construction related goods, works and services and 15% or R15m ((incl VAT) whichever is the higher) for all other goods and services, of the original contract value.

Any deviation in excess of the prescribed thresholds will only be allowed in exceptional circumstances subject to prior written approval by National Treasury.

10.7 Inventory management

SAPO must have an inventory management system that is the responsibility of SCM that must at least cover -

(a) the measurement of inventory for reporting in the annual financial statements and in associated disclosures;
(b) a coding system for the recording of inventory items;
(c) manual or computerised systems for demand forecasting and material requirement planning;
(d) approaches for inventory control;
(e) stock levels for the different categories of inventory items;
(f) quality and re-order point models to be used for categories of inventory items;
(g) stocktake requirements;
(h) mechanisms to prevent theft, losses, wastage and misuse for each category of items;
(i) warehouse and stockroom organisation; and
(j) systems, whether manual or computerised, for the recording of inventory transactions.

Standard operating procedures on inventory management must at least cover -

(a) demand forecasting and resource planning for stock items;
(b) calculation of stock levels, safety stock, reorder quantities and reorder points;
(c) stocktaking;
(d) restricted access areas;
(e) disposal of damaged, spoiled, obsolete or slow moving items;
(f) losses and misuse of inventory items;
(g) safe operation of storage facilities, plant and equipment;
(h) recording of orders, receipts, issues and returns;
(i) production of inventory management reports; and
(j) reconciliation of inventory records with financial accounts.

10.8 Disposal

SAPO must ensure that it has and maintains an effective and efficient disposal management system that is the responsibility of SCM, that is fair, equitable, transparent, competitive and cost effective.

Before the disposal of any movable asset, SAPO must determine the appropriate methods and options for disposal after at least taking the following into account:

(a) the nature and quantity or volume of the movable asset to be disposed of;
(b) the potential market value or trade-in price of the movable asset;
(c) the value of the component parts of the movable asset;
(d) whether the movable asset can be used to support any other Government programme;
(e) environmental considerations relating to the type of movable asset; and
(f) market conditions.

The disposal or transfer of movable assets is subject to any legislation regulating the disposal or transfer of assets of its kind.

Disposal methods and options

SAPO’s disposal management system must provide for different disposal methods or options, as may be appropriate, for various categories of movable assets, which may include –

(a) sales by auction;
(b) sales by written price quotations;
(c) transfers to other organs of state; and
(d) controlled dumping.

The preference points system is not applicable to the disposal of movable assets.

10.9 Contract management

SAPO must ensure that it has and maintains an effective and efficient contract management system.

The contract management system must be aimed at ensuring that –
(a) all contracts for the procurement of goods and services are recorded in a contract
register;
(b) contracts are monitored and regularly reported on;
(c) service level agreements are evaluated for compliance with the applicable
transversal term contracts, where applicable;
(d) timelines in relation to the expiry of period contracts are monitored;
(e) applications for price adjustments, cancellations, amendments, expansions,
variations, extensions or transfer of contracts are considered;
(f) service complaints against or failures by contractors to meet their contractual
obligations are recorded;
(g) performance in accordance with contracts is enforced; and
(h) appropriate measures are taken in the case of non-performance or
underperformance.

Business Unit heads / end users must assume greater responsibility for managing
contracts in their respective Business Units and to this end, they need to ensure that they
engage SCM and initiate the procurement process in time, to ensure that the existing
contract does not come to an end before the new contract is in place.

The Business Unit heads are also responsible for ensuring that where contract extensions
are required, they table the request for approval for the contract extension timeously,
before
the expiry date of the current contract.

These contract extension requests should be effected by way of a Memo for the approval
of the Group Chief executive Officer for transactions within his delegation of Authority and
a Memo for the approval of the Board, when the transaction value is above the GCEO’s
authority

10.10 Enterprise and Supplier Development

SAPO shall put in place an Enterprise and Supplier Development strategy and
implementation plan.

10.11 B-BBEE

10.11.1 SAPO shall apply the provisions of the Broad Based Black Economic
Empowerment Act and its codes of good practice in the procurement of goods and
services. In addition, SAPO shall deal with suppliers in accordance with its B-BBEE
strategy.

10.12 Local Content

When issuing bids involving “designated sectors” SAPO will advertise such bids with a
specific bid conditions that only locally produced goods, services or works which meet a
stipulated minimum threshold for Local Production and Content will be considered.
10.13 Acquisitions associated with income generating contracts

In an event that SAPO seeks to enter into an income generating agreement, regardless of the monetary value of such a contract, the contract must be approved by the SAPO CEO. The office of the GE:Commercial must keep a register of all these contracts.

