



Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

SOP File Number:	SCM-DEW/CQ-PR 03(I)
SOP Version:	V.001
Document Owner:	Director: Demand and Acquisition

STANDARD OPERATING PROCEDURE: DEMAND AND ACQUISITION RFO PROCESS OF R30 001 - R500 000 (HEAD OFFICE)

Approval Date	10 March 2020
Commencement Date	10 March 2020
Review Date	10 March 2021
Periodical Review	Annually.
Resources	Staff, ICT Equipment and budget.
Intent of SOP	To document the standard operating procedure for the process of Acquisition Management. Acquisition Management is charged with the sole responsibility of conducting all activities relating to acquisition of all goods and services to be utilized by the Department within the framework published by National Treasury.
Scope	This SOP applies to the management of acquisition of all goods and in the Department of Social Development within the Eastern Cape Government.
Objective(s)	The purpose of the process is to manage the procurement of goods and services and capital within the threshold of R500 000 and above. The process is triggered by the budgeting process which informs the procurement plan.
Definitions	PQC – Price Quotation Committee – Request for Quotation. SARS - South African Revenue Services (Tax certificate). BBBEE – Broad Based Black Economic Empowerment

	<p>CSD – Central Supplier Database.</p> <p>LED – Local Economic Development</p> <p>PSIRA – Private Security Industry Regulatory Authority.</p> <p>SLA- Service Level Agreement.</p>
<p>Key Performance Indicator</p>	<p>Percentage of procurement budget spend targeting Local suppliers in terms of LED framework</p>
<p>Principles</p>	<ul style="list-style-type: none"> ● Transparency: The procurement process shall be open and predictable and shall afford each prospective bidder timely access to the same and accurate information. ● Equal treatment: All bidders and providers shall be treated equally throughout the whole supply chain process and shall be given access to the same information. ● Effectiveness: The Department shall strive for SCM system effectiveness and shall carry out its procurement processes as cost-effectively as possible while meeting the commercial, regulatory and socio-economic goals of government in a balanced manner appropriate to the procurement requirement. ● Efficiency: The Department shall strive to standardise and simplify procedures where appropriate to enhance SCM system effectiveness and shall carry out its SCM processes as cost-effectively and efficiently as possible. The Department shall strive to build relationships with providers, shall ensure good working practices and shall encourage innovative solutions for providers ● Competitiveness: The Department shall satisfy its requirements through competition unless there are justifiable reasons to the contrary. ● Fairness: All bidders and contractors shall be dealt with, fairly and without unfair discrimination. Unnecessary constraints shall not be imposed on bidders/contractors and commercial confidentiality shall be protected. ● Ethics: All suppliers shall be treated equally whilst promoting certain empowerment objectives, all stakeholders shall conduct business and themselves professionally, fairly, reasonably and with integrity, all interests shall be disclosed and all breach shall be reported. ● Proportionality: The product/service requirements stipulated in the specification/terms of reference and the qualification requirements attached thereto must be appropriate, necessary and in reasonable proportion to the product/service being procured.

	<ul style="list-style-type: none"> • Uniform application: The Department shall ensure the application of a SCM policy and a streamlined SCM process and documentation that is uniformly applied by the Department, all things being equal. The supply chain process shall be simple and adaptable to advances in modern technology to ensure efficiency and effectiveness. • Accountability: Each practitioner shall be accountable for their decisions and actions relative to their SCM responsibilities, the SCM process as well as in the implementation of concluded contracts. The Department shall have a system, when warranted by circumstances, to investigate and hold liable both employees and relevant private parties dealing with the Department, for their decisions and actions relative to their procurement responsibilities, the procurement process as well as in the implementation of concluded contracts. • Openness: The Department shall ensure a procurement process and a subsequent contract award and implementation according to the predetermined specification in line with the best practice procurement principles. • Value for money: The Department shall achieve value for money through the optimum combination of whole life cycle cost and quality (or fitness for purpose) to meet the customer's requirements while maximising efficiency, effectiveness and flexibility.
Compliance Measures	<p>Ensure that the service provider documents include the following:</p> <ul style="list-style-type: none"> • SARS - South African Revenue Services (Tax certificate). • CSD – Central Supplier Database. • PSIRA Letter of good standing. • PSIRA certificate.
Performance Measure	<ul style="list-style-type: none"> • Award letter. • Order. • Goods or services rendered accordingly. • When all the processes done within the stipulated time frame.
Desired Performance	
Process Input	<ul style="list-style-type: none"> • Confirmation of budget availability. • Request memo. • Approved specification .
Process Output	<ul style="list-style-type: none"> • Evaluation report • Award letter. • SLA.

