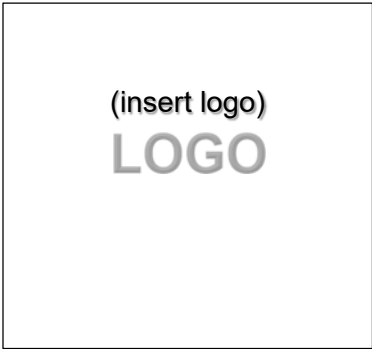


Department of Higher Education and Training
UNIVERSITY MACRO-INFRASTRUCTURE FRAMEWORK (MIF)
Infrastructure Management Guidelines for Universities

Annexure 7: Model Supply Chain Management Policy

11 July 2019

Note: This Annexure to the Infrastructure Management Guidelines for Universities provides a model SCM policy which integrates into a single policy document requirements, guidelines and allocations of responsibilities for the supply of general goods and services and infrastructure. Annexure 8 provides a model policy for Infrastructure Procurement and Delivery Management which is intended to be used where a policy separate from the SCM policy for the supply of general goods and services is developed.



[NAME OF UNIVERSITY]

Supply chain management policy

POLICY NUMBER		POLICY OWNER	
OVERSEEING COMMITTEE(S)			
APPROVAL DATE		REVISION DATE	

POLICY STATEMENT
This policy provides guidelines and direction to the University regarding the rules and procedures to be followed in supply chain management activities ensuring that the process uses resources efficiently, economically and effectively and in an accountable manner.

REVISION HISTORY

CURRENT APPROVAL CYCLE	
POLICY NUMBER:	
DATE OF COUNCIL APPROVAL:	
EFFECTIVE DATE FOR IMPLEMENTATION:	
NEXT REVISION DATE:	

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Preamble

Constitutional imperatives

The [Name of University] is a public higher education institution governed in terms of the Higher Education Act 101 of 1997. It relies primarily on state subsidies, student fees and grants to execute its mandate. It is not one of the public entities listed in schedule 3 of the Public Finance Management Act (PFMA) and is therefore not obliged to comply with the provisions of the Public Finance Management Act and the Regulations for Supply Chain Management (SCM) promulgated in terms of this Act. The University as an organ of state is nevertheless required in terms of the Constitution of South Africa to:

- use resources efficiently, economically and effectively in an accountable manner (see Section 195 of the Constitution); and
- take administrative action that is lawful, reasonable and procedurally fair (see Section 8 of the Constitution)

A procurement system which is fair, equitable, transparent, competitive and cost effective and is efficient and enables the aforementioned constitutional imperatives to be satisfied.

Procurement

Procurement is the process which creates, manages and fulfils contracts. Procurement commences once a need for goods and services or any combination thereof has been identified and it ends when the goods are received and the services are completed and contracts closed out. It accordingly has three phases, namely:

- 1) a planning phase during which decisions are made as to what, where and when goods and services are required, how the market is to be approached and what is the number, type, nature and timing of the required contracts;
- 2) an acquisition phase during which contracts are entered into following the execution of a selection procedure; and
- 3) a contract management (or contract administration) phase during which compliance with requirements, changes in requirements and risk events which manifest during the execution of contracts are managed.

The procurement of general goods and services for consumption usually involves the direct acquisition of products and services which are standard, well-defined and readily scoped and specified. The process normally involves the production of a specification which then forms the requisition. An immediate choice can be made in terms of the cost of goods and services satisfying the specified requirements, which can be paid for upon delivery.

There are many more risks to manage in the procurement of infrastructure than for general goods and services, due to many risks which can manifest during the delivery of an infrastructure project. In addition, infrastructure requirements are often established from a perspective of desired performance, rather than a well-defined specification. A range of different combinations of goods and services with differing characteristics such as initial cost, reliability, life-cycle costs, and operating costs may satisfy performance requirements. An infrastructure project is also usually delivered and paid for incrementally over a period and is

“manufactured” on a site. For these reasons, the procurement of infrastructure needs to be approached differently to the procurement of general goods and services.

Supply chain management

A supply chain can be regarded as the sequence of tasks or parties that provides goods or services to the University. Supply chain management as such needs to address the relationships between organisations, people, activities, logistics, information, technology and resources engaged in activities and creating value from point of origin to point of consumption. Such management includes transforming materials/components to products and services for end users. Supply chain management is also concerned with prioritising expenditure against organisational objectives and strategic plans in annual budgeting processes.

The supply chain for general goods and services commonly focusses on consumption and operational needs that are standard, well-defined and readily scoped and specified. Once purchased, goods invariably need to be taken into storage prior to being issued to employees. Services most often involve routine, repetitive services with well understood interim and final deliverables which do not require strategic inputs or require decisions to be made regarding the fitness for purpose of the service outputs.

The supply chain for infrastructure on the other hand can be represented as the flow of information from one set of tasks to the next with decision points or gates at the boundaries between tasks which provides the opportunity for ensuring that the proposed project remains within agreed mandates, aligns with the purpose for which it was conceived, and can progress successfully to the next task. Procurement brings together built environment professionals, general contractors, specialist and subcontractors to deliver specific client requirements.

Delivery management is the critical leadership role played by a knowledgeable client to specify, procure and deliver infrastructure projects efficiently and effectively, resulting in value for money. Delivery management as such includes knowledgeable leadership, consistent governance and systematic administration of procurement, contracts and project finances. Delivery management activities commence with an organisation’s vision and business objectives, which informs the needs for more infrastructure or to modify or to maintain the functionality of existing infrastructure. Delivery management activities include planning at a programme and project level and the procurement and management of a network of suppliers, including as necessary professional service providers, contractors and subcontractors to plan, design and deliver infrastructure projects on a site.

Procurement binds the participants in the supply chain and defines the obligations, liabilities and risks that link the parties together in a process that needs to deliver value for money. Supply chain management, on the other hand, is concerned with the governance, oversight, co-ordination and monitoring of inputs, outputs and outcomes of the supply chain.

1 Purpose

The purpose of this supply chain management (SCM) policy is to establish a uniform supply chain management system for the University that:

- a) is fair, equitable, transparent, competitive and cost effective;
- b) promotes the efficient, economic and effective use of resources in the procurement and delivery of infrastructure projects; and
- c) promotes broad-based black economic empowerment.

2 Scope

This SCM Policy establishes requirements for managing all elements of supply chain including procurement, logistics, risk, supply chain performance, the delivery management of infrastructure projects and disposal management relating to goods, services and any combination thereof.

This SCM policy also establishes:

- a) a code of conduct for those engaged in SCM activities (see Part A);
- b) procurement processes, methods and procedures (see Part B);
- c) the SCM system (see Part C); and
- d) the delivery management system for infrastructure projects (see Part D).

3 Delegation of SCM powers and duties

3.1 The Council of the University delegates SCM powers and duties to the Vice Chancellor enabling him/her to:

- a) discharge SCM responsibilities;
- b) maximise administrative and operational efficiency in the implementation of the SCM policy; and
- c) enforce reasonable, cost effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices.

3.2 The Vice Chancellor shall ensure that:

- a) the policy is adhered to through delegation to the Chief Financial Officer who shall:
 - 1) function as the custodian of the SCM Policy;
 - 2) report on progress regarding the implementation of the SCM Policy;
 - 3) ensure that SCM system is adhered to;
- b) the policy is implemented; and

- c) the tri-annual review of the SCM policy takes place.

4 SCM Unit

4.1 The SCM unit, which shall operate under the supervision of the Chief Financial Officer, shall be responsible for:

- a) the maintenance of the supply chain management system to ensure its effectiveness and efficiency;
- b) regular reporting to the Vice Chancellor on the performance of the supply chain management system in accordance with the principles set out in Part C of this policy;
- c) the procurement of general goods and services in accordance with the provisions of Part B except in relation to the procuring of the following which is exempted from any procurement process:
 - 1) services provided by utilities;
 - 2) subscriptions;
 - 3) books at exhibitions;
 - 4) conference/seminar fees; and
 - 5) membership fees of organisations;
 - 6) speakers and presenters; and
 - 7) software and other licensing fees.
- d) the implementation and execution of aspects of procurement in accordance with the provisions of Part B which are common to the procurement of general goods and services and infrastructure projects and where the client delivery manager or infrastructure asset manager specifically requests the Unit to undertake a procurement relating to an infrastructure project;
- e) the rendering of assistance and administrative support to the client deliver manager and the infrastructure asset manager in the procurement of goods and services for infrastructure;
- f) the implementation and execution of Part C of the SCM policy; and
- g) co-ordinating the flow of information and documentation received from the client delivery manager into the financial and reporting system.

4.2 The Chief Financial Officer shall ensure that all officials directly or indirectly involved in the implementation of SCM system within the University are trained to perform SCM functions.

4.3 The Chief Financial Officer and all other officials of the University involved in the implementation of the SCM shall meet the prescribed competency levels to effectively

administer the University's SCM function. Where practical and reasonable, the prescribed competency levels will be determined by the University and may form part of individual or group job characteristics and descriptions.

5 Infrastructure procurement and delivery management

- 5.1 The procurement of goods and services and any combination thereof associated with infrastructure projects shall be in accordance with the relevant provisions of Part B of this SCM policy.
- 5.2 The delivery of infrastructure projects shall be in accordance with the provisions of Part D of this SCM policy.

6 Internal audit

Internal Audit shall conduct periodic risk based audits of the SCM system to assist management to increase the effectiveness of controls.

7 Petty cash purchases

- 7.1 Petty cash purchases may be undertaken in accordance with the University's Petty Cash policy provided that the transaction value does not exceed [R value] inclusive of VAT.
- 7.2 Petty cash purchases are conditional on the delegated official responsible for petty cash compiling and submitting a monthly reconciliation report to the [designated Person] which indicates all petty cash purchases for that month. All petty cash purchases shall be supported by adequate receipts and appropriate documents for each purchase.

8 Letting/renting of immovable assets

- 8.1 The letting of immovable property shall be at market related prices, excluding the exclusive use of buildings such as student residences and staff accommodation. Immovable property may not be let out free of charge.
- 8.2 The Vice Chancellor should review on a bi-annual basis all fees, charges, rates and tariffs relating to the letting of property to ensure sound financial planning and management.

9 Conduct of those engaged in SCM activities

- 9.1 Employees and agents of the University (any person or organisation that is not an employee of the University that acts on the University's behalf) shall conduct themselves in accordance with the provisions of Annex A.
- 9.2 An employee of the University must in terms of Section 34(4)(b) of the Higher Education Act of 1997 (Act No 101 of 1997) notify the University in writing of any conflict or possible conflict of interest before the University procures any goods or services from the employee or an organisation within which the employee holds an interest.
- 9.3 No employee of the University may in terms of Section 34 (5) of the Higher Education Act of 1997 (Act No 101 of 1997) conduct business, directly or indirectly, with the

University, that entails or may entail a conflict of interest with the University, unless these transactions have been approved by the Council of the University. Such approvals by the Council shall be recorded in the Conflict of Interest Register.

- 9.4 No employee of the University may in terms of Section 34 (6) of the Higher Education Act of 1997 (Act no 101 of 1997) contract on behalf of the University with himself/herself or any entity in which he/she has a direct or indirect financial or personal interest other than that relating to his / her employment relationship with the University.
- 9.5 Authorised approvers of University business transactions cannot approve their own documents or transactions and documents or transactions payable to their immediate supervisor, the supervisor's business or the supervisor's immediate family. In such cases an independent person on a higher level of the University's hierarchy should authorise and approve the transaction.

10 Purchasing Consortium (PURCO)

- 10.1 The University, as a member of the Purchasing Consortium Southern Africa NPC (PURCO), may make use of PURCO national contracts to satisfy its procurement needs where this is cost effective to do so. The SCM unit will conduct regular value for money analyses to determine whether or not it is in the University's best interest to procure goods and services through a PURCO national contract.
- 10.2 Items procured on a PURCO contract, are exempted from the procurement requirements established in Part B of this SCM policy. Suppliers that have been contracted by PURCO nationally, shall be indicated as such on the University's Supplier Database, and a copy of their PURCO National Contract kept on file for audit purposes.

11 Review and amendment of the SCM Policy

- 11.1 This SCM policy shall be reviewed on a tri-annual basis or more frequently if the need arises.
- 11.2 Amendments to this SCM policy shall have no effect unless the Council of the University approves it.

Part A: Conduct of those engaged in SCM activities

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Part A: Conduct of those engaged in SCM activities

A1 Scope

This part of the SCM policy establishes a code of conduct for employees or agents of the University involved in all elements of SCM activities including procurement, logistics, risk management, supply chain performance, the delivery management of infrastructure projects and disposal management in relation to goods, services and any combination thereof.