10.14 Building, Engineering or Construction works

SCM shall use construction suppliers per discipline from the National Treasury central supplier database. SCM shall through an open bid process, accept proposals received upon closing time and date as specified into bidding documents and these proposals may not necessarily be from suppliers on the CIDB database. However, the suppliers must be CIDB registered.

10.15 Acquisition, disposal and letting of Properties

All cases for the acquisition of buildings will follow the normal procurement process.

In cases where a specific building is required, the deviation from normal procurement process must be sought, supported by the customer analysis, trends and other pertinent information related to the location.

Disposal of property shall follow the normal bidding process. The bid will be awarded to the highest priced proposal above the market related price and that meets the disposal conditions in terms of industry regulations.

Regulation 5 and 6 (that cover the 80/20 and 90/10 formula for preference points) does not apply to this clause.

The following formula must be used to calculate the points for price in respect of letting of property with a Rand value of up to R100 million:

\[ Ps = 80 \left( 1 - \frac{Pt - P_{\text{min}}}{P_{\text{min}}} \right) \]

Where:
- \( Ps \) = points scored for comparative price of tender of offer under consideration
- \( Pt \) = comparative price of tender or offer under consideration
- \( P_{\text{min}} \) = comparative price of highest acceptable tender or offer

The following formula must be used to calculate the points for price in respect of letting of property with a Rand value of above R100 million:

\[ Ps = 90 \left( 1 - \frac{Pt - P_{\text{min}}}{P_{\text{min}}} \right) \]
Where:
Ps = points scored for comparative price of tender of offer under consideration
Pt = comparative price of tender or offer under consideration
Pmin = comparative price of highest acceptable tender or offer

If SAPO seeks to empower a designated group, the rate per square meter for the lease of immovable property must be fixed at such percentage of the market value, as the National Treasury determines.

10.15.1 Request for Quotations (RFQ’s) / Proposals (RFP’s) on Properties / Leasing

− A minimum of three (3) quotations must be obtained for transactions below R1 000,000 excl VAT
− Where it is not possible to obtain at least three (3) quotations, the reasons should be recorded and approved in terms of the Procurement Delegation of Authority (DoA)
− The RFP process should be followed for transactions above R1 000,000 excl VAT.

10.16 Expression of Interest

SAPO will go out on the Expression of Interest to obtain specific products/services that are innovative, require re-design and/or benefit the SAPO.

Only bidders that respond to the Expression of Interest will form part of the RFP process. In the first phase the bidder will be assessed on the product or service through a questionnaire or through the requirements set out in the Expression of Interest.

In other words prospective bidders assessed in terms of Expression of interest will go to the next phase of the bid. It is in this phase that the prospective bidders will be evaluated on price and B-BBEE. A bidder in this phase may also be evaluated on detailed functionality (if required)

10.17 Accommodation and Conferences

SAPO requires that accommodation and/or facilities for conferences, seminars, workshops, “lekgotla’s” etc. should, whenever possible, be obtained by means of written price quotations or competitive bidding. Should it not be possible or practical to follow the normal competitive bidding process, as deemed by the responsible GM: Procurement, the accommodation and/or conference facilities should be obtained by means of written quotations, irrespective of value.

10.18 Intellectual property
All intellectual property developed, as part of any contractual agreements, purchase orders, and/or any other agreements entered into shall become the propriety ownership of the SAPO.

Upon termination of any of the agreements and/or close of the purchase order, all such records or documents, including copies thereof shall be left with SAPO or, in so far as there are in possession with the service provider, the same shall be handed over to the SAPO or shall be destroyed at the written request of SAPO.

11 APPOINTMENT OF CONSULTANTS

- Appointment of consultants shall be through a competitive bidding process.
- Any supplier/firm that has been appointed to draft specifications will not be allowed to bid for the service/product that the specification was drafted for.
- A consultant/consulting firm may form part of the Evaluation Committee but not allowed to be part of the bid decision making process.

12 UNINCORPORATED JOINT VENTURE

- Proposal that has been submitted by an unincorporated joint venture must be evaluated as an individual entity within the unincorporated joint venture.
- The B-BEEE score however will be based on the entity’s consolidated B-BEEE scorecard.
- SAPO should ensure that the contract which it concludes is with all the members of that joint venture, who should bind themselves jointly and severally. It is also important to ensure that the persons who sign the agreement on behalf of the joint venture are duly authorised to do so.

