



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

LIMPOPO PROVINCIAL GOVERNMENT

SUPPLY CHAIN MANAGEMENT POLICY

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1. DEFINITIONS

In this policy, unless the context indicates otherwise, the act will take precedence—

“the Act” - means the Public Finance Management Act, 1999 (Act 1 of 1999 as amended by Act 29 of 1999);

“administrative action” bears the meaning assigned to it in the Promotion of Administrative Justice Act, Act No 3 of 2000;

“B-BBEE” – means broad based black economic empowerment as defined in Section 1 of the Broad Based Black Economic Empowerment Act, 2003;

“bid/tender” means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods, through price quotations, advertised competitive tendering process or proposals as defined in the Preferential Procurement Policy Framework Act Regulations; 2011;

“bidder” means any natural or legal person who makes an offer in response to a Request for Quotation (RFQ), a Request for Proposal (RFP) or a Request for Bid (RFB) ;

“contract” - The written agreement entered into between the purchaser and the supplier, as recorded in the contract form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein as defined in the General Conditions of Contract

“contract price” - means the price payable to the supplier under the contract for the full and proper performance of his contractual obligations.as defined in the General Conditions of Contract;

“institution” – refers to departments, public entities, constitutional institutions and legislatures as defined in section 3 of the Act;

“transversal term contract” means a contract facilitated by the Provincial or National Treasury for goods and services that are required by two or more institutions, for a defined period, to derive benefits from economies of scale.

2. PURPOSE OF THE POLICY

The purpose of this Policy is to provide a framework within which Section 217 of the Constitution of the Republic of South Africa, 1996, the Public Finance Management Act (PFMA), 1999, the Preferential Procurement Policy Framework Act, 2000, and other provincial and national supply chain management prescripts should be implemented in the Provincial Administration and Public Entities to ensure a uniform approach to Supply Chain Management in Limpopo.

3. SCOPE OF APPLICATION

This policy applies to all Limpopo Provincial Government Institutions.

4. LEGISLATIVE FRAMEWORK

I. A supply chain management system must –

- (a) be consistent with the Constitution of the Republic of South Africa, 1996;
- (b) be in compliance with the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999);
- (c) be consistent with the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its associated regulations as amended;
- (d) be consistent with the Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- (e) for contracts relating to information communication technology, be in compliance with the State Information Technology Act, 1998 (Act No. 88 of 1998)
- (f) be consistent with Competition Act, 1998 (Act No. 89 of 1998);
- (g) be consistent with The National Small Business Act 1996 (Act No. 102 of 1996);
- (h) be consistent with The Prevention and Combatting of Corrupt Activities, 2000 (Act No. 12 of 2000);
- (i) be consistent with the Occupational Health and Safety Act, 1993 (Act no. 85 of 1993 as amended)
- (j) be consistent with the Promotion of Administrative Justice Act 2000 (Act No. 3 of 2000);
- (k) be consistent with the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000);

- (l) for contracts relating to construction procurement, be in compliance with the Construction Industry Development Board Act 2000, (Act No. 38 of 2000); and
- (m) be consistent with all applicable National Treasury SCM Regulations and Practice Notes.

5. ADMINISTRATIVE ACTIONS

- I. The accounting officer or accounting authority must ensure that when supply chain management practitioners execute an administrative action, the following considerations are made:
 - (a) all relevant and lawful facts and circumstances were taken into consideration;
 - (b) adherence to the regulatory framework;
 - (c) the administrative action falls within the ambit of delegation or legislative power;
 - (d) the result of the administrative action will serve a legal permissible purpose;
 - (e) the result of the administrative action falls within the ambit of that institution's budget, budget description and strategic objectives; and
 - (f) all rules of administrative justice were applied.

6. INSTITUTIONAL ARRANGEMENTS

- I. Accountability of accounting officers or accounting authorities:
 - (a) The accounting officer or accounting authority should establish a supply chain management unit that is effective and efficient with proper governance systems.
 - (b) The accounting officer or accounting authority may delegate supply chain management functions in terms of sections 44(2)(d) and 56(2)(c) of the PFMA.
 - (c) No person may interfere with the supply chain management system of an institution or tamper with any bids or contracts

7. SUPPLY CHAIN MANAGEMENT SYSTEM

- I. The accounting officer or accounting authority of an institution to which this policy applies must develop, implement and maintain an effective and efficient supply chain management system in his or her institution that must provide for at least the following –
 - (a) demand management;
 - (b) acquisition management;

- (c) logistics management;
- (d) disposal management;
- (e) risk management;
- (f) regular assessment of supply chain performance; and
- (g) regular reporting of the SCM function to the Chief Financial Officer of the institution on the activities of the function.