A2 Terms and definition

For the purposes of this part of the SCM policy, the following terms and definitions apply:

- a) **agent:** a person who is not an employee of the University that engages in SCM activities on behalf of the University
- b) **conflict of interest:** any situation in which:
 - 1) someone in a position of trust has competing professional or personal interests which make it difficult for him or her to fulfil his or her duties impartially,
 - 2) an individual or organisation is in a position to exploit a professional or official capacity in some way for his or her personal or for corporate benefit, or
 - 3) incompatibility or contradictory interests exist between an employee and the organisation which employs that employee
- c) **contractor:** person or organisation that contracts to provide the goods, services or any combination thereof
- d) **gratification:** an inducement to perform an improper act
- e) **procurement:** the process which creates, manages and fulfils contracts
- f) **tenderer:** person or organization that submits a tender offer
- g) **respondent:** person or organization that submits an expression of interest in response to an invitation to do so
- h) **University:** the [Name of University]

A3 Conduct of those engaged in SCM activities

A3.1 General requirements

A3.1.1 University employees and agents of the University shall:

- a) behave equitably, honestly and transparently;
- b) discharge duties and obligations timeously and with integrity;
- c) comply with all applicable legislation and associated regulations;

- d) satisfy all relevant requirements established in procurement documents;
- e) avoid conflicts of interest; and
- f) not maliciously or recklessly injure or attempt to injure the reputation of another party.

A3.1.2 All personnel and agents engaged in the University's SCM system shall:

- a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;
- b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;
- c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;
- d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;
- e) ensure that resources are administered responsibly;
- f) be fair and impartial in the performance of their functions;
- g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;
- h) not abuse the power vested in them;
- i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;
- j) assist the University in combating corruption and fraud within the SCM system;
- k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;
- l) not make false or misleading entries in reports or accounting systems; and
- m) keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

A3.1.3 An employee or agent may not amend or tamper with any submission, tender or contract in any manner whatsoever.

A3.2 Conflicts of interest

A3.2.1 The employees and agents of the University who are connected in any way to the University's supply chain management system, shall:

- a) disclose in writing to the employee of the University to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and

- b) not participate in any activities that might lead to the disclosure of University proprietary information.

A3.2.2 The employees and agents of the University shall declare and address any perceived or known conflict of interest, indicating the nature of such conflict to whoever is responsible for overseeing a procurement process at the start of any deliberations relating to such a process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.

A3.3 Evaluation of submissions received from respondents and tenderers

A3.3.1 The confidentiality of the outcome of the processes associated with the calling for expressions of interest, quotations or tenders shall be preserved. Those engaged in the evaluation process shall:

- a) not have any conflict between their duties as an employee or an agent and their private interest;
- b) may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person;
- c) deal with respondents and tenderers in an equitable and even-handed manner at all times; and
- d) not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to the University.

A3.3.2 University employees and agents shall immediately withdraw from participating in any manner whatsoever in a procurement process in which they, or any close family member, partner or associate, has any private or business interest

A3.4 Gratifications, hospitality and gifts

A3.4.1 University employees and agents shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

A3.4.2 University employees and agents as well as their family members (a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption) or associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:

- a) money, loans, equity, personal favours, benefits or services;
- b) overseas trips; or

- c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

A3.4.3 University employees and agents shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.

A3.4.4 University employees and agents may for the purpose of fostering inter-personal business relations accept the following:

- a) meals and entertainment, but excluding the cost of transport and accommodation;
- b) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc;
- c) incidental business hospitality such as business lunches or dinners, which the employee or agent is prepared to reciprocate;
- d) complimentary tickets to sports meetings and other public events, but excluding the cost of transport and accommodation, provided that such tickets are not of a recurrent nature; and
- e) gifts in kind other than those listed in a) to d) which have an intrinsic value not more than R [value] unless they have declared them to the [designated person].

A3.4.5 Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of calls for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.

A4 Reporting of incidences

An employee or agent of the University shall without delay report to the [designated person]. Unit any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

Part B: Procurement processes, methods and procedures

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Part B: Procurement

B1 Scope

This part of the SCM policy establishes procurement processes, methods and procedures. It also includes delegations to take certain actions within the procurement process and excludes petty cash purchases.

B2 Reference documents

The following referenced standards and the forms of contract identified in this standard are indispensable for the application of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

- South African Bureau of Standards, SANS ISO 10845-1, *Construction procurement – Part 1: Processes, methods and procedures*
- South African Bureau of Standards, SANS ISO 10845-2, *Construction procurement – Part 2: Formatting and compilation of procurement documentation*
- South African Bureau of Standards, SANS ISO 10845-3, *Construction procurement – Part 3: Standard conditions of tender*
- South African Bureau of Standards, SANS ISO 10845-4, *Construction procurement – Part 4: Standard conditions for the calling for expressions of interest*

B3 General requirements

B3.1 Procurement shall be undertaken in accordance with:

- a) the relevant requirements of SANS ISO 10845-1, SANS ISO 10845-2, SANS ISO 10845-3 and SANS ISO 10845-4;
- b) the provisions of Annex BA;
- c) the administrative procedures embedded in the adopted standard forms of contract identified in Annex BA; and
- d) the provisions of the Preferential Procurement Policy Framework Act of 2001 where the estimated value of the procurement exceeds R 30 000.

B3.2 Preferences may only be applied in the procurement process in accordance with the provisions of the Preferential Procurement Policy Framework Act of 2001 and associated Preferential Procurement Regulations.

B3.3 Quality may be evaluated in tender submissions as other objective criteria as provided for in the Preferential Procurement Policy Framework Act in accordance with the provisions of SANS ISO 10845-1. The provisions for prequalification for preferential treatment and subcontracting as a condition of tender as contained in the Preferential Procurement Regulations may be applied when appropriate.

B3.4 The [designated person] may approve a request from another organisation to make use of a framework contract put in place by the University.

B4 Control framework for procurement

B4.1 The control framework for procurement shall be as set out in Annex BB. The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the quotation threshold shall be as stated in Table B1. The responsibilities for taking key actions associated with the issuing of orders in terms of a framework agreement are as indicated in Table B2.

Table B1: Procurement activities and gates associated with the formation and conclusion of contracts above R [threshold for quotations] including VAT

Activity		Principal action (see Table BB1 in Annex BB)		Responsible person	
				General goods and services	Infrastructure
1*	Establish what is to be procured	3 PG1	Decide to proceed / not to proceed with the procurement.	[Designated person]	[Designated person]
2*	Decide on procurement strategy	5 PG2	Confirm procurement strategy so that tender offers can be solicited		
3	Solicit tender offers	2 PG3	Grant approval for the issuing of the procurement documents	Tender Documentation Committee	
		3 PG4	Confirm that finance is available for the procurement to take place	[Designated person]	[Designated person]
4	Evaluate tender offers	4.2 PG5	Ratify recommendations of the evaluation report and authorise progression to the next stage of the tender process	Tender Evaluation Committee	
		4.7 PG6	Make recommendation to award a contract or refer the evaluation report back to the Tender Evaluation Committee for reconsideration	Tender Committee	
5	Award contract	5.3 PG7	Accept the tender offer in writing	Thresholds inclusive of VAT for awarding of contract by authorised persons:	
				[Designated person] > R [value A] 1 m total of prices ≤ R [value B]	
				[Designated person] > R [value B] total of prices ≤ R [value C]	
				Finance Committee of the University Council or where the projects are funded in whole or part by DHET, the Vice Chancellor > [value C]	
				Framework agreements irrespective of value – [Designated person]	
		5.5 GF1	Authorise the uploading of financial data on the financial system	[Designated person]	

Activity		Principal action (see Table BB1 in Annex BB)		Responsible person	
				General goods and services	Infrastructure
6	Administer contracts and confirm compliance with requirements	6.4 PG8A	Approve waiver of penalties or low performance damages	[Designated person]	
		6.5 PG8B	Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law	[Designated person]	
		6.6 PG8C	Approve amount of time and cost overruns up to a threshold of 20% for cost and 30% for time	[Designated person] cost ≤ [value A]% time ≤ [value M]10%	Contract manager cost ≤ [value J] % time ≤ [value R] % [Designated person] >[value J] cost ≤ [value K]% >[value R] time ≤ [value S]%
				[Designated person] >[value B]% cost ≤ [value C]% >[value M] time ≤ [value O]15%	[Designated person] >[value K]% cost ≤ [value L]% >[value S]% time ≤ [value T]%
				[Designated person] >[value A]% cost ≤ 15% >[value O]% time ≤ 20%	[Designated person] > [value L]% cost ≤ 20% >[value T]% time ≤ 30%
		6.7 PG8D	Approve amount of time and cost overruns above the threshold contained in 6.6	[Designated person]	
		6.8 PG8E	Approve cancellation of termination of a contract	[Designated person]	
		6.9 PG8F	Approve proposed amendment to contract	[Designated person]	

Table B2: Procurement activities and gates associated with issuing of an order in terms of a framework agreement.

Activity		Responsible person	
		General goods and services	Infrastructure
1 FG1	Confirm justifiable reasons for selecting a framework contractor where there is more than one framework agreement covering the same scope of work	[Designated person]	
3 FG2	Approve procurement documents	Tender Documentation Committee	
4 FG3	Confirm that budgets are in place	[Designated person]	[Designated person]
6 FG4	Authorise the issuing of the order in terms of a framework agreement	Thresholds inclusive of VAT for issuing of an order in terms of a framework agreement by authorised persons are the same as for PG7 in Table B1	

B4.2 The responsibilities for taking the key actions associated with procurements which do not exceed R [threshold value for quotations] including VAT shall be as follows:

- a) [designated person] or [designated person], as appropriate, shall grant approval for the issuing of the procurement documents;
- b) offers received shall be evaluated at a meeting attended by a member of the SCM Unit and a nominee of the end user, the Client Delivery Manager or Infrastructure Asset Manager in the case of infrastructure projects, which decision shall be recorded and be signed by both of the participants; and
- c) the Authorised Person may award the contract if satisfied with the decision of the meeting in b) above.

B4.3 Prior approval shall be obtained for the following selection methods from the following persons, unless such a method is already provided for in the approved procurement strategy:

- a) negotiated Procedure: The [designated person] shall authorise the use of the negotiated procedure below a threshold value of R [value for quotation threshold] including VAT and the [designated person] shall authorise the use of the negotiated procedure above this threshold, except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in Annex BA and which can be dealt with or the risks relating thereto arrested within 48 hours; and
- b) confined Procedure: The [designated person] shall authorise the use of the confined procedure.

B4.4 The person authorised to pursue a negotiated procedure in an emergency which can be dealt with or the risks relating thereto arrested within 48 hours is [designated person]. Such a person shall notify the [designated person] of all such authorisations and describe the event giving rise to such an authorisation.

B4.5 The [designated person] shall report all approvals granted in terms of B4.3 and B4.4 to the [designated person].

B4.5 The Tender Committee shall report to the [designated person] any recommendation made to award a contract to a tenderer other than the tenderer recommended by the Tender Evaluation Committee, giving reasons for making such a recommendation.

B5 Committee system for procurement

B5.1 A committee system comprising the Tender Documentation Committee, Tender Evaluation Committee and Tender Committee shall be applied to all selection methods where the estimated value of the procurement exceeds R [threshold value for quotations] including VAT and to the putting in place of framework agreements in accordance with Annex BB.

B5.2 The Tender Documentation Committee shall be appointed by the [designated person] and comprise of five or more persons. This committee chairperson shall be appointed by the [designated person]. The chairperson shall invite on a procurement by procurement basis:

- a) other attendees of the Tender Documentation Committee which shall, where relevant, include a representative of the end user and/or Client Delivery Manager; and

- b) persons, where required, to review the procurement documents and to develop a procurement documentation review report.

B5.3 The Tender Evaluation Committee shall be appointed by the *[designated person]* and comprise at least five or more persons. This committee chairperson shall be appointed by the *[designated person]*. The evaluation report to be presented to the Tender Evaluation Committee will be prepared by the SCM Department in the case of goods and services, and reviewed by the SCM Department in the case of Infrastructure tenders. The chairperson shall invite on a procurement by procurement basis:

- a) persons to prepare the evaluation report in the case of Infrastructure tenders and, where applicable, do the quality evaluations, in accordance with Annex BA; and
- b) the invited attendees of the Tender Evaluation Committee, which shall, where relevant, include a representative of the end user and/or Client Delivery Manager.

B5.4 The Tender Committee shall comprise the following persons or their mandated delegate:

- a) *[designated person]* who shall be the chairperson:
- b) *[designated person]*;
- c) three additional members appointed by the *[designated person]*.

B5.5 The SCM Department is responsible to record the proceedings of all the above committees and prepare minutes. The Chairman of each committee is to sign the resolution as confirmation of the decision of the committee.

B5.6 The quorum for each committee meeting will be 50% plus 1 of its appointed members.

B6 Unsolicited proposal

B6.1 The University is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

- a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;
- b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;
- c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for the University;
- d) the offer is in writing and clearly sets out the proposed cost;
- e) the person who made the offer is the sole provider of the goods or service; and
- f) the *[designated person]* finds the reasons for not going through the normal tender processes to be sound.