13 INCORPORATED JOINT VENTURE

- Proposals that are submitted by an incorporated joint venture are registered as a single entity. And therefore is evaluated as a single entity.
- However, each individual entity in the joint venture must submit the valid tax clearance certificate.
- The B-BEEE score however will be based on the entity’s consolidated B-BEEE scorecard.

14 BID ADMINISTRATION

- The Supply Chain Management organisation has overall responsibility for all functions pertaining to bid administration.
- Before a bid is advertised, the Specification Committee must consider and approve the terms of reference/specification and evaluation criteria.
- The GM: Procurement will sign off the evaluation criteria after tabling and approval at the Bid Specification committee.
14.1 Language of quotation/bids documents

Bidding documents should be worded such that they permit and encourage competition and shall be compiled in English.

14.2 Bid advertising

- Bid responses for the procurement of goods and or services issued through a RFP are to be solicited by advertising on the National Treasury e-Tender portal.
- Bids will be advertised for a period of up to 21 days except in urgent cases.
- The GE: SCM shall approve the shortened advertising period.

14.3 Bid closing date

- Bids must close at a specified venue, date and closing time.
- Closing time means the latest date and hours specified in the bid document.
- The GE: SCM shall approve extension of closing date of bids.

14.4 Bid evaluation

- Bids shall be evaluated in line with approved evaluation criteria.

14.5 Bid validity

- Bidders must be required to submit bids valid for a period specified in the bidding documents.
- The validity period should be sufficient to enable the SAPO reasonable time to complete the evaluation, adjudication and contracting.
- Bid validity must be extended prior to expiry of the bid validity period. All bidders that responded to the bid invitation must be approached to extend the validity. The bidder that submits in writing, his / her refusal to extend the bid will be automatically eliminated from the bidding process since his /her bid is invalid.

14.6 Bid cancellation

14.6.1 In the event that, in the application of the 80/20 preference point system as stipulated in the bid documents, all bids received exceed the estimated R1,000,000.00 (Vat Inclusive), the bid invitation must be cancelled;
14.6.2 In the event that, in the application of the 90/10 preference point system as stipulated in the bid documents, all bids received are equal to or below R1,000,000.00, the bid invitation must be cancelled;
14.6.3 In the event that SAPO has cancelled a bid invitation as contemplated above, SAPO must re-invite bids and must, in the bid documents stipulate the preference points system to be applied;
14.6.4 SAPO may prior to the award of a bid, cancel the bid process if:

14.6.4.1 Due to changed circumstances, there is no longer a need for the goods or services;

14.6.4.2 Funds are no longer available to cover the total envisaged expenditure;

14.6.4.3 No acceptable bids are received.

14.6.5 In the event that SAPO has cancelled a bid invitation, the decision to cancel a bid must be published on the National Treasury central supplier database where the original bid invitation was advertised.

14.7 Access to bidding information

Bidding information remains strictly confidential and shall not be disclosed to any other bidder or entity outside the bidding process. The release of information shall be done in line with the Promotion of Access to Information Act (PAIA), Act 2 of 2000. On written request, any bidder shall be provided with the reasons why his / her own bid was unsuccessful.

14.8 Tax clearance certificate

SAPO will not do business with a supplier who is not tax complaint. Suppliers need not submit hard copies of their Tax certificates as SAPO will access and verify this information on the National Treasury centralised supplier database.

14.9 Bids received late

The SAPO will not consider bids received late. Bids are late if they are received at the address indicated in the bidding documents after the closing date and time.

Bids received late will be sent back to the supplier, unopened unless the supplier did not provide company details on the envelope as required.

14.10 Remedies/ misrepresentation

SAPO must act against the bidder or person awarded the contract upon detecting that the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis or any of the contract conditions have not been fulfilled.

In addition the following remedies may be applied:

14.10.1 Disqualify the bidder or person from the bidding process;

14.10.2 Recover all costs, losses or damages it has incurred or suffered as a result of that person’s conduct;

14.10.3 Cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;

14.10.4 Restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining
SAPO business for a period not exceeding 10 years, after applying the audi alteram partem (hear the other side) rule; and

14.10.5 Forward the matter for criminal prosecution.

The bid documents must be disposed of after the signing of the contract by the successful bidder and notification to unsuccessful bidders except the original and one copy of all bidder’s proposals which must be kept for a minimum period of five years.