STEP BY STEP GUIDE

Procurement Process of R30 001 - R500 000 (RFQ Process)

Nr	Task Name	Task Procedure	Responsibility	Supporting Documentation	Service Standard
1	Submit a procurement request to Demand	<ul style="list-style-type: none"> Submit a memo signed by the Responsibility Manager requesting procurement to the SM(Director): Demand and Acquisition Management. Ensure that the memo is clearly indicating the details of the goods or services required. Attach a copy of the budget print out. 	End-user	<ul style="list-style-type: none"> Procurement request Budget confirmation Business Case/ Concept document Proof of submission 	1 day
2	Draft Specification	<ul style="list-style-type: none"> Draft specification in line with the submitted request. Quality check the received specification. Provide technical assistance in drafting the specification. Submit draft specification to the Deputy Director: Demand Management. Provide further technical assistance of drafting the specification. Submit the specification to the responsibility manager for signature. 	End-user Assistant Director: Demand Deputy Director: Demand Management	<ul style="list-style-type: none"> Procurement request Draft specification 	1 to 5 days depending to on the volume and type of specification and availability of information required for the specification
3	Sign specification	<ul style="list-style-type: none"> Sign the specification. 	Assistant Director / Senior Admin Officer Responsibility Manager and Director: SCM	<ul style="list-style-type: none"> Draft specification Signed Specification 	1 to 2 days depending on the availability.

<p>4</p> <p>Allocate RFQ number and record in the RFQ Register.</p>	<ul style="list-style-type: none"> Allocate a 4 digit RFQ number to the approved specification. The filing number should be relevant to the financial year. Head Office: RFQ number must start with letters 'RFQ', Followed by the current financial year And lastly add four digits starting from 0001 Last four digits = current year e.g (RFQ19/20-0001) 	<p>SCM Practitioner</p>	<ul style="list-style-type: none"> Updated RFQ Register 	<p>1 day</p>
<p>5</p> <p>Compile RFQ documents</p>	<p>Attach supporting documents from National Treasury which are standard bid documents as follows:</p> <ul style="list-style-type: none"> ECBD 4 - declaration interest ECBD 6.1- PPPFA and BBBEE. ECBD 6.2- Local production and content including annexure: C (for designated sectors). ECBD 7.1 – Contract form for goods or ECBD 7.2 – Contract form for services ECBD 8 – Restricted companies. ECBD 9 - Certificate of Independent Bid Determination 	<p>SCM Practitioner</p>	<ul style="list-style-type: none"> Completed RFQ documents 	<p>1 day</p>
<p>6</p> <p>Sign RFQ Notice</p>	<ul style="list-style-type: none"> Sign RFQ notice. 	<p>Director: SCM</p>	<ul style="list-style-type: none"> Signed RFQ notice 	<p>1 Day</p>

7	Invite price quotations	<ul style="list-style-type: none"> Invite price quotations from registered service providers by selecting from the central supplier database or publishing the RFQ on the Departmental website and notice boards. 	SCM Practitioner	<ul style="list-style-type: none"> Published Advert 	1 - 14 days
8	Submit RFQ document to Acquisition	<ul style="list-style-type: none"> Record RFQ document in the register and send to acquisition. 	SCM Practitioner	<ul style="list-style-type: none"> Progress Report Bid document Confirmation of budget 	1 day
9	Close RFQ	<ul style="list-style-type: none"> Sign the Declaration form. Record suppliers and price information in the RFQ closing Register. Stamp and sign the quotation price page. Ensure that the RFQ documents is not tempered with. 	SCM Practitioners Risk Management official SCM Compliance official	<ul style="list-style-type: none"> Signed RFQ Register Declaration register Closing RFQ 	1 day
10	Evaluate Quotations	<ul style="list-style-type: none"> Compile the checklist for the evaluation of price quotations. Perform pre-evaluation and compile pre-evaluation report. Evaluate from 30 001 to 200 000. Verify RFQ documents. <p>If above 200 000</p> <ul style="list-style-type: none"> Submit the report to the Chairperson of the Price Quotation Committee. Invite the Price Quotation Committee members Convene the PQC evaluation meeting. Each shortlisted bidder is verified against SARS, DPSA and CSD. Evaluate the RFQ documents. Compile evaluation report and minutes of the meeting. 	PQC Secretariat SCM Practitioner End-user PQC Secretariat Chairperson Price Quotation Committee PQC Secretariat	<ul style="list-style-type: none"> Procurement Request Specification RFQ Notice Registers (closing, declaration and RFQ) Evaluation checklist Invitation Agenda Minutes RFQ report Award letter 	1 Day

