



POLICY ON SUPPLY CHAIN MANAGEMENT



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Title	POLICY ON SUPPLY CHAIN MANAGEMENT
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1. PURPOSE

The purpose of this policy is to inform employees of the University of Venda on Supply Chain Management process and procedure in terms of procurement processes so as to ensure fair competition and transparency.

2. DEFINITIONS

In this document, unless the context otherwise indicates :-

- 2.1 "applicant" means the line manager who requires a consultant/contractor for a project or any other product or service;
- 2.2 "cost centre" means the budget entities against which expenditure is incurred
- 2.3 "EMC" means the Executive Management Committee of the University;
- 2.4 "equipment" means the tools, apparatus, necessary for performing the job;
- 2.5 "fixed equipment" means for example all the electrical and mechanical equipment that forms part of a building;
- 2.6 "fronting" means the disguising of equity partnership in a business so as to have one's tender accepted when a joint venture with an emerging partner is required for a successful tender;
- 2.7 "goods" means movable property, merchandise, wares;
- 2.8 "item" means any goods, service contract, equipment, minor work or project;
- 2.9 "services" means contracts for the supply of measurable outsourced activities, including consultancy by natural persons;
- 2.10 "major works" means any building, sports field or landscaping contract which is handled by the Tender Committee;
- 2.10 "minor works project" means any building, sports field or landscaping, or any addition or alteration to the existing infrastructure of the University, as well as maintenance which is not of a cyclical nature, and which is normally handled by the Tender Committee;
- 2.11 "procurement policy" means the policy describing the procurement of all goods and services of the University;



2.13 "the University" means University of Venda, a University established in terms of the Higher Education Act, 1997 (Act No. 101 of 1997);

2.14 "service contract" means any contract focused on rendering a service for the maintenance of equipment or assets;

2.15 "standard documents" means contract documents prepared under the auspices of a professional body;

2.16 "University property" means any campus or other property of which the University is the title holder or for which a long-term rent agreement exists;

2.17 "Bid Evaluation Committee" means the Committee, which meets frequently with fully described functions, processes and procedures. This committee will review tenders received and make recommendations to the Tender Committee:-

2.18 "Procurement Committee" means the Committee, which meets frequently with fully described functions, processes and procedures;

2.19 "tender number" means a sequential number issued by Procurement Services to facilitate the audit function of all tenders approved, which number contains the year in which the tender was accepted:-

2.20 "contract number" means a sequential number issued by the Office of the Legal Advisor to facilitate the audit function of all contracts approved, which number contains the year in which the tender was accepted and a description to identify the nature of the project:-

2.21 "building project" means a project initiated to erect a complete building unit, to add to an existing building or to refurbish any existing building or grounds:-

2.22 "consultancy services" means the appointment of any natural person or legal entity by the University to render a specialized advisory service to the University:-

2.23 "itemized procurement" means a situation where the purchase involves the acquisition of a full unit which is ready for use: and-

2.24 "maintenance contract" refers to any contract focused on rendering of a service regarding the maintenance of facilities.

3. RULES AND MANDATE

The Council delegates its authority to the Tender Committee to select and appoint the supplier/contractor of projects, goods and services above a specified value according to the Tender Policy and to Management for lower value procurement in terms of the Delegations of Authority approved by Council.



3.1 Responsibilities of the Tender Committee

Assisted by the Procurement Department, the Tender Committee's purpose and functions are:

- 3.1.1 To acquire goods and services for the University, ensuring that the best value in terms of price, experience, quality and services, is obtained.
- 3.1.2 To ensure that reliable and registered suppliers/contractors/consultants are established through acceptable business practices such as open competition, negotiation and calling for tenders through the public media.
- 3.1.3 To ensure that emerging entrepreneurs, especially from previously disadvantaged communities are enabled to participate in the process.
- 3.1.4 Where the University is a participant in the purchasing consortium (PURCO) contracts, to ensure that such participation is in the best interest of the University.
- 3.1.5 Where the Procurement function has been assigned to a specialised body or functionary, e.g. building projects, IT equipment and accessories, the Committee still has to ensure that it is subject to the University's tender policy and procedure.
- 3.1.6 To ensure that outsourced services are concluded in terms of the University's tender policy and procedure.
- 3.1.7 To ensure that a formal scoring system is used in the evaluation process.