14.11 Request for bid proposals by bidders

SAPO shall provide bidders with a copy of their bid proposals on request.

15 SUPPLIER RELATIONS

15.1 Supplier Database

15.1.1 SAPO shall only transact with suppliers that are registered on the National Treasury central supplier database.
15.1.2 SAPO shall not transact with any prospective supplier whose name appears on the National Treasury’s database as a person prohibited from doing business with the Government or as a blacklisted supplier or Director.

15.2 Selection criteria

These criterions will form a part of the selection criteria in SAPO awarding any orders or contracts:
15.2.1 Must be a legal registered entity;
15.2.2 Must have a valid tax clearance certificate;
15.2.3 Valid B-BBEE certificate / Letter from Group Chief Executive Officer; and

15.3 Supplier sub-contracting

A supplier shall not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level than the contracted /bidding company unless the subcontracting is to an EME that has the capability and ability to execute the services sub contracted to them.

15.4 Supplier samples

The purpose of supplier samples is to support the bid process and ensure that the SAPO has the opportunity to experience and evaluate the samples for appropriateness, quality and durability.
15.4.1 Samples of commercially available products may be accepted (if specifically requested for in the tender document).
15.4.2 SAPO shall not pay for samples that are damaged/destroyed as a result of testing.
15.4.3 SAPO shall not endorse any products.
15.4.4 Samples are considered as part of the bid proposal and will therefore not be returned to the supplier.
15.4.5 Samples are provided at the bidders cost and risk.
15.4.6 SAPO will not refund a supplier for the samples provided.

16 IRREGULAR EXPENDITURE

16.1.1 It is the responsibility of the Group Chief Executive Officer to implement effective, efficient and transparent processes of financial and risk management. The following are irregular expenditure practices:

16.1.1.1 Irregular expenditure incurred as a result of business procuring goods or services by means other than through competitive bids and where reasons for deviating from inviting competitive bids have not been recorded and approved by the approved body.

16.1.1.2 Irregular expenditure incurred as a result of non-compliance with a requirement of the institution’s delegation of authority.

16.1.2 All SAPO staff must exercise all reasonable care to prevent and detect irregular, fruitless and wasteful expenditure. When a SAPO staff member discovers irregular or fruitless and wasteful expenditure, that official must immediately report such expenditure to the GE: SCM.

16.1.3 GE: SCM shall maintain an irregular expenditure register which must contain a detailed schedule of all irregular expenditure incurred, monthly. The register must be submitted to the CFO and the amount of the irregular, fruitless and wasteful expenditure must be disclosed as a note to the annual financial statements of the institution.

16.1.4 The Group Chief Executive Officer should determine the appropriateness of disciplinary steps against an official who has committed such irregular expense. The Group Chief Executive Officer must take into account the following:

16.1.4.1 The circumstances of the transgression;
16.1.4.2 The extent of the expenditure involved; and
16.1.4.3 The nature and seriousness of the transgression.

16.1.5 Irregular spend that has been condoned / ex post facto approval granted, is no longer irregular.

17 ETHICS IN PROCUREMENT

17.1 Ethics and fair dealings

The SAPO is committed to ensure that it’s procurement process and procedures are executed with high ethical standards through the following:

17.1.1 Preserve the highest standards of honesty, integrity, impartiality and objectivity;
17.1.2 Be fair, efficient, firm and courteous;
17.1.3 Achieve the highest professional standards in the awarding of bids/quotations, so as to maximize value for money while adhering to set standards;

17.1.4 Make available as much information to suppliers as is needed to respond to the bid;

17.1.5 Manage the bidding process so that genuine competition is preserved and discrimination is avoided;

17.1.6 Make available the broad criteria intended for the evaluation of bids, to evaluate bids objectively and to notify the outcome promptly;

17.1.7 Upon request, to de-brief unsuccessful bidders of the outcome of the bidding process so as to facilitate better responses on future bids;

17.1.8 Non responsive bid

17.1.9 Pay promptly for work done in accordance to standards as set by a legal contract;

17.1.10 All employees, executive directors and directors must disclose any interest and determine any possible conflict that may arise. If an employee is transferred or appointed by another entity and or resigns he/she must sign a nondisclosure/confidentiality agreement that prevents him/her from disclosing company information.