B6.2 The Vice Chancellor may only accept an unsolicited offer and enter into a contract after considering the recommendations of the Tender Committee if:

- a) the offer relates to known requirements that cannot, within reasonable and practical limits, be acquired through a competitive or competitive negotiation procedure as provided for in SANS ISO 10845-1; and
- b) the person who made the offer satisfies all other requirements which are conditional upon the award of a contract.

B7 Legal review of procurement documents

The University's preapproved templates for Part C1 (Agreements and contract data) of procurement documents developed in accordance with the provisions of SANS ISO 10845-2 shall be utilised to obviate the need for legal review prior to the awarding of a contract. All modifications to the standard templates shall be approved by the **[designated person]** prior to being issued for tender purposes.

B8 Complaints

All complaints regarding the Institution's procurement system shall be addressed to the **[designated person]**. Such complaints shall be in writing.

B9 Conduct of those engaged in procurement

University employees and agents (any person or organization that is not an employee of the University that acts on the University's behalf) shall:

- a) conduct themselves in accordance with the provisions of Part A of this policy.
- b) without delay report to the **[designated person]** any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.
- c) promptly report to the **[designated person]** any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

B10 Written reasons for actions taken in this part of the Policy

B10.1 Written reasons for actions taken shall be provided by the **[designated person]**.

B10.2 The written reasons for actions taken shall be as brief as possible and not divulge information which is not in the public interest or any information which is considered to prejudice the legitimate commercial interests of others or might prejudice fair competition between tenderers. Such reasons, where relevant, shall be framed around the clauses in the:

- a) SANS ISO 10845-4 giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or
- b) SANS ISO 10845-3, as to why a tenderer was not considered for the award of a contract or not awarded a contract.

B11 Deviations from of the SCM policy

NOTE: A deviation refers to all procurement transactions not specifically excluded in paragraph 5 (c) of this SCM policy, as well as those transactions not procured by way of procedures as defined in Table BA1.

B11.1 Deviations from stipulated procedures in Table BA1 contained in this policy shall be approved and reported as follows:

- a) deviations relating to a procurement below a threshold value of R *[value for quotation threshold]* including VAT shall be approved by the *[designated person]*; and
- b) deviations relating to a procurement above a threshold of R *[value for quotation threshold]* including VAT shall be approved by the *[designated person]*.

B11.2 All approved deviations shall be recorded in the Deviations Register and reported to the Finance Committee of Council on a quarterly basis.

Annex BA: Procurement methods and procedures

BA1 Usage of standard procedures

BA1.1 General

Goods or services or a combination thereof should generally be procured from the open market. Tenders may, however, be solicited through a negotiated procedure or from a confined market where the conditions in Table BA1 are satisfied and where it is justifiable to do so.

The standard selection methods identified in Table BA1 are implemented under the stated conditions in accordance with the provisions of SANS ISO 10845-1. Projects may not be subdivided to reduce the estimated tender value to fall within a threshold applicable to a specific selection method.

Prior approval needs to be obtained to make use of the negotiated or confined selection method, unless such a procedure is already provided for in the approved procurement strategy at Gate 2 (see Annex DE) except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in Table BA1 and which can be dealt with, or the risks relating thereto arrested, within 48 hours.

Approval for the use of a confined market is valid for a period not exceeding 18 months.

BA1.2 Procedures relating to procurements above and below thresholds

BA1.2.1 Shopping procedure

A written quotation or quotations for transactions with a value not exceeding R [value] using the shopping procedure are, where applicable, invited from the supplier data based established in Part C of this SCM policy.

BA1.2.2 Quotations where the transaction value is above R [value] and below R [value] including VAT

Not less than three written quotations for goods and services above R [value] but not exceeding a value including VAT of R [value] may be invited from those who are registered on the supplier database whose business is to provide the required goods or services. If it is not possible to obtain three quotations from those registered on the data base, quotations may be invited from others whose business is to provide the required goods and services and who are not on the supplier database.

BA1.2.3 Formal quotations where the transaction value exceeds R [value] and is below R [threshold value for quotations] including VAT

The SCM Unit shall receive the electronic purchase requisition from the end-user. This requisition is required to have an estimated value exceeding R [value] supported by documentation with regards to detailed specifications of the goods, services or infrastructure requirements. These specifications are then incorporated it into a formal quotation document to be made available, either by email, hardcopy or both, to at least three suppliers dealing in the field of the specified goods or services. Where an electronic rotating data base is in place, the nominated selection method is used to identify those who are to be invited to submit formal quotations.

Table BA1: Conditions under which procedures provided for in SANS ISO 10845-1 may be utilised

Selection method	Conditions which need to be satisfied in order to utilise the procedure	Threshold amount including VAT
Negotiated	Any procurement where:	
	1) a rapid response is required due to the presence of, or the imminent risk of, an extreme or emergency situation arising from: a) human injury or death; b) human suffering or deprivation of human rights; c) serious damage to property or financial loss; d) livestock or animal injury, suffering or death; e) serious environmental damage or degradation; or f) interruption of essential services;	none
	2) the required goods, services or works cannot technically or economically be separated from another contract previously performed by a specific contractor;	none
	3) only one contractor has been identified as possessing the necessary experience and qualifications or product to deliver value for money in relation to a particular need;	none
	4) the services, goods or works, other than professional services, do not exceed the threshold amount	[value]
	5) the service or works being procured are largely identical to work previously executed by that contractor and it is not in the interest of the public or the University to solicit other tender offers;	none
	6) a professional service contract does not exceed a threshold and can be based on time and proven cost;	[value]
	7) the nature of the works, goods or services, or the risks attached thereto, do not permit prior overall pricing;	none
	8) only one responsive nominated quotation or tender is received;	none
	9) a change in product or manufacturer requires modifications to related equipment and fixtures, e.g. a replacement pump requires costly changes to mountings, pipework or electrical connections or the replacement of circuit breakers requires costly changes to mounting frames, face panels, busbars, wiring and the like; or	none
10) a replacement of an item of equipment requires the holding of additional spares or maintenance personnel.	none	

Selection method		Conditions which need to be satisfied in order to utilise the procedure		Threshold amount including VAT	
Competitive selection	Open	Any procurement, except where the cost of advertising or the evaluation of a large number of tender submissions is disproportionate to the value of the work.		none	
	Confined market	Any procurement where:			
		a)	it is established with reasonable certainty that only a very limited number of contractors are able to provide goods, services or works which are not freely available in the market, or which are provided solely for the University in accordance with unique requirements; or		none
		b)	there is justification for standardising goods or making use of manufacturer-accredited contractors.		none
	Nominated	Any procurement where the estimated value does not exceed a threshold.		R [value]	
	Quotations	Procurement involves obtaining three quotations		R [value]	
	Shopping procedure	Procurement which involves readily available goods and does not exceed a threshold.		R [value]	
	Qualified	Any procurement where: <ol style="list-style-type: none"> 1) a contract requires for its execution a high degree of specialised input, or requires skills and expertise that are not readily available; 2) a contract requires for its execution exceptional management skills or quality; 3) a tender submission requires significant tenderer inputs in order to respond appropriately to requirements so that a financial offer may be determined; 4) it is desirable, in a large programme or project, to link packages of work to tenderers who have the appropriate capacity and capability to compete against one another; 5) the time and cost required to examine and evaluate a large number of tender offers would be disproportionate to the procurement; 6) for practical reasons, it is necessary to limit the number of tender submissions that are received; or 7) the goods or services are not freely available in the market or are manufactured solely for the University in accordance with the University's own specifications. 		none	
	Proposal using the two-envelope system	Services where tenderers are required to develop and price proposals to satisfy a broad scope of work.		none	
	Proposal using the two-stage system	Option 1	Any procurement in which tenderers are required to submit technical proposals and, if required, cost parameters around which a contract may be negotiated.		none
Option 2		Any procurement in which tenderers are invited to submit technical proposals in the first stage and to submit tender offers based on procurement documents issued during the second stage.		none	

Selection method		Conditions which need to be satisfied in order to utilise the procedure	Threshold amount including VAT
Competitive negotiations	Restricted	<p>As for open competitive negotiations, but where:</p> <ol style="list-style-type: none"> 1) a contract requires for its execution a high degree of specialised input, or requires skills and expertise that are not readily available; 2) a contract requires for its execution exceptional management skills or quality; 3) a tender submission requires significant tenderer inputs in order to respond appropriately to requirements so that a financial offer may be determined; 4) the time and cost required to examine and evaluate a large number of tender offers would be disproportionate to the procurement; 5) for practical reasons, it is necessary to limit the number of tender submissions that are received; or 6) a target price is tendered and finalised prior to the award of the contract. 	none
	Open	<p>Any procurement where:</p> <ol style="list-style-type: none"> 1) it is not feasible to formulate detailed specifications for the work or to identify the characteristics of goods or works to obtain the most satisfactory solution to procurement needs; 2) there are various possible means of satisfying procurement needs; 3) the technical character of the goods or works, or the nature of the services, warrants the use of competitive negotiations to realise the most satisfactory solution to procurement needs; 4) the purpose of the contract is research, experimentation, study or development; or 5) all the tenders received in a competitive selection procedure are non-responsive and the calling for fresh tenders is likely to result in a similar outcome. 	none

The completed formal quotation document are either:

- a) placed in the tender box (see Part C of this SCM policy) before the time as specified in the document; or
- b) submitted via a restricted email address opened for the sole purpose of electronic requesting and receipt of formal quotations.

BA1.2.4 Transactions where the value exceeds R [*threshold value for quotations*] including VAT

Procurement documents are prepared and approved by the Tender Documentation Committee. Tenders are invited through local newspapers / media or any other appropriate means to submit tenders. Tenders are received in sealed envelopes in the tender box and opened by delegates from the SCM and Protection Services Departments at the stated day and time.

BA2 Framework agreements

Framework agreements may be entered into with contractors by:

- a) inviting tender offers to enter into a suitable contract for the required work, using stringent eligibility and evaluation criteria to ensure that contracts are entered into with only those contractors who have the capability and capacity to provide the required goods, services or works; and
- b) entering into a limited number of contracts (usually not more than 3 but certainly not more than 5), based on the projected demand and geographic location for such goods, services or works.

The term of a framework agreement is not to exceed three years, unless otherwise approved.

Framework agreements that are entered into may not commit the University to any quantum of work beyond the first order or bind the University to make use of such agreements to meet its needs. The University may approach the market for goods or services, or a combination thereof, whenever it considers that better value in terms of time, cost and the quality may be obtained.

Orders issued in terms of a framework agreement:

- a) may only cover goods or services, or any combination thereof, falling within the scope of work associated with the agreement which may not be amended for the duration of the contract;
- b) may not be issued after the expiry of the term of the framework agreement; and
- c) may be completed even if the completion of the order issued in terms of a framework agreement is after the expiry of the term.

The issuing of orders in terms of a framework agreement with a number of framework contractors covering the same scope of work may be made with and without requiring competition amongst framework contractors. Where competition is required amongst framework contractors, it needs to be conducted in a non-discriminatory manner such that competition is not distorted.

Competition amongst framework contractors for framework agreement orders takes place where:

- a) there is no justifiable reason for issuing an order to a particular framework contractor, such as:
 - 1) the framework contractor provided the most economical transaction when the financial parameters included in the contract are applied, and has the capacity to deliver;
 - 2) the required goods, services or works cannot technically or economically be separated from another contract or order previously performed by a specific contractor;
 - 3) the service or works being instructed are largely identical to work previously executed by that contractor;
 - 4) the value of the order is less than the threshold for the negotiated quotation procedure;
 - 5) the schedule for delivery necessitates that each of the framework contractors be issued with orders on a continuous basis; or
 - 6) capacity to execute the order;
- b) the terms in the framework agreement are insufficiently precise or complete to cover the particular requirement, e.g. delivery time scales or time estimates to complete the order (productivity); or
- c) a better quality of service can be obtained through a competitive process.

Another organisation may request in writing to make use of one or more of the University's framework contracts. Such a request, signed by the accounting officer or accounting authority of that organisation, needs to:

- a) outline the scope and anticipated quantum of work associated with the work that is required;
- b) provide a motivation for the use of the framework agreement; and
- c) detail the benefit for the state to be derived from making use of the framework agreement.

Approval of a request to make use of the University's framework contract may be granted, conditionally or unconditionally, if:

- a) the framework agreement was put in place following a competitive tender process;
- b) confirmation is obtained that the framework contract is suitable for the intended use, and the required goods, services and works fall within the scope of such contract;
- c) the framework contractor agrees in writing to accept an order from that organisation;
- d) the organisation undertakes to pay the contractor in accordance with the terms and conditions of the agreement; and
- e) the term of the framework agreement does not expire before the issuing of the required orders.

The University may make use of a framework agreement that has been put in place by another organisation provided that such an agreement was put in place following a competitive tender process.