3.2 Committee System for Competitive Bids

3.2.1 A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurement as the Vice Chancellor may determine:

- (a) Bid Specification Committee;
- (b) Bid Evaluation Committee; and
- (c) Tender Committee (appointed by Council as a sub-committee of Council)

3.2.2 The Deputy Vice Chancellor: Operations appoints the members of the Bid Specification and Bid Evaluation Committees committee (Ex officio members of these Committees are the Vice Chancellor; Director: Physical Planning; Director: Finance and Director: Quality Control)

3.2.3 At the sole discretion of the Vice Chancellor, a neutral or independent observer may attend a committee when this is deemed appropriate for ensuring fairness and promoting transparency.

3.2.4 The committee system must be consistent with all provisions of this Policy



3.2.5 The Deputy Vice Chancellor: Operations may apply the committee system to all formal written price quotations.

3.3. Appointment of Consultants

3.3.1 Univen may procure consulting services through a closed bid system provided that all relevant aspects are taken into account when such procurements are made.

3.3.2 In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of:

- (a) All current consultancy services and consultancy services provided in the last five years;
- (b) any similar consultancy services provided in the last five years, and
- (c) reference letters

3.3.3 Univen must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the University.

3.4. Deviation from and ratification of breaches of the Procurement Processes.

3.4.1 The Vice Chancellor or his delegate accounting officer may:

(a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only:

- (i) in an emergency – in such cases the decision must be ratified at the next Tender Committee meeting – Univen will appoint contractors annually to be called in on an as and when required basis to cater for these crises;
- (ii) for the acquisition of special works of art or historical objects where specifications are not possible to compile;
- (iii) in any other exceptional case where it is impractical or impossible to follow the official procurement processes a special meeting of the Tender Committee will be called who will consider the application.

3.4.2 The Deputy Vice Chancellor: Operations must record the reasons for any deviations in terms of this policy and report them to the next meeting of the Tender Committee.

3.5 Evaluation of tenders (Bid Evaluation Committee)



Tender evaluation criteria shall be in writing, prioritised, and agreed upon by the functionary responsible for a tender and the relevant end-users. The Bid evaluation Committee will perform the task. In situations where specialist services are required, these will be appointed to assist with adjudication

- 3.5.1 The tender evaluation criteria should, where applicable, inter alia provide for:
- The critical aspects of the project/ goods and or service;
 - Experience and service quality
 - Adherence to the requirements of the Request for Quotation
 - Comparing different tenders on an equitable basis;
 - A financial evaluation taking into account the different terms of payment, fixed versus escalating prices, foreign exchange risks and discounts offered.
 - Life cycle costing;
 - The University's potential exposure to Contractual risk over time, expressed in monetary terms, should it be unable, for whatever reason, to meet it's contractual obligations e.g. penalties, compensation for losses and take-or-pay commitments, all in terms of the conditions of the tender;
 - Lowest total cost;
 - Return On Investment;
 - Time to recoup investment (payback period).
 - Financial and technical capabilities of the tenderer;
 - HDI Ownership And Control
 - Preferential Procurement Business Benefit.
 - An acceptable audit trail.

The same criteria must be applied by third parties, e.g. PURCO or Counselling Engineers when advising and proposing to the Tender Committee.