		<ul style="list-style-type: none"> Submit the report to District Director for 30 000 to 200 000 for approval. 			
11	Approve the PQC report and sign the award letter	<ul style="list-style-type: none"> Approve the PQC report and sign the award letter up to R200 000. If above R200 000 Recommend the PQC report above R200 000 for the CFO approval. Approve the PQC report and sign award letter above R200 000 up R500 000. 	District Director/ Director: SCM District Director/ Director: SCM CFO	<ul style="list-style-type: none"> RFQ report Award letter Approved RFQ report Signed award letter 	
12	Notify the end-user and request SLA from Contract Management	<ul style="list-style-type: none"> Notify the end-user in writing of the award. Submit the request for the drafting of SLA Contract Management. 	SCM Practitioner	<ul style="list-style-type: none"> Request of SLA 	1 Day
13	Perform procurement of the award using the P2P system	<ul style="list-style-type: none"> Capture requisition on P2P in preparation to generate the purchase order for the awarded service provider. Issue the order to the supplier. 	End-user	<ul style="list-style-type: none"> Order 	
14	Update RFQ Register	<ul style="list-style-type: none"> Record the details of the award in the RFQ register both manual and electronic. 	PQC Secretariat	Updated RFQ Register	1 day
15	Compile monthly report	<ul style="list-style-type: none"> Compile the monthly report of all the RFQs completed and LED in the month using standard template and submit to Director:SCM. 	Supply Chain Practitioner	Monthly report	The monthly report must be submitted before the 4 th day of each month.

LEGISLATION, POLICIES, PROCEDURES, LEGISLATION & OTHER DOCUMENTATION (i.e. SOPs)

Document or Process Name	Effective Date (if applicable)
<p>The Constitution</p>	<p>The Constitution of the Republic of South Africa, Act No 108 of 1996, as amended, regulates procurement through Section 217 and determines that</p> <p>"217 (1) When an Organ of State in the national, provincial or local sphere of Government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.</p> <p>(2) Subsection (1) does not prevent the Organs of State or institutions referred to in that subsection from implementing a procurement policy providing for –</p> <ul style="list-style-type: none"> • Categories of preference in the allocation of contracts; and • The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination. • (3) National legislation must prescribe a framework within which the policy referred to in subsection (2) must be implemented."
<p>The Public Finance Management Act (PFMA)</p>	<p>The PFMA, Act No 1 of 1999, as amended by Act 29 of 1999, gives effect to and reiterates the Constitutional requirements of Section 217 quoted above and is primary in the regulation of Financial Management. It sets out broadly the requirements for the procurement and provisioning system to be in place and allocates responsibilities attached thereto.</p> <p>The Act stipulates that in contracting for goods and services, and the disposal and letting of state assets, including the disposal of goods no longer required, the Accounting Officer will develop and implement a system, which is fair, equitable, transparent, competitive and cost-effective.</p> <ul style="list-style-type: none"> ○ Section 76(4)(c) of the PFMA determines inter alia that ○ The National Treasury may make regulations or issue instructions applicable to all institutions to which the PFMA applies concerning the determination of a framework for an appropriate procurement and provisioning system.