BA3 Design competitions

A single or two-stage design competition may be used as a means to identify one or more suitable contractors to provide design services. The conditions for a design competition need to clearly state the purpose of the competition and the intentions of the promoter, the nature of the problem that is to be solved and all the practical requirements to be met by the competitors.

A design competition is initiated following a call for an expression of interest. All respondents who satisfy the admission requirements for a design competition and complete an application form are admitted to the competition as participants.

A jury who is independent of participants in the competition needs to be appointed by the *[designated person]* to collectively decide on the outcome of the competition. Such a jury needs to be autonomous in its decisions or opinions and endeavour to adopt decisions on each individual submission by consensus and record its decisions in writing. Not less than 50% of the members serving on the jury needs to have relevant professional qualifications in the subject matter of the competition.

The design competition needs to be conducted in such a manner that the identity of any particular participant during the process is not known to the jury until after competition winners are announced. The awarding of prizes and honoraria may be linked to such competitions.

A contract may be negotiated with the winner of the design competition. Where more than one contract is awarded to participants in a design competition, all competitors in the final stage of the competition are invited to submit tender offers. Tender offers should be evaluated in terms of method 4 of SANS ISO 10845-3, with the score for quality being based solely on the ranking of the competition jury.

BA4 Procurement documentation

BA4.1 General

Procurement documents are developed in accordance with the provisions of SANS ISO 10845-1 and SANS ISO 10845-2.

The Form of Offer and Acceptance contained in Annex B of SANS ISO 10845-2 is used, with minimal contract-specific amendments, to form the basis of agreement arising from the solicitation of tender offers.

The formation of a contract (see SANS ISO 10845-2) occurs once:

- a) each and every amendment to the tender documents made in terms of addenda issued prior to the close of tenders and permitted in terms of the conditions of tender, and agreed to in the process of offer and acceptance has either:
 - 1) been reflected in schedule of deviations from the original tender document; or

- 2) been incorporated into the final contract and a brief summary of the changes made in the final contract document is included in the schedule of deviations so as to allow the reader to understand the nature and extent of the changes; and
- b) the acceptance portion of the Form of Offer and Acceptance has been signed by the person authorised to do so.

A tenderer's covering letter may not be included in the final contract document or referenced in the schedule of deviations. The agreed provisions of such a letter is stated in the schedule of deviations.

BA4.2 Tender and submission

The Standard Conditions of Tender contained in SANS ISO 10845-3 are referenced in the tender data.

The tender offer validity period provided for in the tender data should not exceed eight weeks, and in exceptional circumstances 12 weeks.

The Standard Conditions for the Calling for Expressions of Interest contained in SANS ISO 10845-4 are referenced in the submission data.

BA4.3 Standard forms of contract

The standard forms of contract are selected from and need to be suitable for use under the conditions described in Table BA2.

The standard forms of contract are used with minimal contract specific amendments which do not change their intended usage and may only be amended when absolutely necessary to accommodate special needs.

Adjudication is used to resolve disputes arising during the performance of a contract prior to proceeding to either arbitration or litigation.

BA4.4 Tender assessment schedules

Tender assessment schedules are used to take account of all tendered financial parameters that have an impact upon the final value of the contract.

BA4.5 Guarantees

Bonds which guarantee performance with a stated financial benefit in the event of non-performance of an infrastructure construction contract are between 5% and 12,5% of the contract or framework agreement order value, excluding VAT, and may be either a fixed or variable guarantee.

If at all possible, guarantees shall be obtained for advance payments, where required in construction, supply contracts and imports of equipment. These advance payments shall be approved by the [designated person] up to a value of R [value], and by the [designated person] over R [value].

BA4.6 Retention monies

Retention monies that are held are not to exceed 10% of any amount due to a contractor. The

total amount of retention monies held are not to exceed 5% of the contract or framework agreement order price.

Table BA2: Approved forms of contract ¹

Form of contract	Intended usage
Construction Industry Development Board (CIDB)	
CIDB Standard Professional Service Contract	Professional services
CIDB General Conditions of Purchase	An order form type of contract for low-value goods without any incidental work or services on or before a specified date being required.
CIDB Contract for the Supply and Delivery of Goods	Simple, regional purchase of readily available materials or commodities which require almost no management of the buying and delivery process, minimal testing, installation and commissioning on delivery.
CIDB General Conditions of Service	An order form type of contract where low-value services on or before a specified date are required.
Institution of Civil Engineers (ICE)	
NEC Engineering and Construction Contract	Engineering and construction including any level of design responsibility.
NEC Engineering and Construction Short Contract	Engineering and construction which do not require sophisticated management techniques, comprise straightforward work and impose only low risks on both the employer and contractor.
NEC Professional Services Contract	Professional services, such as engineering, design or consultancy advice.
NEC Professional Services Short Contract	Professional services which do not require sophisticated management techniques, comprise straightforward work and impose only low risks on both the client and consultant.
NEC Term Service Contract	Manage and provide a service over a period of time.
NEC Term Service Short Contract	Manage and provide a service over a period of time, or provide a service which does not require sophisticated management techniques, comprises straightforward work and imposes only low risks on both the employer and contractor.
NEC Supply Contract	Local and international procurement of high-value goods and related services, including design.
NEC Supply Short Contract	Local and international procurement of goods under a single order or on a batch order basis and is suitable for use with contracts which do not require sophisticated management techniques, and impose only low risks on both the purchaser and the supplier.
NEC Design build and operate	Design, construct or modify and operate assets necessary to meet the client's operational requirements
International Federation of Consulting Engineers (FIDIC)	
FIDIC Short Form of Contract	Building or engineering works of relatively small capital value, or for relatively simple or repetitive work, or for work of short duration. Use for design by employer- or contractor-designed works.
FIDIC Conditions of Contract for Construction for Building and Engineering Works designed by the Employer	Building or engineering works designed by the employer. (The works may include some elements of contractor-designed works.)

¹ Delete the options that are not to be used

Form of contract	Intended usage
FIDIC Conditions of Contract for plant and design-build for electrical and mechanical plant, and for building and engineering works, designed by the contractor	The provision of electrical or mechanical plant and the design and construction of building or engineering works.
FIDIC Conditions of Contract for EPC Turnkey Projects	The provision on a design and construct (turnkey) basis of a process or power plant, of a factory or similar facility, or an infrastructure project or other type of development.
FIDIC Conditions of Contract for Design, Build and Operate Projects	“Green field” building or engineering works which are delivered in terms of a traditional design, build and operate sequence with a 20-year operation period. (The contractor has no responsibility for the financing of the project/package or its ultimate commercial success.)
South African Institution of Civil Engineering (SAICE)	
SAICE General Conditions of Contract for Construction Works	Engineering and construction, including any level of design responsibility.
Joint Building Contracts Committee (JBCC)	
JBCC Principal Building Agreement	Buildings and related site works designed by the employer.
JBCC Minor Works Agreement	Buildings and related site works of simple content designed by the employer.

BA4.7 Communications

All procurement documents and communications are to be in English.

BA4.8 Intellectual property rights

The University as a general rule owns the rights over the materials specifically prepared by a contractor in relation to a contract.

BA4.9 Budgetary items

Provision for budgetary items in procurement documents are as far as possible to be avoided. Assumptions should rather be stated in the pricing data so that they can be priced and adjusted in terms of the contract, should these assumptions be incorrect. Where unavoidable, estimates of the likely costs may be included in the contract to cover identified work or services to be performed by a subcontractor appointed in terms of the contract.

No provision for contingencies or price adjustment for inflation are to be made in the pricing data or included in the contract price at the time that the contract is awarded or an order is issued in terms of a framework agreement.

BA4.10 Insurances

Contractors are required to take out all insurances required in terms of the contract, unless the University takes out such insurance.

The insurance cover in construction contracts for loss of or damage to property (except the works, plant and materials and equipment) and liability for bodily injury to or death of a person (not an employee of the contractor) caused by activity in connection with a contract is general not less than R 20 million, unless otherwise directed by the **[designated person]**.

SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, plant and materials shall be taken out on all construction contracts. Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than R 10 million for any one event unless otherwise directed by the *[designated person]*.

Professional service appointments are as a general rule subject to proof of current professional indemnity insurance being submitted an amount not less than R 3 million, except in the case of architectural, structural engineering and geotechnical engineering where the amount is not less than R 5 million, without limit to the number of claims, unless otherwise directed by the *[designated person]*.

BA4.11 Payment in multiple currencies

Where payment is to be made in multiple currencies, either the contractor or the University should take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

BA4.12 Potential conflicts of interest in preparing procurement documents

An agent (person or organization that is not an employee of the University that acts on behalf of the University) who prepares a part of a procurement document may in exceptional circumstances, where it is in the University's interest to do so, submit a tender for work associated with such documents provided that:

- a) the University states in the tender data that such an agent is a potential tenderer;
- b) all the information which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and
- c) the Tender Documentation Committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

BA4.13 Non-disclosure agreements

Confidentiality agreements in the form of non-disclosure agreements may, where appropriate, be included in contracts with agents and potential contractors to protect the University's confidential information and interests.

BA5 Secondary procurement policy

BA5.1 General

The University promotes

- a) Broad-Based Black Economic Empowerment in accordance with the provisions of the Broad-Based Black Economic Empowerment Act in all its procurement where the transaction exceeds R30 000 (including VAT); and

- b) where appropriate, promote work, business, skills opportunities to target groups and national development goals including local content as defined in the Preferential Procurement Regulations.

BA5.2 Permitted targeted procurement procedures

The targeted procurement procedures that may be used to promote social and economic objectives include one or more of the following:

- a) the granting of preferences;
- b) accelerated rotations on electronic databases, where appropriate;
- c) the granting of up to 10% of the points of the total number of evaluation points used to short-list tenderers following a call for expressions of interest;
- d) financial incentives for the attainment of key performance indicators in the performance of the contract; and
- e) the creation of contractual obligations to engage target groups in the performance of the contract by establishing requirements for the tendering of subcontracts in terms of a specified procedure or establishing obligations to attain contract participation goals in accordance with the relevant provisions of SANS ISO 10845.

BA6 Long lead items

Procurement processes associated with long lead items of plant, equipment and materials may be initiated before the conclusion of stage 4 (concept and viability or feasibility). No contract may be entered into following such processes until stage 4 has been concluded and the budgets are in place to proceed.

BA7 Free issue of materials, equipment and plant

Materials, equipment and plant may be procured and issued free of charge to a contractor for incorporation into the works, provided that this was included as such in the tender document and/or contract. Care needs to be taken to ensure that suitable arrangements or measures are in place to minimise:

- a) loss or damage to such items until the contractor has received and accepted them; and
- b) delays in supply which can result in increases in the contractor's prices for providing the works.

BA8 Tax compliance

No contract may be awarded or order issued in terms of a framework agreement unless a tenderer or contractor provides written proof from SARS on all transactions above R 30 000 that the tenderer either has no tax obligations or has made arrangements to meet outstanding tax obligations, unless the entity is not domiciled in the Republic of South Africa and SARS has confirmed that such a tenderer is not required to prove their tax compliance status.

In the case of a partnership or joint venture, each partner needs to be tax compliant.

BA9 Collusive tendering

Any submissions made by a respondent or tenderer who fails to declare in a declaration that the tendering entity:

- a) is not associated, linked or involved with any other tendering entity submitting tender offers; or
- b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender

is rejected.

BA10 Request for access to information

Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act 2 of 2000), the “requestor” should be referred to the University’s Access to Information Manual which establishes the procedures to be followed and the criteria that have to be met for the “requester” to request access to records in the possession or under the control of the University.

Access to technical and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work which identifies principal equipment and other resources which he plans to use. Access to a bill of quantities and rates should be provided in terms of the Act.

Annex BB: Managing procurement activities

BB1 Procurement activities and controls

There are typically six principal activities associated with a generic procurement process which relate to:

- a) the establishment of what is to be procured;
- b) a decision on procurement strategies;
- c) the solicitation of tender offers;
- d) the evaluation of tender offers;
- e) the award of the contract; and
- f) the administration of the contract and confirmation of compliance with the requirements.

The establishment of what is to be procured (activity 1) initiates the procurement process. Procurement strategy (activity 2) is all about the choices made in determining which of the required goods and services or combinations thereof are to be delivered through a particular contract, the contracting arrangements, how procurement is to be used to promote secondary procurement objectives, if any, and the selection methods used to solicit tender offers. Conditions for the calling for expressions of interest to prequalify respondents to participate in a specific contract, project or programme and conditions of tender govern activity 3 to 5. Conditions of contract (i.e. terms that collectively describe the rights and obligations of contracting parties and the agreed procedures for the administration of their contract) govern activity 6.

Table BB1 establishes a set of principal actions within the six principle activities i.e. it incorporates actions leading to procedural milestones (control points) (see Figure BB1).

Control gates provide an opportunity to:

- authorise the proceeding with an activity within a process, or the commencing of the next process;
- confirm conformity with requirements before completing processes; or
- provide information which creates an opportunity for corrective action to be taken.