3.6 The Tender Committee is not responsible for the following functions:

- 3.6.1 Drawing up/description of specifications for tenders (applicant)
- 3.6.2 Drawing up, disbursement or collection of tenders (applicant and Head of Procurement Services)
- 3.6.3 Opening and registration of sealed tenders on the tender closing date (Head of Procurement Services, applicant and tenderer)
- 3.6.4 Provision of funds (applicant)
- 3.6.5 Placing of orders with suppliers, receipt of goods or services or control over progress with the project (applicant)
- 3.6.6 Certification that suppliers may be paid (applicant)

3.7 The Committees are composed of the following members:

3.7.1 The Tender Committee



- with voting rights
 - Four Council Members (external)
 - One of the Council Members to be the Chairperson
 - Director: Finance
 - Legal Advisor to the Principal
 - DVC Operations

3.7.2 Bid Evaluation Committee

- with voting rights;
 - Director: Physical Planning (Chairperson)
 - Deputy Director Finance (Alternate Chairperson)
 - Head Procurement
 - Representative from the Teaching, Learning and Research/Academic Section
 - Representative from the Support Function (Operations)
 - Any other representative appointed by the EMC.
- without voting rights;
 - Head: Procurement Services as Administrator
 - Internal Auditor as observer
 - Applicants who initiated the specific tender as motivators and specialists.

3.7.3 Bid Specification Committee

- Director Physical Planning (Chairperson)
- Representatives from school/department requesting the equipment, services or product
- Budget controller from Finance
- Representative from Procurement

3.8 GENERAL RULES

- 3.8.1 The standard sections of all tender documents should be submitted to the Legal Advisor to the Vice Chancellor, for scrutiny at least annually. Date of last update should be noted on all documents.
- 3.8.2 Tenders shall be invited for all purchases involving expenditure in excess of R300 000
- 3.8.3 (a) Tender shall be invited for all procurement falling under the following circumstances:
- (i) itemized procurement involving expenditure in excess of R300 000 per unit, and consultancy services with a value in excess of R300 000; and
 - (ii) building projects, maintenance contracts and service contracts with a value in excess of R300,000.



- (b) The provisions of 3.5.1 shall be enforced subject to the following:
 - (i) With respect to the provision of 3.5.1 on tenders for consultancy services, only consultants who are experienced in the field, are to be considered for allocations of tenders.
 - (c) Tenders may be invited for purchases involving expenditure below R300 000 per monetary value including VAT, if the item is of a specialized nature or at the special request of an applicant.
 - (d) Procurement from specialised suppliers nationally and internationally where such equipment (mostly laboratory equipment) are necessary and in general use at Universities across South Africa for such specialised purposes. In this case closed tenders may be asked.
 - (e) Users may prescribe vehicles makes that they require, but competitive quotes must still be obtained from dealers. In this case closed tenders may be asked.
 - (f) For consulting work or short courses between state institutions, prices must be benchmarked before contracts are entered into.
- 3.8.4 Under no circumstances should orders be subdivided to ensure that the amounts per order fall below the threshold and enable the placement of orders without following the tender processes.
- 3.8.5 Normal orders shall be placed for goods purchased through the tender process while:
- 3.5.1.1 Contracts should be concluded in all circumstances where services need to be rendered.
 - 3.5.1.2 Letters of acceptance must be signed where goods are purchased exceeding the amount of R100 000.
- 3.8.6 The applicant's relevant EMC member should approve the purchase of all items involving expenditure in excess of R200 000, before tenders are invited. If the applicant is an EMC member, the Vice Chancellor should approve the expenditure.
- 3.8.7 The names of the owners/directors/members participating in the tender should be clearly stated in the tender, as well as any relationship with any staff member involved with the specific tender.
- 3.8.8 Competition between the suppliers of items should always be encouraged, therefore previous donations or grants should not be a deciding factor but only add to the merit of the decision.
- 3.8.9 The documents for projects should be prepared in generic terms so that the various tenderers may compete and be adjudicated on an equal footing. Standard documents should always be used when contract documents and specifications are drawn up for the execution of projects or the procurement of products or services.