8. BID COMMITTEES

- I. The Accounting officer or accounting authority must provide, within the supply chain management system, for a Bid Committee System as prescribed by National Treasury, comprising the following –
 - (a) Bid Specification Committee
 - (b) Bid Evaluation Committee
 - (c) Bid Adjudication Committee

9. PARTICIPATION OF ADVISORS

- I. The accounting officer/ authority may procure the services of advisors to assist in the execution of the supply chain management function. These services should be obtained through formal procurement procedures.
- II. No advisor may, however, form part of the final decision making process regarding the specification, evaluation and award of bids, as this will counter the principle of vesting accountability with the accounting officer/authority. The Accounting Officer/Accounting Authority cannot delegate decision-making authority to a person other than a public service official.

10. CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS

- I. The Code of Conduct for Supply Chain Management Practitioners must be adhered to by all practitioners and other role players involved in supply chain management. The accounting officer or accounting authority is required to compel practitioners and other role players to formally sign the relevant Codes of Conduct with an undertaking to adhere to their requirements.
- II. Practitioners have a duty to act in the public interest at all times.

- III. Practitioners should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or supplier/contractor for themselves, their families or their friends or any person.
- IV. Practitioners should ensure that public resources are administered responsibly and they should perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation and policy including the Public Service Act and any directives issued by the accounting officer or accounting authority to ensure that public resources are administered responsibly.
- V. Practitioners should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

11. DEMAND MANAGEMENT

- I. The accounting officer or accounting authority must ensure that the supply chain management system of the institution provides for an effective and efficient system of demand management.
- II. The objective of demand management is to ensure that resources, goods, works or services required to fulfill the needs identified in support of the strategic plans and operational commitments of the institution are delivered timeously at the right time, price and place, and that the quality and quantity will satisfy the needs of the user.

12. ACQUISITION MANAGEMENT

- I. The accounting officer or accounting authority must ensure that the supply chain management system of the institution provides for an effective and efficient system of acquisition management in order to ensure that:
 - (a) Goods, works or services are procured in accordance with authorised processes;
 - (b) the threshold values for the different range of procurement processes as determined by the National Treasury are complied with;
 - (c) bid documentation and general conditions of a contract, are in accordance with all applicable legislation; and
 - (d) expenditure on goods, works or services are provided for in the approved budget of the institution.

13. LIST OF PROSPECTIVE SUPPLIERS PER COMMODITY AND TYPE OF SERVICE

- I. The accounting officer or accounting authority must compile a list of prospective suppliers, per commodity and type of service to be used for the procurement requirements in terms of paragraph 13 above.
- II. The list must also be used effectively to promote Broad-Based Black Economic Empowerment (B-BBEE) (as defined in the Broad-Based Black Economic Empowerment Act and the PPPFA Regulations as amended) through the participation of enterprises that are contributing towards B-BBEE.
- III. The list must be updated continuously in order to accommodate any additional suppliers and any new commodity or types of services, especially newly established black owned and empowered businesses and other newly established B-BBEE suppliers.
- IV. The accounting officer or accounting authority must disallow the listing of any prospective supplier whose name appears on the National Treasury's Database of Restricted Suppliers or Register for Tender Defaulters as a supplier or person prohibited from doing business with the public sector
- V. Once the list has been compiled per commodity and type of service, price quotations should be invited there from. The invitation of price quotations from the compiled list of prospective suppliers per commodity or service should be done on a rotation basis in such a manner that on-going competition amongst suppliers is promoted.

14. TAX CLEARANCE REQUIREMENTS

The accounting officer or accounting authority must, irrespective of the procurement process followed, not make any award to a person whose tax matters have not been declared by the South African Revenue Services to be in order.

15. PROCUREMENT OF GOODS, WORKS OR SERVICES

- I. The accounting officer or accounting authority must ensure that bid documentation and the general conditions of a contract are in accordance with the instructions of the National and provincial Treasury.
- II. The accounting officer or accounting authority must ensure that the bidders fully complete and submit all relevant documents required for any bid.

16. TRANSVERSAL TERM CONTRACTS

- I. The Limpopo Provincial Treasury may facilitate the arrangement of Transversal Term Contracts for goods, works or services that are needed by at least two or more institutions.
- II. Accounting officers or accounting authorities are, unless authorized otherwise in writing by the Limpopo Provincial Treasury, compelled to participate in any transversal term contract facilitated by the Provincial Treasury, if they have a need for any goods, works or services provided for in such a transversal term contract.
- III. The Provincial Treasury must furnish a list of such transversal term contracts to be arranged for the ensuing period to institutions in order to determine whether a need exists for any of the goods, works or services provided for in such contracts.
- IV. After a transversal term contract has been awarded by the Provincial Treasury, accounting officers or accounting authorities must ensure that, where appropriate, service level agreements are entered into by the specific institution.