Table BB2 establishes a set of principal actions associated with the issuing of orders in terms of a framework contract. Table BB2 incorporates actions leading to procedural milestones (control points) (see Figure BB1).

The level of detail contained in the documentation upon which a decision is made at a gate needs to be sufficient to enable informed decisions to be made to proceed to the next activity or to undertake a particular procedure.

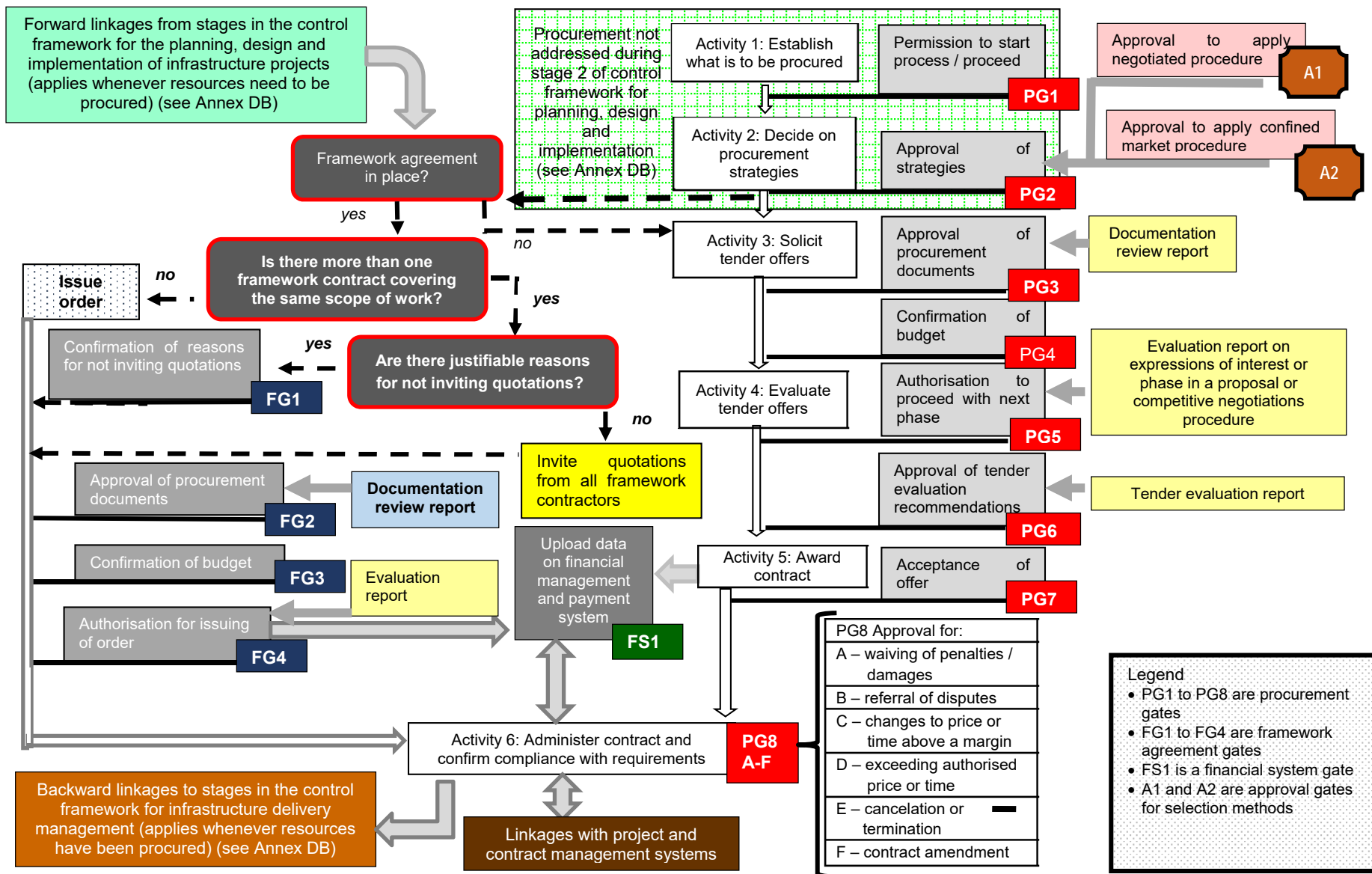


Figure BB1: Control framework for procurement

Table BB1: Procurement activities and associated actions

Description	Principal action
Procurement activity 1: Establish what is to be procured (if not specifically identified in stage 1 of Table DE1 of Annex DE of Part D of the SCM policy)	
1. Prepare broad scope of work for procurement	Develop a title for the procurement for the purpose of project identification and a broad scope of work.
2. Estimate financial value of proposed procurement	Estimate the financial value of the proposed contract for budgetary purposes, based on the broad scope of work.
3. PG 1 Obtain permission to start with the procurement process ^a	Decide to proceed/not to proceed with the procurement based on the broad scope of work and the financial estimates.
Procurement activity 2: Decide on procurement strategies (if not included in stage 2 of Table DE1 of Annex DE of Part D of the SCM policy)	
1. Establish opportunities for promoting secondary procurement policies, if any	Identify the specific goals which are to be pursued, if any, and establish quantitative targets and implementation procedures which are consistent with the employer's objectives.
2. Establish contracting strategy	Decide on an appropriate form of contract and the methodology by which contractors are to be paid.
3. Establish targeting strategy	Decide on the methodology that is to be used to implement secondary procurement policy.
4. Establish selection method	Identify the process that will be followed to solicit tender offers and to conclude a contract.
5. PG 2 Obtain approval for procurement strategies that are to be adopted ^a	Confirm the procurement strategy so that tender offers can be solicited including specific approvals to approach a confined market or the use of the negotiation procedure
Procurement activity 3: Solicit tender offers	
1. Prepare procurement documents	Prepare expressions of interest or tender documents (or both), as appropriate, that are compatible with the approved procurement strategies.
2. PG 3 Obtain approval for procurement documents ^a	Review the procurement document, identifies sections, if any, which require amendments or improvements, and grant the necessary approval.
3. PG 4 Confirm that budgets are in place ^a	Confirm that finance / the necessary budget is available for the procurement to take place.
4. Invite tender offers or expressions of interest	Advertise tenders/identify contractor(s) that are to be invited to submit tender offers in accordance with the approved selection method, issue procurement documents, respond to requests for clarification, conduct clarification/site meetings, issue attendees with minutes of such meetings, and issue addenda, as relevant.
5. Receive submissions	Ensure that arrangements are in place to receive tender offers/expressions of interest and return unopened those that are received late, are not delivered in accordance with instructions given to respondents/tenderers or where only one tender is received and it is decided to call for fresh tenders.
6. Open and record submissions received	Open submissions and record data relating to the submission

Description	Principal action	
Procurement activity 4: Evaluate tender offers		
Qualified, proposal or competitive negotiations selection methods only	1. Evaluate and prepare evaluation report on submissions received	Evaluate in accordance with the provisions of the procurement document that was issued and prepare an evaluation report (see SANS ISO 10845-3 and SANS ISO 10845-4)
	2. PG 5 Obtain authorisation to proceed with next phase of the procurement process ^a	Review evaluation report and ratify recommendations so that the next phase of the procurement process can commence or refer the report back to those who performed the evaluation for re-evaluation
	3. Invite tender offers from qualified respondents or selected tenderers	Issue next phase procurement documents
	4. Open and record submissions received and if necessary repeat 1 to 4 above	Open submissions, record data relating to the submission and evaluate in accordance with the provisions of procurement documents
5. Evaluate tender offers and prepare a tender evaluation report	Evaluate in accordance with the provisions of the procurement document that was issued and prepare an evaluation report	
6. PG 6 Confirm recommendations contained in tender evaluation report	Review evaluation report and authorise or refer back to those who performed the evaluation for re-evaluation	
Procurement activity 5: Award contract		
1. Notify unsuccessful tenderers of the outcome	Notify the unsuccessful tenderers of the outcome, and indicating that they have 14 days to object, and respond to any correspondence raised in this regard	
2. Compile contract document	Assemble contract document from the relevant tender returnables and issue draft contract to tenderer, capturing all the changes that were agreed to between the offer and acceptance.	
3. PG 7 Award contract	Accept the tender offer in writing and issue the contractor with a signed copy of the contract.	
4. Capture contract award data	Capture, into a database, essential contract data for record purposes.	
5 GF1 Upload data in financial management and payment systems	Authorise the uploading of financial data on the financial system	
Procurement activity 6: Administer contracts and confirm compliance with requirements		
1. Administer contract in accordance with the terms and provisions of the contract	Administer the contract in accordance with its terms and conditions and pay contractors within the time periods provided for in the contract	
2. Confirm compliance with requirements	Monitor contractor's performance for compliance with the requirements of the contract	
3. Capture contract completion/termination data	Record, in a database, key performance indicators relating to time, cost and the attainment of specific goals associated with a secondary procurement policy, or if the contract is terminated or cancelled, the reasons for this.	

Description	Principal action
4. PG8A Obtain approval to waive penalties or low performance damages	Approve waiver of penalties or low performance damages
5. PG8B Obtain approval to notify and refer a dispute to an adjudicator, or for final settlement to an arbitrator or court of law	Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law
6. PG8C Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order in terms of a framework agreement up to a specified percentage	Approve amount of time and cost overruns up to a specified threshold
7. PG8D Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at award of a contract or the issuing of an order issued in terms of a framework agreement by more than 20% and 30%, respectively	Approve amount of time and cost overruns above a specified threshold
8. PG8E Obtain approval to cancel or terminate a contract	Approve cancellation of termination of a contract
9. PG8F Obtain approval to amend a contract	Approve proposed amendment to contract
10 Close out the contract	Close out contract and finalise amount due

*shaded cells indicate the presence of a procurement gate (control point)

Table BB2: Procurement activities and gates associated with the issuing of an order in terms of a framework agreement

Activity*	
1 FG1	Confirm justifiable reasons for selecting a framework contractor where there is more than one framework agreement covering the same scope of work
2	Prepare procurement documents
3 FG2	Approve procurement documents
4 FG3	Confirm that budgets are in place
5	Quotations amongst framework contractors not invited: Issue draft order documentation and consult with contractor and prepare evaluation report Quotations amongst framework contractors invited: Invite quotations from all framework contractors participating in the agreement, receive and evaluate submissions and prepare evaluation report
6 FG4	Authorise the issuing of the order
7	Log order onto management system
8	Issue order to contractor
9	Notify issuing of order to oversight person
10	Administer orders in accordance with contract and confirm compliance with requirements

*Shaded cells indicate the presence of a framework gate (control point)

The authorisation to proceed with the next phase (Procurement Gate 5), the approval of tender evaluation recommendations (Procurement Gate 6) and the authorisation for the issuing of an

order (Framework Agreement Gate 4) needs to be based on the contents of an evaluation report.

The approvals or acceptances at each gate need to be retained for record and audit purposes for a period of not less than five years of such acceptance or approval in a secured environment.

Approvals for the reasons for pursuing a particular selection method are required where the confined procedure or negotiated procedure are applied to solicit tender offers (see approval Gates A1 and A2). Such approval confirms that the use of such procedures is in line with the provisions of the documented procurement system.

BB2 Amount due

Standard forms of contract contain the terms that collectively describe the rights of the contracting parties and the agreed procedures for the administration of the contract. They enable risks to be allocated between the parties to the contract. They also make provision for standard adjustments to the total of the prices and the time for completion. Such adjustments, depending upon the nature of the contract and the contracting strategy that is adopted, can include provisions such as:

- a) price adjustment for inflation;
- b) the assessment of the impact on the prices of changes in legislation, foreign currency fluctuations, changes in and the re-measurement of quantities stated in the contract, errors and omissions in bills of quantities and the application of risk sharing mechanisms in target contracts;
- c) the cost and time implications of risk events that materialise in the contract for which the contractor is not at risk including changes in the specific requirements of contract to enhance quality, performance or to address shortcomings which can impair performance or the usefulness of outputs; and
- d) correction of assumptions made regarding items which were identified but could not be fully priced at the time of tender e.g. specialist subcontracts.

Accordingly, the application of the aforementioned terms and conditions of a contract, although changing the total of the prices and the time for completion at the start of a contract, does not constitute an amendment to the contract and as such require approval at Procurement Gate PG8F. Accordingly, the project control budget needs to include an estimate for price adjustment for inflation, if applicable, as well as some provision for contingencies (budget covering work or price increases that can be required but cannot be foreseen or predicted with certainty) in order to fund what is due in terms of the contract (see Table BB3). At the same time, a mechanism needs to be put in place to enable the contingency amounts to be accessed within the financial system. This requires a capability within the financial system to pay the amount due in terms of the contract in excess of the purchase order value.