- 3.8.10 Tenderers must pay the prescribed fee as contained in the official tariff list when collecting the tender document.
- 3.8.11 Procurement Services has the right to rectify all accounting mistakes in tenders. The Procurement Committee should evaluate the evidence to establish if the adjustment is *bona fide*, and should also assess whether it benefited or disadvantaged any of the tenderers' positions.
- 3.8.12 The price, quality, ability to deliver and quantity of items as well as equity ownership shall determine acceptance of the tender.
- 3.8.13 Orders for purchasing of items tendered for may be issued only if the Tender Committee has approved a tender or when it has been approved through the normal delegated approvals procedure of the University.
- 3.8.14 An extension of an existing contract at the scheduled rate shall be subject to approval by the Tender Committee, and a memorandum setting out the reasons for such an extension should accompany the application.
- 3.8.15 Tenderers should have at least one week, but preferably two weeks, at their disposal to submit their tender, and the tenderers should clearly state for which project, service provision or other item they are tendering, so that tenders could be compared with each other and be adjudicated in a transparent and equitable manner.
- 3.8.16 The tender closing date, time and place should be stated clearly on all documents. Late tenders received after the other tenders were opened, shall:
- Be identified and confirmed as late tenders
 - Not be eligible for inclusion in the tender evaluation process
 - Remain unopened.
- 3.8.17 Tenders should be placed in the tender box and opened on or after the closing time. The tender box should be locked by two separate locks and each lock containing its own key. These keys should be kept separately.
- 3.8.18 Tenders that are not submitted in sealed envelopes shall not be considered.
- 3.8.19 Tenders opened should be recorded in the Tender Register in strict accordance to the procedure described herein.
- 3.8.20 Any tenderer has the right to attend the opening of tenders and the public announcement of the tender amounts.



- 3.8.21 Only the Tender Committee may approve tenders. All applicants for projects, goods and services may, at their own free will or at the request of the Tender Committee, attend the adjudication meetings.
- 3.8.22 Successful tenderers shall be informed in writing, accordingly.
- 3.8.23 Unsuccessful tenderers may be informed telephonically.
- 3.8.24 No officer or official of the University shall, at any time, be required to give any reason why a tender has been accepted or rejected. If a tenderer has any query regarding a tender adjudication, a written request for an explanation may be addressed to the chairperson of the Tender Committee.
- 3.8.25 A tenderer may withdraw after tender adjudication before an order for the purchasing of an item is issued, on condition that he pays the difference between his own tender and the next highest bid to the University.
- 3.8.26 The University reserves the right not to accept any tender or call for tenders again.

1. CONFLICT OF INTEREST

- 4.1 Potential contractors and suppliers should declare their direct/indirect relationship/interest with University staff or the Institution as a whole.
- 4.2 Staff members must declare their direct/indirect relationship/interest with potential contractors/suppliers. In cases where staff is unaware of their relative's/friends intention to do business with the University, they should declare immediately upon knowing thereof.
- 4.3 If the supplier/contractor is going to be involved in supplying goods or services to a Department/division/section etc where the staff member related to the contractor/supplier works, that contractor/supplier should be excluded from the process of procurement.
- 4.4 Members of the Tender Committee should declare their interest annually as well as at the start of each Tender Committee meeting. The agenda of the Tender Committee meeting should contain a standard item referring to such a declaration. Members of the Tender Committee with interests will be excused from the meeting where the relevant tender needs to be considered (*Annexure E*).

2. PROCEDURE

- 5.1 The applicant obtains a tender number from Procurement Services or in the case of a Contract or Consultant appointment from the Office of the Legal Advisor.