Document or Process Name		Effective Date (if applicable)
<p>Treasury Regulations issued in terms of the PFMA</p>	<p>The Department shall apply the Treasury Regulations issued in terms of the PFMA as it pertains to supply chain management. It serves as a formal requirement for departments, to ensure the establishment and implementation of an effective and efficient SCM system.</p> <p>Public Private Partnerships</p> <p>The Accounting Officer must ensure that Treasury Regulation 16 is complied with when goods or services are procured through public private partnerships or as part of a public private partnership.</p> <p>Supply Chain Management</p> <p>The Accounting Officer must ensure that Treasury Regulation 16A is complied with when dealing with Supply Chain Management to ensure the establishment and implementation of an effective and efficient Supply Chain Management Unit within the office of the CFO, as an integral part of their financial system.</p> <p>The SCM system to be implemented must be fair, equitable, transparent, competitive and cost effective; be consistent with the PPPFA and BBBEE Act and must provide at least for the following:</p> <ul style="list-style-type: none"> o Demand Management. o Acquisition Management. o Logistics Management. o Disposal Management. o Risk Management. o Regular assessment of supply chain performance. 	
<p>Policy to guide uniformity in procurement reform processes in government</p>	<p>The Policy to Guide Uniformity in Procurement Reform Processes in Government was approved by Cabinet 10 September 2003 and promulgated on 05 December 2003.</p> <p>The policy strategy has as a goal the uniform implementation of Government's procurement reform initiatives and compliance with minimum norms and standards in such a manner that the principles of</p>	<p>2003</p>

Document or Process Name		Effective Date (if applicable)
	<p>cooperative governance are observed.</p> <p>In terms of this policy strategy, Accounting Officers are required to establish and implement a Supply Chain Management function that promotes sound financial management and uniformity in all spheres of Government.</p> <p>Regarding insurance, organs of State should either insure for procurement related physical risks, establish risk management programmes or make advance provision for losses associated with such risks, within the scope of the provisions of the Treasury Regulations. Suitable arrangements should also be made to ensure that insurance related excesses do not cause the failure of SMME's.</p>	
National Treasury Practice Notes	<p>All documents relevant to SCM are available electronically on National Treasury's web page http://www.treasury.gov.za/organisaion/specialist/functions/supply_chain_management_norms_and_standards.</p> <p>The SCM regulations in terms of the PFMA empower National Treasury to issue practice notes to ensure minimum norms and standards within Government.</p> <p>Currently 10 practice notes have already been issued covering a variety of topics. All practice notes issued from time to time must be taken into account and adhered to.</p>	
The Preferential Procurement Policy Framework Act	<p>The Preferential Procurement Policy Framework Act (PPFA), Act No 5 of 2000, was promulgated to give effect to Section 217(3) of the Constitution by providing a framework for the implementation of the procurement policy contemplated in Section 217(2) of the Constitution.</p> <p>The Act provides for the implementation of a preference system in the allocation of contracts for categories of service providers and the promotion of goals, including socio-economic goals, to advance the interest of persons disadvantaged by unfair discrimination on the basis of race, gender or disability and implementing the programmes of the Reconstruction and Development Programme (RDP).</p> <p>The Act also regulates that the evaluation processes are conducted in a fair, justifiable and transparent manner.</p>	2000

Document or Process Name		Effective Date (if applicable)
The Preferential Procurement Policy Framework Act Regulations	<p>There is currently a process underway to ensure that the PPPFA and the BBBEE Act is aligned.</p> <p>This is the enabling mechanism of the PPPFA mentioned above. It sets out the formulas for the points system and stipulates the rules and procedures governing the preferences that might be claimed in terms of this Act.</p>	
Broad Based Black Economic Empowerment Act	<p>The Broad Based Black Economic Empowerment Act (BBBEE Act), Act No 53 of 2003, provides the framework for the promotion of black economic empowerment, the establishment of a balanced scorecard and the publication of transformation charters. A supporting strategy has also been published. Draft codes of good practice have also been issued for comment. These codes could include qualification criteria for preferential procurement and other economic activities.</p> <p>The Department will adhere to the directives contained in the Broad Based Black Economic Empowerment Act as it affects the procurement process.</p> <p>Economic transformation will be promoted through preferential procurement in order to promote meaningful participation of black people including women, workers, youth and people with disabilities and people living in rural areas, in the economy.</p> <p>Transformation will achieve a change in the racial composition of ownership and management structures of existing and new enterprises.</p>	2003
The prevention and combating of corrupt activities act	<p>The Department will adhere to the directives contained in the Prevention and Combating of Corrupt Activities Act, Act 12 of 2004 as it affects the supply chain process.</p> <p>The Act regulates offences in respect of corrupt activities relating to contracts, activities pertaining to acceptance or offering of any gratification and the improper influence of another person as well as offences in respect of corrupt activities relating to procuring and withdrawal of tenders and auctions.</p> <p>The Act provides for miscellaneous offences relating to possible conflict of interest and other unacceptable conduct such as acquisition of private interest in contract, agreement or investment of a public body.</p> <p>National Treasury must establish a register for tender defaulters.</p>	2004