17.1.11 No member of, or technical adviser, or subject expert assisting a bid specification committee, or any family member or an associate of the member, adviser or expert may submit a bid for goods or services being procured

17.2 Declaration of interest

In terms of the Companies Act 71 of 2008, directors or officers of a company have a duty to disclose their interests in contracts.

17.2.1 The Board of Directors and Procurement Practitioners must declare any SAPO, commercial and financial interest or activities undertaken for financial or indirect gain that may raise a possible conflict of interest. Procurement advisors and technical advisors must sign the declaration of interest agreement prior to embarking on the procurement process.

17.2.2 All procurement management and staff shall on an annual basis sign the declaration of interest agreement. All other SAPO employees participating in the procurement process shall ensure that the declaration of interest is completed prior to embarking in the procurement process.

17.2.3 Non-disclosure of ownership and directorship in a company by employees will be dealt with through the South African Post Office Group disciplinary code.

17.3 Purchases from Employees

South African Post Office Ltd and its subsidiaries will under no circumstances procure goods and services from an employee owned or spouse/partner/ immediate family member owned business.

17.4 Conflict of interest

SAPO employees and directors who have interests which are, or may potentially be, in conflict with SAPO’s interests must declare such interests.
If SAPO employees and directors in the procurement process believe their family or close friends will derive direct monetary gains or any other indirect gains; they must declare such interest and recuse themselves from any decisions impacting upon such procurement activity.

17.5 Confidential information and trade secrets

Any information that is the property of SAPO or its suppliers/service providers must be protected at all times.

17.5.1 Matters of a confidential nature in the possession of supply chain or other officials must be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions should also apply after resignation or dismissal.

17.5.2 Where it is necessary to disclose confidential information to potential suppliers in order to solicit Bids, Non-Disclosure Agreements (“NDAs”) must form part of the bid documentation. The NDAs must be signed by all Bidders.

17.6 Handling of gifts and gratuities

17.6.1 SAPO employees must maintain a gift register in which gifts and hospitality received must be recorded in line with the organisational policy regardless of value. All gifts from suppliers (regardless of value) need to be declared and updated on gift register.

17.6.2 A Procurement Official and any other SAPO employee cannot receive gifts and / or gratuities from a prospective bidder whilst the bid is in the evaluation and adjudication process.

17.7 Fraud and corruption

17.7.1 The Prevention and Combating of Corrupt Activities Act, Act No 12 of 2004 shall be adhered to.

17.7.2 The South African Post Office Group is to ensure that all officials, clients and other stakeholders (including suppliers) are made aware of the implications of The Prevention and Combating of Corrupt Activities Act by way of its bidding processes.

17.7.3 All procurement practitioners or other role players must assist the Accounting Authority or delegate in combating corruption and fraud in the SCM system.

17.7.4 The Accounting Authority or the delegate must reject a proposal for adjudication if he/she determines that the supplier recommended for adjudication, has engaged in corrupt or fraudulent activities in competing for the contract in question.

17.7.5 The Constitution provides for rights such as just administration and access to information and requires high standards of ethics. Legislation dealing with transparency and anti-corruption measures strengthens Government’s ability to combat corruption and also protects employees from making disclosures against their employers in both the public and private sectors.

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

17.7.8 Contractors and the SAPO officials must assist in combating procurement fraud through awareness, vigilance and consistent assessment in line with the Prevention and Combating of Corrupt Activities Act by not misrepresenting facts in order to influence a procurement process or the execution of a contract to the detriment of the South African Post Office Group, including collusive practices.

17.8 Collusion / Bid rigging

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

17.8.1 Bid rigging / collusive practices occurs when bidders consult, communicate/ agree or arrange with any competitors regarding the following:
17.8.1.1 Prices;
17.8.1.2 Geographical area where product or service will be rendered (market allocation);
17.8.1.3 Methods, factors or formulas used to calculate prices;
17.8.1.4 Intention or decision to submit or not to submit, a bid;
17.8.1.5 Submission of a bid which does not meet the specifications and conditions of the bid; or
17.8.1.6 Bidding with the intention not to win the bid; above is deemed to be collusive or bid rigging.

17.8.2 SAPO will not accept bid rigging or collusion by any supplier.

18 ADHERENCE TO POLICY

18.1 Implications of non-adherence:

18.1.1 Abuse and failure to comply with the provisions of this policy and its procedures is not acceptable and SAPO shall take disciplinary action against any person found to have violated and / or abused this policy or any of its procedures.