A stepwise approach to accessing of contingencies is provided in the control framework as indicated in Figure BB2 (see Procurement Gates 8C and 8D). The price at the time that the contract is awarded or an order is issued in terms of a framework agreement to be without provision for contingencies or allowances for price adjustment for inflation. Contingencies need to be managed above the contract level. This stepwise approach to accessing contingencies encourages the client delivery management team and the delivery team to seek

alternative ways to deal with issues which lead to increases in the total of the prices for a contract or an order issued in terms of a framework agreement.

Table BB3: Amount due in terms of the contract, budget amount and purchase order value

Component of cost	Amount due in terms of the contract or order issued in terms of a framework agreement at close out	Budget amount	Purchase order value
Base price at time of award	Price at the time of award of the contract, excluding contingencies, based on: <ul style="list-style-type: none"> work that is priced; and estimates of costs to cover identified work or services to be performed which cannot be accurately priced e.g. specialist subcontracts 		
Price adjustment for inflation	Actual value based on published indices	Estimated value based on forecasted indices	
Changes to requirements	Cost of effecting changes assessed in terms of the provisions of the contract	Contingency provided within the control budget for the project (which can if necessary be topped up from contingencies spread across multiple projects)	Allowance for some contingency
Correction of assumptions			
Risk events manifesting for which the contractor is not at risk			

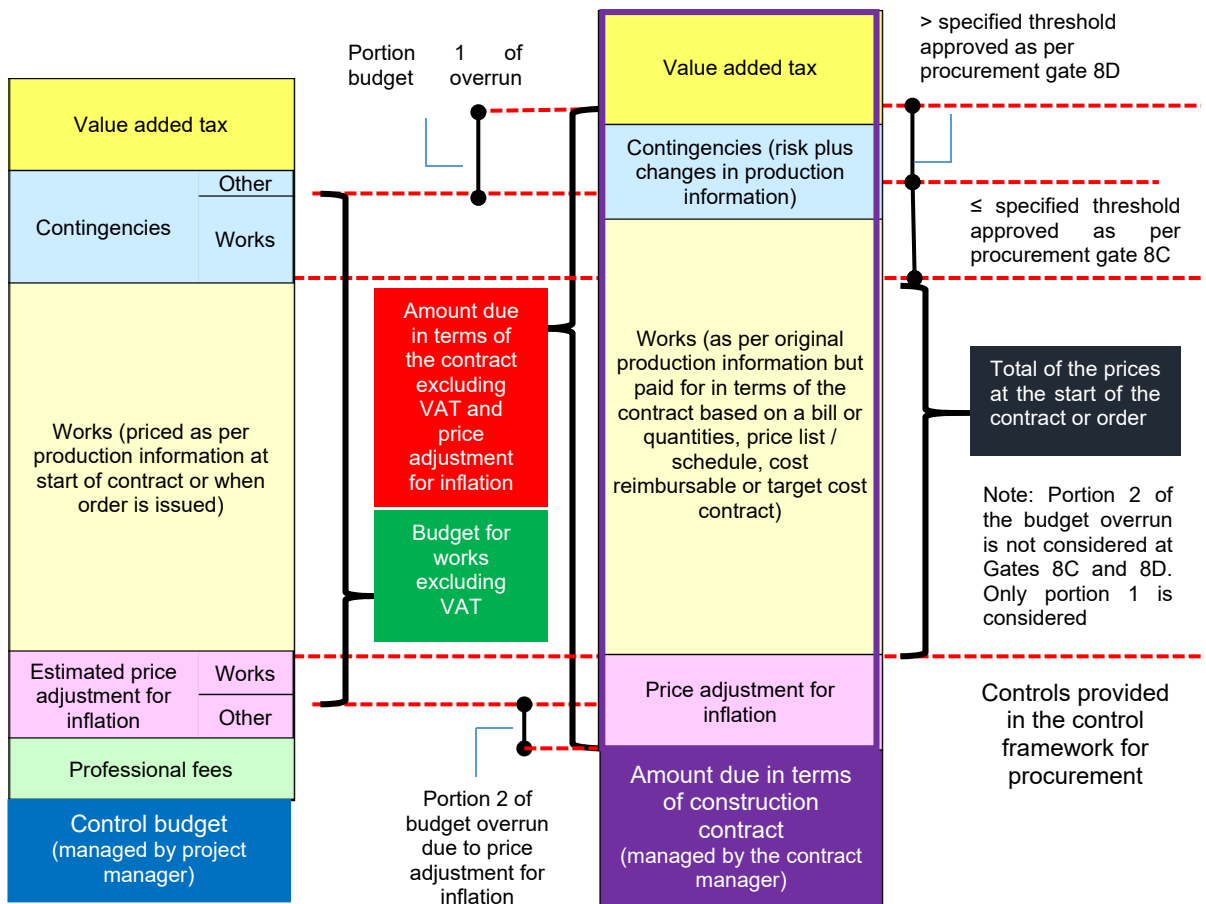


Figure BB2: Provisions in the control framework for controlling costs

Accordingly, no provision for contingencies or price adjustment for inflation may be included in the contract price at the time that the contract is awarded or an order is issued in terms of a framework agreement. Such a price needs to be the net contract price i.e. the value of the contract, based on the scope of work (document that specifies and describes the goods, services, or works which are to be provided, and any other requirements and constraints relating to the manner in which the contract work is to be performed) at the start of the contract or order. Budgetary items should be discouraged. Estimates of likely costs to cover identified work or services to be performed by a subcontractor appointed in terms of the contract and assumed costs, based on a set of assumptions for known work, may be made. These amounts can be included in the contract price and adjusted in terms of the contract when the actual costs are known or when such assumptions are found to be incorrect.

Procurement gates PG8C and PG8D enable time and cost overruns to be managed and as such provide stepped access to contingencies. The principle associated with the stepped thresholds provided for at gates 8C and 8D (see Table BB1) is that approval to exceed authorised cumulative amounts in excess of these percentages needs to be granted at a more senior level with each quantum increase. The onus is on the contract manager to obtain timeous approval so that the works are not disrupted.

The control budgets for projects need to be rolled up into a control budget for a financial year. Such budgets should be periodically adjusted to reflect changing circumstances. PG4 and FG3 gates provide an opportunity to confirm that budget is available to continue with or to delay a particular contract or order issued in terms of a framework agreement.

Data pertaining to contracts needs to be uploaded in the Financial Management System at gate FS1.

There are often increases in the total of the prices in infrastructure projects as risks materialise, changes are implemented to enhance the quality or performance of the works or to address shortcomings and the prices are adjusted for the effects of inflation. Accordingly, a value which equates to the total of prices at award excluding contingencies, plus an estimate for increases in the total of the prices associated with price adjustment for inflation, if provided for, and a reasonable percentage for contingencies needs to be uploaded at Gate FS1.

PG8C and PG8D approvals provide the necessary authorisation for the financial system to permit the payment of amounts due in terms of the contract which exceed the purchase order value.

BB3 Committee system

BB3.1 General principles

The approval of procurement documents, the validation of tender evaluation reports and the recommendations on the award of contracts to an Authorised Person for all procurement transactions above the Nominated Quotation threshold takes place within a committee system comprising three committees.

Persons appointed as technical advisors and subject matter experts may attend any committee meeting. Such advisers and experts may not participate in the decision-making proceedings of such meetings.

No person who is a University council member, excluding staff members serving on Council, or who has a conflict of interest may be appointed to a Tender Documentation Committee, Tender Evaluation Committee or a Tender Committee.

Committee decisions need to be as far as possible based on the consensus principle i.e. the general agreement characterized by the lack of sustained opposition to substantial issues. Committees need to record their decisions in writing. Such decisions need to be kept in a secured environment for a period of not less than five years after the completion or cancellation of the contract.

Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than fifty percent plus one of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present may elect a chairperson from one of them to preside at the meeting.

No member of, technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member (a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption) or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

BB3.2 Approval of procurement documents

BB3.2.1 Tender Documentation Committee

A Tender Documentation Committee needs to approve procurement documents before they are issued to the market in terms of a competitive or competitive negotiation selection method, are finalised in the negotiated selection method or issued to framework contractors. Such approval takes place following the review of the procurement documents by a documentation review team.

The Tender Documentation Committee needs to take into account the contents of the documentation review report and confirm that the procurement documents are fair, transparent and equitable and are likely to result in a cost-effective procurement outcome. The Tender Documentation Committee needs in particular to confirm the following as relevant when approving a procurement document:

- a) the proposed eligibility criteria do not unfairly eliminate tenderers from consideration;
- b) compulsory clarification meetings are justifiable in the context of the procurement;
- c) the weightings between price adjusted for a preference and quality are reasonable;
- d) the quality criteria and any weightings between sub-criteria which are to be scored in the evaluation of tenders are fair and reasonable and are justifiable in terms of procurement outcomes; and
- e) the provisions for applying the Preferential Procurement Regulations are not promoting captive markets and are likely to result in the tendering of market related prices.

BB3.2.2 Documentation review requirements

The review of procurement documents associated with the negotiation, competitive selection or competitive negotiation procedure needs to confirm that:

- a) the procurement documents have been formatted and compiled in accordance with the requirements of SANS ISO 10845-2 and this policy and are aligned with the approved procurement strategy;
- b) appropriate prompts for judgement are included in procurement documents in accordance with the requirements of SANS ISO 10845-1 whenever quality is evaluated and scored in the evaluation of calls for expressions of interest or tender offers;
- c) the selected form of contract in the case of a tender that is solicited is in accordance with the requirements of this policy and any standard University templates have been correctly applied;
- d) the necessary approval has been obtained for additional clauses or variations to the standard clauses in the conditions of contract, conditions of tender or conditions for the calling for expressions of interest, as relevant, not provided for in the University's approved templates;
- e) the selected submission data in the case of a call for an expression of interest, or tender data and contract data options in the case of a tender, are likely to yield best value outcomes;
- f) the scope of work adequately establishes what is required and the constraints to the manner in which the contract work is to be provided, and satisfies the drafting requirements of SANS ISO 10845-1;
- g) the submission or returnable documents are necessary and will enable submissions to be evaluated fairly and efficiently; and
- h) the risk allocations in the contract and pricing data are appropriate.

The review of procurement documentation associated with the issuing of an order in terms of a framework agreement needs to confirm that:

- a) any standard University templates have been correctly applied;
- b) the necessary approval has been obtained for additional clauses or variations to the standard clauses in the conditions of contract not provided in the University's approved templates or the contract;
- c) the scope of work adequately establishes what is required and the constraints to the manner in which the contract work is to be provided;
- d) the provisions for competition amongst framework contractors, if relevant, and the selected options are likely to yield best value outcomes; and
- e) the risk allocations are appropriate.

The documentation review report presented to the Tender Documentation Committee needs to:

- a) list the names and qualifications of the team members;
- b) confirm that the documents are in accordance with the requirements of this policy;

- c) identify sections, if any, which require amendments or improvements;
- d) capture any comments or opinions which the team may wish to express; and
- e) recommend that the procurement documents be accepted with or without modifications.

Where the procurement relates to the provision of new construction works or the rehabilitation, refurbishment or alteration of existing construction works, the documentation review report needs to be prepared by one or more persons who participated in the review and who are registered as:

- a) a professional architect or professional senior architectural technologist in terms of the Architectural Profession Act or a professional landscape architect or a professional landscape technologist in terms of the Landscape Architectural Profession;
- b) a professional engineer or professional engineering technologist in terms of the Engineering Profession Act; or
- c) a professional quantity surveyor in terms of the Quantity Surveying Professions Act.

BB3.3 Evaluation of tenders and submissions

BB3.3.1 Tender Evaluation Committee

A Tender Evaluation Committee needs to:

- a) finalise evaluation reports prepared in accordance with BB3.3.2 and address any areas in the report should a report be referred back to the committee by the Tender Committee;
- b) authorise admission to an electronic data base and the proceeding with the next phase of a procurement process in the qualified and two-stage competitive and the restricted and open competitive negotiation selection methods following the:
 - 1) confirmation that the report is complete and addresses all considerations necessary to make a decision;
 - 2) confirmation of the validity and reasonableness of reasons provided for the elimination of tenderers or respondents; and
 - 3) the identification and consideration any risks that have been overlooked which warrant investigation prior to taking a final decision.

BB3.3.2 Preparation of evaluation reports

The evaluation report for goods and services needs to be prepared by the SCM Department who are conversant with the nature and subject matter of the procurement documents or the framework agreements, and in the case of procurements relating to the design and / or construction, alteration or modification of construction works in conjunction with qualified professionals registered as:

- a) a professional architect or professional senior architectural technologist in terms of the Architectural Profession Act;

- b) a professional engineer or professional engineering technologist in terms of the Engineering Profession Act;
- c) a professional landscape architect or a professional landscape technologist in terms of the Landscape Architectural Profession;
- d) a professional project manager or a professional construction manager in terms of the Project and Construction Management Professions Act; or
- e) a professional quantity surveyor in terms of the Quantity Surveying Profession Act.