- 5.2 The applicant forwards detailed specifications to Procurement Services for compilation of the tender documents. In cases where the specification provided by the applicant differs from those set for the University, lower than the specification, Procurement Services consult with the applicant and record the findings.
- 5.3 In cases where the specifications are of highly technical matter where Procurement Services or the University does not have expertise available, the help of identified specialised Consultants may be called for. Circumstances calling for such intervention may be brought before the Tender Committee to be approved as a case of emergency. All other appointments of Consultants should be handled through the normal tender process.
- 5.4 Procurement Services registers the tender in the tender register and issue a tender number as well as closing time and closing date.
- 5.5 Procurement Services advertises all tenders for at least one (1) week on a public tender notice board and/or on the University's website.
- 5.6 Procurement Services also invites tenders through advertising in the daily newspapers, provided that the advertising costs be substantiated, the item be of substantial value, and sufficient time be available. This is compulsory for tenders with a value exceeding R300 000.
- 5.7 The advertisement in the papers must include the following:
- Name of tender
 - Location
 - Project detail of tender
 - Tender number
 - Closing time and closing date
 - Location where tender must be delivered
 - Locations where tender documents can be inspected
 - Location and address (including e-mail) for obtaining the tender documents as well as the amount of the non-refundable deposit.
 - Name and phone number for enquiries; and
 - A clause stating: The lowest or any tender will not necessarily be accepted.
- 5.8 Procurement Services ensures to it that, when tenders are invited, all tenders have a closing time and date for the submission of tenders, after determining such closing time and date in consultation with the applicant, taking into account that the period before such closing time and date may not be less than two weeks (see paragraph 4.7).
- 5.9 Procurement Services attaches the standard conditions of tenders (*Annexure A*) to each set of tender documents to be issued.



- 5.10 Procurement Services arranges, if required, a once-off information session or site inspection for the applicant and potential tenderers in order to clear up any matter or supply any additional information.
- 5.11 Procurement Services allows fourteen to thirty days for tenderers to prepare their offers depending on the value.
- 5.12 Procurement Services closes tenders officially at 12:00, on a Tuesday.
- 5.13 Procurement Services requests tenderers to submit their tenders in an unused envelope and to seal it, to prevent disqualification.
- 5.14 Procurement Services requests tenderers to address their sealed envelopes to the Head of Procurement Services, University of Venda, University Road, Thohoyandou, to write the tender number, closing time and date of the tender on the front as well as their own address on the back of the envelope, and to place the tender in the tender box located at the Thohoyandou Campus.
- 5.15 The Head of Procurement Services, or his/her proxy, opens the tender, preferably in the presence of the applicant or his/her proxy.
- 5.16 He/she or his/her proxy reads the name of each tenderer and the amount of his/her tender out loud and records the tender as well as the amount tendered in the tender register.
- 5.17 All parties who are present when the tender is opened sign the register as witnesses to the opening of the tender. Tenderers who attend are merely observers. If professional consultants are present, they sign the tender register, as well.
- 5.18 Procurement Services draws up a schedule of all the tenders after the opening and check them for accuracy. Matters that are not clear at this stage must be followed up without delay.
- 5.19 Procurement Services hands over the schedule and tenders to the applicant, who is responsible for the calculation accuracy, effect of qualifications and general quality of offers.
- 5.20 The applicant prepares a tender recommendation, indicating the cost centre and account number for disbursements, and after consultation with Procurement Services, submits the recommendation to the Secretary of the Tender Committee, according to the standard proposal document (*Annexure F*).
- 5.21 Procurement Services submits the list of the firms that received tender documents, the tender register and the schedule of tenders to the Tender Committee, as well as additional written motivation in support of a tender, if required.



- 5.22 If applicable, the applicant declares in writing to the Tender Committee any interest he/she may have in the business of the tenderer.
- 5.23 Any members of the Tender Committee, where applicable, declare their interest in the business of the tenderer before tender adjudication takes place and remove themselves from the meeting when the relevant tender is considered.
- 5.24 The Tender Committee adjudicates, approves or refuses the tender in terms of the rules and Code of Good Practice (*Annexure B*).
- 5.25 The Bid Evaluation Committee also pays attention to emerging suppliers/ contractors in accordance with University policy (*Annexure C*).
- 5.26 The applicant forwards a requisition for purchasing an item if the necessary funds are available at the given cost centre. The requisition must be signed by the delegated authority as prescribed.
- 5.27 All successful and unsuccessful tenders, except tenders concerning building projects and minor capital works, are to be attached to the properly approved requisition, and filed at Procurement Services.