18.1.2 Employees found guilty of colluding with suppliers or contravening SAPO's Group policy and its related procedures shall be subject to SAPO’s Group Disciplinary Code and Procedure.

18.1.3 Suppliers and their directors who have been found guilty of abusing this policy and its procedures shall be barred / suspended from doing business with SAPO.

18.1.4 South African Post Office Ltd reserves the right to criminally prosecute any person found to have violated or abused this policy and its procedures. To this extent the South African Law Enforcement agencies shall be informed and the case handed over to them for processing.

18.1.5 The requirement or demand for services and / or goods must not be fragmented /
broken up/ split into small parts to ensure that the procurement is within a particular threshold. The splitting of the requirements into smaller parts will be deemed as non-adherence to the procurement policy and procedures and disciplinary action will be taken against such individuals.

18.1.6 Procurement outside of contracts and stock will be deemed as non-adherence and disciplinary action will be taken against such individuals.

19 OBJECTIONS AND COMPLAINTS

The Supplier or Business/support units aggrieved by decisions or actions taken by the Adjudication Committee may lodge their dissatisfaction in writing, within 14 days of the decision or action.

19.1 Business units / support units

If the business units/ support units disagree with the decisions of the Adjudication Committee, they may raise an objection/complaint with the Chairperson of the Adjudication Committee.

Upon receipt of such an objection/complaint by the Chairperson, the Chairperson will discuss the matter at an Adjudication Committee sitting.

Adjudication Committee will adjudicate on the objection. If the Adjudication Committee stands by their ruling, the matter must be escalated to the Group Chief Executive Officer and the business must be informed of such escalation.

19.2 Supplier complaints

If the supplier objects/ complains against an award, or a disqualification or raises other complaints in the process of carrying out their contractual responsibilities where they have a contract with SAPO, they may raise an objection/complaint in writing to the Chairperson of the Adjudication Committee.

In terms of transparency, the Chairperson must provide the supplier in question with reasons for disqualification, non-award or address the concerns regarding the carrying out of the contractual obligations by the tenderer.

20 RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES

20.1.1 The Group Chief Executive Officer must appoint an independent and impartial person, not directly involved in the supply chain management processes to assist in the resolution of disputes between SAPO and other persons regarding:

20.1.1.1 Any decisions or actions taken in the implementation of the supply chain management system; or

20.1.1.2 Any matter arising from a contract awarded in the course of the supply chain management system; or

20.1.1.3 To deal with objections, complaints or queries regarding any such.
20.1.2 The Group Chief Executive Officer, or another official designated by the Group Chief Executive Officer, is responsible for assisting the appointed person to perform his or her functions effectively. The person appointed must –

20.1.2.1 Strive to resolve promptly all disputes, objections, complaints or queries received; and

20.1.2.2 Submit monthly reports to the Group Chief Executive Officer on all disputes, objections, complaints or queries received, attended to or resolved.

20.1.3 A dispute, objection, complaint or query may be referred to the Group Chief Executive Officer if:

20.1.3.1 The dispute, objection, complaint or query is not resolved within 30 days; and

20.1.3.2 No response is forthcoming within 30 days.

20.1.4 This paragraph must not be read as affecting a person’s rights to approach a court at any time.

21 RECORD KEEPING

21.1 Information structure

21.1.1 The necessary information, to satisfy the internal and external reporting requirements, has to be kept in an orderly manner. The gathering of information and recording system must provide for the type of information required, deadlines and the allocation of duties and responsibilities.

21.1.2 Record keeping does not replace the normal filing system that contains the hard copy of each case.

21.1.3 The necessary records can be maintained either manually or electronically and does not have to be a formal register. As such a list or spread sheet will suffice. Information can be incorporated into a single record where possible. The consolidation of the required returns and forwarding thereof has to be allocated to the responsible person or section.

21.1.4 Records to be kept:

21.1.4.1 Record of gifts received
21.1.4.2 Record of written quotations
21.1.4.3 List of bid documents issued
21.1.4.4 Record of bids
21.1.4.5 Record of Specific Term Contracts
21.1.4.6 Record of emergency procurement
21.1.4.7 Record of complaints received from bidders or contractors
21.1.4.8 Record of instances of fraud or corruption; and
21.1.4.9 Record of irregular, fruitless and wasteful expenditure.

22 SUMMARY
The South African Post Office Board of Directors, management and employees shall comply fully with the procurement policy. Employees not complying with the procurement policy will be dealt with through the South African Post Office Group disciplinary code.