Submissions need to be evaluated strictly in accordance with the provisions of the procurement documents (see Annex C of SANS ISO 10845-3 and Annex C of SANS ISO 10845-4, as relevant). Where quality is evaluated in procurements relating to the design and / or construction, alteration or modification of construction works, at least three persons who are professionally registered and satisfy the aforementioned registration criteria, are required to undertake such an evaluation.

Quality need to be scored in terms of the prompts for judgement, with fixed scores assigned to each prompt, either individually and averaged or collectively, as appropriate. Those involved in the evaluation of submissions need to record their scores for quality against each of the criteria during the process of evaluation, preferably with notes to substantiate the scores. Individuals should record their own markings on a separate sheet. These documents need to be placed on file as an audit trail and may form the basis of any debriefing that takes place.

Evaluation reports are prepared in accordance with the content headings and relevant guidelines contained in Tables BB4 and BB5, with modifications as necessary where a two-envelope, two-stage process or competitive negotiation selection method is followed.

Table BB4: Content of an evaluation report relating to an expression of interest

Section heading		Subsection heading		Guidelines for the preparation of content
1	Summary	-	-	Provide an overview of the parameters associated with the expression of interest, preferably in tabular form, including the following as relevant: <ul style="list-style-type: none"> • Contract / project no and contract / project description • Purpose of the expression of interest • Media in which advertisement was placed • Advertisement date(s) • Estimated value of contract or orders issued in terms of a framework agreement which are likely to be awarded during the term of the contract, if applicable • Date from which documents were available • Number and title of addenda issued • Closing date • Details of clarification meeting, including date and place, if any • Number of submissions made • Number of responsive submissions received • Recommended outcomes of the process

Section heading		Subsection heading		Guidelines for the preparation of content
2	An overview of the evaluation process	-	-	<p>Provide an overview of the procurement process, indicating the eligibility criteria that were applied. State points relating to evaluation criteria, prompts for judgement and weightings relating thereto. Reproduce the list of returnable documents.</p> <p>Provide, if applicable, an overview as to how the quality aspects of the submissions were scored.</p> <p>Record that those involved in the evaluation of tenders have no conflicts of interest or have declared any conflict of interest that they may have, and the nature of such conflict.</p>
3	Evaluation process	3.1	Submissions received	<p>List the submissions that were received.</p> <p>Describe any noteworthy events regarding the opening of submissions, e.g. the returning of late submissions.</p>
		3.2	Completeness of submissions received	<p>Compare submissions received against the list of returnable documents. State if any submissions were incomplete and outline how clarifications were obtained.</p> <p>Confirm if respondents took into account addenda, if any, in their submission.</p>
		3.3	Responsiveness of respondents	<p>Identify which of the submissions received were non-responsive and provide clear reasons for declaring respondents to be non-responsive.</p>
		3.4	Evaluation of submissions	<p>Record the manner in which submissions were evaluated.</p> <p>Record, where relevant, and preferably in a tabular form, the scores for each of the evaluation criteria and the total score (excluding those who failed to score above a threshold, if any).</p>
		3.5	Reasons for disqualification on the grounds of corrupt or fraudulent practice	<p>State reasons if applicable.</p>
		3.6	Compliance with legal requirements	<p>Confirm as relevant that respondents are not barred from participation, tax matters are in order, are registered, etc.</p>
4	Tender recommendation	-	-	<p>Make a recommendation for the outcome of the process, e.g. admit to a database or prequalify / shortlist respondent to be invited to submit tender offers.</p> <p>Record the names and qualifications of those who performed the evaluation.</p>
5	Confirmation of recommendations	-	-	<p>Make provision for the confirmation or amendment of the recommended action.</p>

Evaluation reports need to contain extracts from the procurement documents which are linked to the evaluation of submissions, such as eligibility criteria, criteria associated with evaluation methods, preferencing, quality criteria (including prompts for judgement), the method by which tenders are reduced to a common base and lists of returnable documents. Such references enable those who are tasked with making decisions based on these documents to do so without having to refer back to submissions in order to understand the content of the report.

An evaluation report which recommends the award of a contract includes in annexures the reports, if any, of prior processes, e.g. a call for an expression of interest, a round in a competitive negotiation procedure or a stage in a competitive selection procedure.

Table BB5: Content of an evaluation report relating to the solicitation of tender offers

Section heading		Subsection heading		Guidelines for the preparation of content
1	Summary	-	-	<p>Provide an overview of the parameters associated with the solicitation of the tender, preferably in tabular form, including the following as relevant:</p> <ul style="list-style-type: none"> • Contract / Project / Tender number • Contract description • Contract duration • Purpose of tender • Contracting strategy, pricing strategy, form of contract and targeting strategy • Selection method and method of tender evaluation • Tender validity expiry date • Alternative tenders (not permitted or state conditions under which permitted) • Media in which advertisement was placed, if not a nominated or qualified competitive selection procedure or a restricted competitive negotiations procedure • Date of advertisement(s) • Date from which documents were available • Details of clarification meeting, including date and place, if any • Tender closing date • Number and title of addenda issued • Number of tenders received • Number of responsive tenders • Recommended tender(s) • Cost estimate (budget), unless a framework contract • Lowest responsive and realistic tender used for comparative purposes (tender price, specific goals, etc.)
2	An overview of the tender evaluation process	-	-	<p>Provide an overview of the procurement process, indicating the eligibility criteria that were applied and the evaluation criteria. State specific goals and points relating to preferences, as well as any quality evaluation criteria, prompts for judgement and weightings relating thereto.</p> <p>Reproduce the list of returnable documents.</p> <p>Provide an overview as to how the quality aspects of the tender were scored.</p> <p>Record that those involved in the evaluation of tenders have no conflicts of interest or have declared any conflict of interest that they may have, and the nature of such conflict.</p>

Section heading		Subsection heading		Guidelines for the preparation of content
3	Tender evaluation process	3.1	Tender offers received	List the tender offers that were received. Describe any noteworthy events regarding the opening of submissions, e.g. the returning of late tenders and the declaring of submissions non-responsive on the grounds that they were not received in the prescribed manner.
		3.2	Completeness of tenders received	Compare tender submissions received against list of returnable documents. State if any tender submissions received were incomplete and indicate what was not complete. Indicate what steps were taken to make incomplete tenders complete, only where this does not affect the competitive position of the tenderer in question. List all communications with tenderers. Confirm if tenderers took into account addenda, if any, in their tender submission.
		3.3	Responsiveness of tenderers	Identify which of the tenders received were non-responsive and provide clear reasons for declaring such tenders to be non-responsive.
		3.4	Evaluation of tender offers	Record the manner in which tenderers were reduced to a common basis: Record preferably in a tabular form: <ul style="list-style-type: none"> the scores for each of the evaluation criteria; the total score (excluding those who failed to score above a threshold); the pricing parameters that were tendered to enable compensation events to be evaluated of contractors to be paid in cost reimbursable or target cost contract. Provide reasons for not granting a preference or considering a financial offer to be unrealistically low.
		3.5	Reasons for disqualification on the grounds of corrupt or fraudulent practice	State reasons if applicable.
		3.6	Compliance with legal requirements	Confirm as relevant that tenderers are not barred from participation, tax matters are in order, are registered, etc.
		3.7	Acceptability of preferred tenderer	State any reasons why the tenderer with the highest points should not be considered for the award of the tender, e.g. commercial risk, restrictions, lack of capability and capacity, legal impediments, etc. Also state any arithmetical corrections that have been made.
4	Outcome of the evaluation	-	-	Make a recommendation for the award of the tender and state any qualifications / conditions associated with such an award. Record the names and qualifications of those who performed the evaluation.
5	Confirmation of recommendations	-	-	Make provision for the recommendations for the award of the tender to be confirmed or amended.

An evaluation report covering the application of the negotiated procedure for the award of a contract or the issuing of an order in terms of a framework agreement, needs to confirm that the negotiated amounts are market-related and represent value for money. Where the total of the prices associated with a target cost contract is negotiated, the total of prices need to be certified as being fair and reasonable by a professional quantity surveyor registered in terms

of the Quantity Surveying Profession Act or a professional engineer registered in terms of the Engineering Profession Act.

BB3.4 Recommendation for the award of a contract

The Tender Committee needs to:

- a) consider the report and recommendations of the Tender Evaluation Committee and:
 - 1) verify that the procurement process which was followed complies with the provisions of this SCM policy;
 - 2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;
 - 3) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and
 - 4) consider risks indicated in the report and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
- b) refer the report back to the evaluation committee for their reconsideration or make a recommendation to the Authorized Person on the award of a tender, with or without conditions, together with reasons for such recommendation.

The Tender Committee needs to consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the Authorized Person on the course of action which should be taken.

The Tender Committee needs to consider the merits of an unsolicited offer and make a recommendation regarding the acceptability of such a proposal.

The Tender Committee may not make a recommendation for an award of a contract if information is available that the recommended tenderer has:

- a) made a misrepresentation or submitted false documents in competing for the contract or order issued in terms of a framework agreement; or
- b) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

The Tender Committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the University's delivery management system or has committed fraud, corruption or any other improper conduct in relation to such system.

No member of the Tender Evaluation Committee may serve on the Tender Committee. A member of the Tender Evaluation Committee may, however, participate in the deliberations of the Tender Committee as a technical advisor or a subject matter expert.

BB4 Actions of an Authorised Person

BB4.1 Award of a contract

The Authorised Person shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the Tender Committee, or in the case of the awards for contracts below the Nominated Quotation threshold, the recommendation of the evaluation report and either:

- a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or
- b) decide not to proceed or to start afresh with the process.

BB4.2 Issuing of an order in terms of a framework agreement

The Authorised Person needs, if the value of an order issued in terms of a framework contract inclusive of VAT, is within his or her delegation either:

- a) decide not to proceed or to start afresh with the process; or
- b) authorise the issuing of an order after:
 - 1) confirming that the required goods or services, or any combination thereof, are within the scope of work associated with the relevant framework contract; and
 - 2) considering the recommendations of the evaluation report where competition amongst framework contracts takes place or a significant proportion of the total of the prices is negotiated, based on the financial parameter contained in the framework contract, and either confirm the reasonableness of such recommendations and sign the acceptance of the order, or refer the evaluation report and recommendation back to those who prepared it.

Part C: SCM system

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Part C: SCM system

C1 Scope

This part of the SCM policy establishes the SCM system covering:

- a) demand management;
- b) acquisition management;
- c) logistics management;
- d) disposal management;
- e) risk management; and
- f) SCM performance

C2 Terms and definitions

For the purposes of this document, the following terms and definitions apply:

- a) **general goods and services:** goods and services which are not related to the construction, alteration, refurbishment, rehabilitation or maintenance of infrastructure
- b) **infrastructure:** immovable assets which are acquired, constructed or which result from construction operations including:
 - 1) moveable assets which cannot function independently from purpose built immovable assets; and
 - 2) Information and Communication Technology (ICT) networks and systems that are used to communicate and to create disseminate, store and manage information.

C3 Demand management

C3.1 The demand management system shall be undertaken in accordance with the principles established in:

- a) Annex CA for general goods and services;
- b) Part D of this SCM policy for infrastructure.

C3.2 The compilation of procurement demand management plans for general goods and services is the responsibility of each department with the assistance of the SCM Department.

C3.3 Each department requiring general goods and services shall ensure that the specifications and/or business cases for planned procurement are developed and submitted timely to the SCM unit.

C3.4 The SCM unit shall upon receipt of departmental plans, prepare a consolidated procurement plan for all budgeted general goods and services required before the commencement of each financial year and submit a consolidated procurement plan to the [designated person] for approval.

C4 Acquisition management

C4.1 Supplier database

C4.1.1 The SCM Unit shall maintain a database of suppliers who satisfy the criteria established by the Unit in consultation with departments requiring goods and services. Such a supplier database shall be used to:

- a) select not less than three entities registered in a particular category of goods or service to submit quotations to undertake work provided that the value of the procurement is not greater than R [value]; and
- b) establish an electronic rotating database in accordance with the provisions of SANS ISO 10845-1 to enable the Nominated Quotation selection method to be utilised.

C4.1.2 Expressions of interest for admission to the supplier database shall be invited by a designated official at least once every three years through local newspapers / media or any other appropriate means. Those respondents who satisfy the stipulated criteria may be admitted to the database for a period of three years on condition that they advise the administrator of the database of any changes and contact particulars and parameters which might result in them no longer satisfying the admission criteria upon becoming aware of such changes.

C4.1.3 Applications for admission to the supplier database can be made at any time. The application for admission shall be rejected where the applicant or any of its principals is listed on the Register of Tender Defaulters established in terms of the Prevention and Combating of Corrupt Activities Act of 2004 or on National Treasury's Database of Restricted Suppliers. The SCM Unit shall submit the names of applicants that satisfy the stated criteria and which are recommended for inclusion in the database to the Manager: SCM for review and sign off prior to admission to the supplier database.

C4.1.4 The supplier database shall be updated at least once a quarter to include those applicants who satisfy the admission criteria and whose applications are approved by the [designated person].