Document or Process Name		Effective Date (if applicable)
The King Report on Corporate Governance for South Africa, 2002	<p>The Department will subscribe to the Code of Corporate Practices Conduct in all material respects as it affects procurement.</p> <p>The Report concludes that successful governance requires companies to adopt an inclusive approach and there must be greater emphasis on the sustainable or non-financial aspects of its performance.</p> <p>The tests of fairness, accountability, responsibility and transparency to all acts or omissions, and be accountable to the Department, but also responsive and responsible towards the Department's stakeholders must be applied.</p> <p>The Report describes the principles of risk management, ethical conduct, black economic empowerment and social investment prioritization and spending.</p>	2002
Provincial Growth and Development Plan	<p>The Province developed the Provincial Growth and Development Plan (PGDP), which set out all the objectives to be achieved by Departments by the year 2014.</p> <p>The PGDP provides for a number of quantified targets for growth and development in the Eastern Cape for the period 2004 until 2014.</p> <p>These targets must be incorporated into each department's strategic goals and objectives.</p>	2014
State Information Technology Agency Act	<p>The State Information Technology Agency (SITA) Act, Act No 88 of 1998, as amended by Act 38 of 2002, requires that SITA must act as the procurement agency for the Department's information technology requirements.</p>	2002
The National Small Business Act	<p>The National Small Business Act, Act No 102 of 1996, as amended, establishes the National Small Business Council (NSBC) and also the Ntsika Enterprise Promotion Agency (Ntsika).</p> <p>The main functions of Ntsika are inter alia: to consult with any organ of government, the NSBC or a service provider in order to inter alia:</p> <p>Facilitate national market access for products and services of small business.</p>	1996

Document or Process Name		Effective Date (if applicable)
	<p>Generally strengthen the capacity of service providers to support small business and small business to compete successfully in the economy.</p> <p>To enable small businesses to compete successfully in the economy, the procurement policies and practices influence the economic behaviour of small businesses, and therefore during the procurement process, it is important to implement guidelines to promote small businesses</p>	
Supply chain practice notes	<p>Provincial ECSCM Practice Note No.1 of 2009-10 Anti Competitive Practices in the Procurement Process</p> <p>Provincial Treasury ECSCM Practice Note No.1 Of 2009-10 - Anti Competitive Practices In The Bidding Process</p> <p>Provincial ECSCM Practice Note No.2 Of 2008 - Tax Clearance Certificate and Partnership</p> <p>Provincial ECSCM Practice Note No.1 Of 2008-2009</p> <p>Provincial ECSCM Practice No.1 Of 2008 - Guide lines for the Evaluation and Approval of Variation Orders</p> <p>Provincial Treasury Practice Note No.1 Of 2008-09 Irregular Expenditure</p> <p>Provincial ECSCM Practice Note No.1Of 2010-11- Conflict between the PPPFA and Preferential Procurement Regulations</p> <p>Provincial Treasury Instruction Note No 5 Of 2015_16</p> <p>Provincial Treasury Instruction Note No 3 Of 2015_16</p> <p>National Treasury Practice note on prohibition of restrictive practices of 2010</p> <p>National treasury Practice note number 7 of 2009_2010</p> <p>National treasury Practice note 11 of 2008_2009 unsolicited proposal</p> <p>National treasury practice note number 5 of 2009-2010 procurement through SITA and accountability of Accounting Officers or Authorities</p> <p>National Treasury Practice Note No.4 Of 2008-09 Irregular Expenditure</p>	