17. PROCUREMENT OF GOODS, WORKS OR SERVICES UNDER CONTRACTS (EXCLUDING TRANSVERSAL TERM CONTRACTS) SECURED BY OTHER ORGANS OF STATE

- I. The accounting officer or accounting authority may in exceptional cases, on behalf of the department participate in any contract secured by another organ of state, but only if-
 - (a) there is no similar contract arranged by The Provincial Treasury
 - (b) the written approval of the Provincial Treasury is obtained.

18. UNSOLICITED BIDS

- I. An accounting officer or accounting authority is not obliged to consider unsolicited bids outside a normal bidding process.
- II. If an accounting officer or accounting authority decides to consider an unsolicited bid, the accounting officer or accounting authority should only do so in accordance with the instructions issued by the National and Provincial Treasury..

19. PROJECT OR SERVICES FUNDED BY GRANTS IN ACCORDANCE WITH A TECHNICAL ASSISTANCE AGREEMENT

- I. The accounting officer or accounting authority must ensure that:

- (a) if a project or commodity is fully funded by means of a grant in accordance with a technical assistance agreement which does not prescribe the procurement procedures to be followed, the prescripts of the Preferential Procurement Policy Framework Act, Act No 5 of 2000 and its associated Regulations as amended must be applied.
- (b) if a project or commodity is fully funded by means of a grant in accordance with a technical assistance agreement which prescribes that the funds must be utilized in accordance with the donor's own procurement procedures, the prescripts of the Preferential Procurement Policy Framework Act, Act No 5 of 2000 and its associated Regulations as amended does not apply.
- (c) if a project or commodity is partially funded by means of a grant in accordance with a technical agreement which does not prescribe the procurement procedures to be followed and the remainder is funded by the spending institution itself, the prescripts of the Preferential Procurement Policy Framework Act, Act No 5 of 2000 and its associated Regulations as amended must be applied.
- (d) If a project or commodity is partially funded by means of a grant in accordance with a technical agreement which does prescribe the procurement procedures to be followed and the remainder is funded by the spending institution itself, the prescripts of the Preferential Procurement Policy Framework Act, Act No 5 of 2000 and its associated Regulations as amended must be applied for the funds provided by the institution.

20. SET-ASIDES AND PROHIBITION OF THE USE OF COST ESTIMATES TO DISQUALIFY A POTENTIAL BIDDER

- I. An accounting officer or accounting authority may not invite bids with specific conditions that :
 - (a) promote set asides or exclude certain categories of potential bidders from the bidding process on the basis of race, gender, disability, age or religion.
 - (b) uses cost estimates of goods, works or services to disqualify potential bidders.

21. CONTRACT MANAGEMENT

The accounting officer or accounting authority must ensure that the institution provides for contract management for all contracts awarded.

- 22. PUBLICATION OF NAMES OF BIDDERS IN RESPECT OF ADVERTISED COMPETITIVE BIDS [ABOVE THE THRESHOLD VALUE OF R500 000 (ALL APPLICABLE TAXES INCLUDED)]**
- Within ten (10) working days after the closure of any advertised competitive bid, institutions must publish on its website the names of all bidders that submitted bids in relation to that particular advertisement. Where practical, institutions must also publish the total price and the preferences claimed by the respective bidders. The information should remain on the website for at least thirty (30) days.
- 23. PUBLICATIONS OF AWARDS**
- The accounting officer or accounting authority must ensure that awards are published in the Government Tender Bulletin and/or other media by means of which the bids were advertised.
- 24. LOGISTICS MANAGEMENT**
- The Accounting officer or accounting authority must develop and implement an efficient and effective system of logistics management.
- 25. DISPOSAL MANAGEMENT**
- The Accounting officer or accounting authority must develop and implement an efficient and effective disposal management system.
- 26. REPORTING OF SUPPLY CHAIN MANAGEMENT INFORMATION AND INTERNAL CONTROL MEASURES**
- The accounting officer or accounting authority of an institution must submit to the Provincial Treasury and National Treasury such supply chain management information as it may be required, in a format and at such intervals as the Treasury may require.
- 27. RISK MANAGEMENT AND INTERNAL CONTROLS**
- The accounting officer or accounting authority must provide for an effective and efficient system of risk management and internal controls in line with the relevant legislations.

28. REVIEW

This policy shall be reviewed by the Provincial Treasury as and when necessary.

29. DATE OF COMMENCEMENT

This policy takes effect from the date of approval


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K.A PHALA

MEMBER OF EXECUTIVE COUNCIL FOR FINANCE

16/03/15
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DATE