6 RELATED POLICIES AND DOCUMENTATIONS

Policy on creditors- interim payments

7 REGULATORY FRAMEWORK

GAAP

King III report on Corporate Governance

Higher Education Act (Act 107 of 1997)

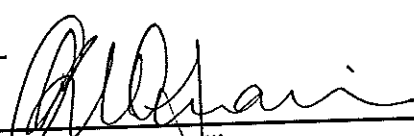
8 REVIEW DATE

This policy will be reviewed after three years or as and when the need arises.

9 RECORD OF CHANGES

REVISION	DATE	AUTHOR(S)	DESCRIPTION

10 APPROVAL



Registrar (Secretary of Council)



STANDARD CONDITIONS OF TENDERS

1. No tender surety shall be required.
2. It is a specific condition that tenderers should attend a site inspection for each and every contract. When this condition has not been complied with, any claim for an additional payment, which may arise, shall be refused.
3. All tender documents, especially the tender form and all other addenda, should be fully priced.
4. Only authorised persons may complete and sign tender forms, and copies of authorisation given by a Board of Directors should be attached to tenders.
5. Tenders should be all-inclusive. With an unqualified tender, alternatives may be offered according to the specifications and schedule of quantities.
6. The University has the right to rectify all accounting mistakes in tenders. The University shall evaluate the evidence to establish if the adjustment is *bona fide*, and shall also assess whether it benefited or disadvantaged any of the tenderers' positions.
7. Tender documents are regarded as confidential and remain the property of the University.
8. The University is not responsible for the cost to tender.
9. The University does not have to accept the lowest or any other tender and may accept a tender in part only.
10. All stamp duties are payable by the tenderer.
11. Tenders should remain valid for at least 90 days after the tender closing date. Tenders may be withdrawn before the tender closing date.
12. Tenderers should clearly indicate the inclusion of VAT at the current rate to reflect the final tender amount.
13. A tenderer may withdraw after tender adjudication before an order for purchasing an item is issued, on condition that he pays the difference between his own tender and the next highest bid to the University.



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14. Tender submitted after the official closing date and time will be sent back un-opened to the Tenderer.



Code of Good Practice

TENDER COMMITTEE

DUTIES

1. Duties of Chairperson

- Acts as Chairperson at all Tender Committee meetings.
- Ensures that sufficient consensus is reached on all matters that are approved.
- Ensures that all financial regulations of the University relating to the spending of money are complied with.
- Handles all enquiries on the Tender Committee proceedings.

2. Duties of the Head Financial Services

- Ensures that the availability of funds is confirmed.
- Ensures that the financial regulations are complied with.

3. Duties of the Representative from Teaching Learning and Research/Academic Section

- Ensures that the interests of the academic sector are served.
- Advise on tenders of an academic nature, e.g. research projects, consultation and training.
- Ensures that tenders are according to Higher Education Quality Standards.

4. Duties of the Representative of the Support Services

- Ensures that all tenders related to support services are prepared and issued according to industry standards.
- Ensures that applications for the invitation of tenders are made in accordance with the University's physical facilities plan.
- Ensures that work undertaken under the accepted tender complies with the stipulations of the Occupational Health and Safety Act.
- Ensures that service level and product standards are complied with.
- Ensures that future maintenance requirements resulting from the accepted tender are taken into account when tenders are accepted.
- Ensure that all IT tenders comply with the University's IT policies in terms of compatibility and maintenance.

5. Duties of the Procurement Administrator

- Ensure that the tender procedure has been followed with a complete audit trail.