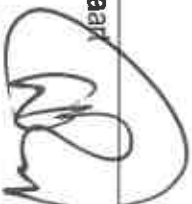
Document or Process Name		Effective Date (if applicable)
	<p>National Treasury Annexure E. Accounting Transactions For Irregular Expenditure Trading Entities</p> <p>National Treasury Annexure D. Accounting Transactions For Irregular Expenditure Departments</p> <p>National Treasury Annexure C. Disclosure Of Irregular Expenditure For Departments, Trading Entities, Constitutional Institutions And Public</p> <p>National Treasury Annexure A+B. Procedure For The Treatment Of Irregular Expenditure</p> <p>National Treasury Practice Note No.6 Of 2008-07</p> <p>National Treasury Practice Note No.8 Of 2008-07</p> <p>National Treasury Practice Note No.9 Of 2008-07</p> <p>National Treasury Practice Note Number SCM 1 Of 2006- Tax Clearance Certificates</p> <p>National Treasury Practice Note Number SCM 5 Of 2006 - Restriction Of Suppliers</p> <p>National Treasury Practice Note Number SCM 3 Of 2006- Tax Clearance Certificates for Price Quotations and Competitive Bids</p> <p>National Treasury Practice Note Number SCM 4 Of 2006 - Standard Bidding Document Declaration Of Bidder's Past Supply</p> <p>National Treasury Practice Note Number SCM 3 Of 2005</p> <p>National Treasury Practice Note Number SCM 1 Of 2004 - Tax Clearance Certificates</p> <p>National Treasury 01a Annexure A of 2011</p> <p>National Treasury Practice Note 11 Of 2008 _2009 Unsolicited Proposal</p> <p>National Treasury Annexure A+B Of 2008 Procedure For The Treatment Of Irregular Expenditure</p> <p>National Treasury Annexure C Of 2008 Disclosure Of Irregular Expenditure For Departments, Trading Entities, Constitutional Institutions</p> <p>National Treasury Annexure D Of 2008 Accounting Transactions For Irregular Expenditure Departments</p>	

Document or Process Name		Effective Date (if applicable)
	<p>National Treasury Practice Note Number SCM 2 Of 2005</p> <p>National Treasury Practice Note Number SCM 1 Of 2005- Standard Bidding Document</p> <p>National Treasury Practice Note Number SCM 2 Of 2003 - Threshold values for the invitation for Price Quotations and Competitive Bids</p>	
<p>OTHER RELEVANT ACTS</p> <ul style="list-style-type: none"> ▪ Public Service Act, No 23 of 1994. ▪ Promotion of Administrative Justice Act, No 3 of 2000. ▪ Promotion of Access to Information Act, No 2 of 2000. ▪ Protected Disclosure Act, No 26 of 2000. ▪ The Competition Act, No 89 of 1998. 		<p>1994</p> <p>2000</p> <p>2000</p> <p>1998</p>

PROCESS RISKS

Risk Name	Risk Description	Probability (H/M/L)	Impact (H/M/L)	Control Description	System / Manual
Low budget	Unavailability of funds lead to difficulty in sourcing and provisioning of services such security and cleaning at the districts.	H	H	CFO and District Director to Bid for more Budget.	Manual
Insufficient personnel	Insufficient personnel leads to lack of segregation of duties and therefore no proper internal controls.	H	H	District Director to prioritise and motivate for the filling of vacant posts as per the current structure.	Manual

AUTHORIZATION

Authorization:	Name:	Signature:	Comment:	Date:
Quality Checked By Director : Management Information Services	N. A. Mazizi		Quality checked. To be reviewed annually.	27/02/2020
Recommended by Acting Chief Information Officer	M. Gazi		Content for evaluation	28/02/2020
Director: Demand and Acquisition	M. Dlova			29/02/2020
Recommended by Acting CFO	N. Ngciwana		To be implemented immediately upon approval by HOD	28/03/2020
Deputy Director General – Welfare Services	N.Z.G Yokwana			26/03/2020
Approved by HOD	N. Baar 		ONE FROM SET ARE EVD-USED SINCE WE WARE THEM	10/03/2020
Distribution and Use of SOP	District Managers, Corporate Service Managers, Service Managers, Area Managers, Assistant Managers and all staff.			