C4.1.5 A supplier shall be recommended for removal from the supplier database by the SCM unit as a result of:

- a) the entity ceasing to exist;
- b) the entity being liquidated or sequestered;
- c) inactivity for a period of 12 months;
- d) repeated declining to submit quotations or closed tenders;
- e) continual proven non-delivery or inability to meet minimum specification consistently;
- f) misrepresentation of information used to gain access to the data base;

- g) engaging in fraudulent and corrupt practices; and
- h) a request received from an entity on the data base.

C4.1.6 The removal of a supplier from supplier database shall be approved by the [designated person].

C4.2 Advertising of tenders

C4.2.1 An invitation to prospective tenderers to submit expressions of interest or tenders shall be by means of a public advertisement on the University website and in newspapers according to the following thresholds:

- a) National newspapers where the estimated transaction value exceeds R [value] including VAT; and
- b) Regional/Provincial/Local newspapers where the estimated transaction is less than or equal to R [value] including VAT.

C4.2.2 The closing date for submissions advertised in accordance with the provisions of C4.2.1 shall not be less than those stated in Table C1 and not less than 5 working days before any compulsory clarification meeting, unless otherwise directed by the [value].

Table C1: Minimum number of working days before the closing date for submissions

Selection method		Minimum number of days from date of publication of last advertisement	Minimum number of days following the date that documents become available
Open / open competitive negotiations		10 working days	7 working days
Qualified procedure / restricted competitive negotiation	Call for expression of interest	10 working days	7 working days
	Invitation to submit tenders	10 working days	7 working days
Quotations		10 working days	7 working days
Proposal procedure using the two envelope system and the two stage system		20 working days	17 working days

C4.3 Issuing of procurement documents

C4.3.1 The SCM Unit shall retain a record of contact particulars of all prospective respondents or tenderers who have been issued with or downloaded procurement documents from a website to enable addenda and general clarifications to be sent via email to those who obtained such documents.

C4.3.2 The official who emails electronic copies of the procurement documents to respondents or tenderers shall record the contact particulars of all of those to whom documents are sent. A register of all those who collected hard copies of procurement documents shall be maintained.

C4.3.3 A compulsory clarification shall be held at which the contract particulars of all of those attending is captured where procurement documents may be downloaded from a website without logging their contract particulars prior to downloading such documents.

C4.4 Receipt and safeguarding of submissions

A dedicated and clearly marked tender box shall be made available to receive all submissions made. The tender box shall be fitted with two locks and the keys kept separately by SCM Department and the Protection Services Department. Representatives from these two departments will be present when the box is opened on the stipulated closing date for submissions.

C4.5 Opening of submissions

C4.5.1 Submissions shall be opened by an opening panel comprising representatives from the SCM Department and the Protection Services Department who have declared their interest or confirmed that they have no interest in the submissions that are to be opened.

C4.5.2 The opening panel shall open the tender box at the stipulated closing time and:

- a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended;
- b) record in the register submissions that were returned unopened;
- c) open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;
- d) record the entries into the submissions register and have all members of the opening panel sign the submissions register;
- e) stamp the returnable price sheet documents in each tender submission; and
- f) each member of the opening panel shall initial the front cover of each submission and all pages that are stamped.

C4.6 Placing of participants in the procurement process under restrictions

C4.6.1 If any tenderer which has submitted a tender offer or an entity which has concluded a contract has, as relevant:

- a) withdraw such tender or quotation after the advertised closing date and time for the receipt of submissions;
- b) after having been notified of the acceptance of his tender, failed or refused to commence the contract;
- c) had their contract terminated, for reasons within their control, without reasonable cause;

- d) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;
- e) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards the University; or
- f) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of the University that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements,

the [designated person] shall prepare a report on the matter and make a recommendation to [designated person] for placing the entity or any of its principals under restrictions from doing business with the University.

C4.6.2 The [designated person] may, as appropriate, upon the receipt of a recommendation made in terms of C4.6.1 and after notifying the person of such intention in writing and providing written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to the University for a period of time.

C4.6.3 The [designated person] shall record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of University who are engaged in procurement processes.

C4.7 Measures to prevent abuse of the procurement delivery system

C4.7.1 The [designated person] shall take all reasonable steps to prevent abuse of the supply chain system and shall investigate any allegations against any official or role player of fraud, corruption, favouritism, irregular and unlawful practices or failure to comply with the SCM Policy.

C4.7.2 The [designated person] shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this policy against an employee or an agent, a contractor or other role player and, where justified recommend to the [designated person] to:

- a) take steps against an employee or role player;
- b) report to the South African Police Service any conduct that may constitute a criminal offence;
- c) lodge complaints with any other relevant statutory council where a breach of such council's code of conduct or rules of conduct are considered to have been breached;
- d) cancel a contract if:
 - 1) it comes to light that an entity has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or
 - 2) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

C4.7.3 The Manager: SCM shall investigate all complaints regarding the procurement system and report on actions taken to the [designated person] who will decide on what action to take.

C4.7.4 The [designated person] shall report any alleged criminal conduct to the South African Police Service.

C4.8 Contract and payment registers

The SCM Unit shall maintain a Contract Register and update it with information pertaining to the contract awarded once the contract has been finalized, or an order issued in terms of a framework agreement once it has been issued. This unit shall also maintain a register of all payments made in terms of each contract or order issued in terms of a framework agreement.

In the case of infrastructure contracts, these requirements shall be the responsibility of the Physical Infrastructure and Planning Department.

C5 Logistics management

C5.1 The logistics management system within the SCM Unit shall address at least the following and be performed in accordance with the principles established in Annex CA within the SCM Unit:

- a) the requisitioning of goods or services;
- b) the placing of orders for goods or services;
- c) the receipt of goods or services;
- d) the distribution of goods;
- e) the preparation of payment vouchers;
- f) the reconciliation of inventory records with financial accounts; and
- g) inventory management including:
 - 1) the measurement of inventory for reporting in the annual financial statements and in associated disclosures;
 - 2) a coding system for the recording of inventory items;
 - 3) manual or computerised systems for demand forecasting and material requirement planning;
 - 4) approaches for inventory control;
 - 5) stock levels for the different categories of inventory items;
 - 6) quality and re-order point models to be used for categories of inventory items;
 - 7) stocktake requirements;
 - 8) mechanisms to prevent theft, losses, wastage and misuse for each category of items;
 - 9) warehouse and stockroom organisation; and
 - 10) systems, whether manual or computerised, for the recording of inventory transactions.

C5.2 The stores and warehousing function shall be centralised and shall operate under the jurisdiction of the SCM unit.

C5.3 The SCM Unit shall ensure that all procurement of inventory, irrespective of the method of procurement, be accounted for.

C6 Disposal management of non-infrastructure related assets

C6.1 A Disposal Committee shall be established to make recommendations on all items identified for disposal and the appropriate disposal method involving a process, as necessary, comprising the following persons or their mandated delegate:

- a) [designated person];
- b) [designated person]; and
- c) [designated person].

C6.2 The Disposal Committee shall 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 asset to be disposed of;
- b) the potential market value or trade-in price of the asset;
- c) the value of the component parts of the asset;
- d) recycling and reuse of material;
- e) whether or not the asset can be transferred to another University or other organ of state or charitable organisation at market-related value or free of charge;
- f) environmental and health and safety considerations associated with the disposal; and disposal by means of dumping at an authorised dump site, burning or demolition; and
- g) market conditions.

C6.3 Assets should be disposed of in accordance with the Asset Management Policy. Assets not disposed of at a market related price shall be recommended by the Disposal Committee and approved by the [designated person].

C6.4 A Disposal Committee may dispose of assets by means of:

- a) the negotiated or an appropriate competitive selection method in accordance with the provisions of Part B of this SCM policy;
- b) an auction conducted in accordance with the relevant provisions of SANS ISO 10845-1;
- c) transfer to another university, organ of state or charitable institution; or
- d) disposal by means of dumping at an authorised dump site, burning or demolition.

C6.5 The preference points system is not applicable to the disposal of assets.

C6.6 The Disposal Committee shall record the reasons for adopting a disposal strategy is recorded prior to proceeding with such disposal.

C6.7 When the relevant manager identifies a need to dispose of certain items of a capital nature and non-capital nature as assets as defined in the Policy on Asset Management specified in the Asset Register of the University, in his/her business unit, he/she shall approach the [designated person] who shall prepare a disposal recommendation. Such a recommendation shall be submitted to a Disposal Committee. At the Disposal Committee meeting a decision and recommendation shall be made as:

- a) whether or not the items should be disposed of; and
- b) the appropriate disposal method for the specific goods

C7 Risk management

C7.1 Risk registers shall be established and maintained to enable risk mitigation relating to all work undertaken by the SCM Unit to enable the supply chain to be proactively managed.

C7.2 Risks that have a significant negative impact upon SCM process outcomes shall be escalated to the [designated person] in order to mitigate the risk.

C8 SCM Performance management

C8.1 The SCM Unit reporting to the Vice Chancellor on the performance of the SCM system shall be characterized by a monitoring process and retrospective analysis to determine whether:

- a) value for money has been attained;
- b) proper processes have been followed;
- c) desired objectives have been achieved;
- d) there is an opportunity to improve the process;
- e) contractors have been assessed and what that assessment is;
- f) there has been deviation from procedures and, if so, what were the reasons for such deviations;
- g) the set objectives and time frames are achieved;
- h) compliance to policies, procedures, norms and standards is maintained;
- i) savings are generated;
- j) the supply of goods and services is operating efficiently; and
- k) contracts are adhered to and non-compliance is addressed during the execution of contract.

C8.2 The report to the Vice Chancellor shall also contain recommendations to address breaches identified during the financial period under review.

Annex CA: An overview of the elements of an SCM System

CA1 Demand management system

CA1.1 Introduction

Demand management is the first phase of the SCM processes. The objective of demand management is to ensure that the resources required to fulfil the needs identified in the strategic plan of the organisation are delivered at the correct time, price and place and that the quantity and quality will satisfy those needs. As part of this element of SCM, a total needs assessment should be undertaken. This analysis forms part of the strategic planning process of the University and hence will incorporate future needs.

Resources required for the fulfilment of the University's legislative mandate should be clearly analysed as part of the strategic plan. This includes a detailed analysis of the goods and services required such as how much can be achieved, how soon, and with what.

Demand management is always requiring a cross – functional exercise that brings the supply chain management practitioner closer to the end user and ensures that value for money is achieved. Demand management lies at the beginning of the supply chain management and the key activities involved in identifying demand are;

- a) establishing the requirements,
- b) determining needs, and
- c) deciding on appropriate procurement strategies.

In order to understand the future as well as current needs of the University, it is necessary to:

- a) identify critical delivery dates;
- b) link the organizational needs to the budget;
- c) understand the commodities procured by the University;
- d) have a clear picture of expenditure patterns,
- e) be aware who the players of the market are; and
- f) plan and utilise the University's buying power through strategic sourcing.

CA1.2 Participation in the strategic planning process

The various functions that are executed need to be identified as part of the University's strategic planning process. Pursuant thereto it is necessary to determine the different resources required to fulfil the identified functions, i.e. human resources and goods, works or services. These resources need to be budgeted for. It is of vital importance to know, even at this stage, the estimated costs of the required resources, including the estimated costs of the required goods, works or services.

Demand management is co-ordinated by SCM officials in consultation with the end user. This includes a detailed analysis of the goods or services required, such as what should be

executed, how quickly and with what materials, resources, equipment, etc. The outcome of this activity is a detailed planning document that outlines what goods or services should be procured, the manner in which they should be procured as well as the timelines to execute the procurement functions.

CA1.3 Procurement planning

Procurement planning needs to take place at the start of a financial year following the approval of the University's strategic plan and budget. The Supply Chain Management unit, following budget approval, needs to issue a Procurement Plan template to be completed by all departments within the University for the procurement of general goods and services.

Procurement plans should not be developed in isolation. They need to form part of the University's Annual Performance Plans and other functional strategies. The SCM unit performs this function hand-in-hand with each user/business unit during the formulation of procurement plans. The SCM Unit then consolidates all procurement plans received into a single integrated Procurement plan of the University according to various applicable procurement thresholds.

The completion of the aforementioned activities should result in the compilation of the procurement plan to be implemented by the SCM unit. This plan should indicate a description of goods or services, the end user, the contact person representing the end user, estimated value, date of submission of specifications, date of advertisement of the quotations / tenders, closing date of the advertised quotations / tenders, estimated evaluation time, envisaged date of the adjudication of submission, envisaged date of award and issuance of a purchase order, etc.

CA1.4 Analysis of the goods or services required

During the strategic planning phase of the University, the goods or services required to execute the identified functions are determined. The SCM unit representative(s) should assist the process in ensuring that the identified goods or services are the optimum resources required to achieve the goals and objectives of the University.

The SCM unit should analyse goods or services required and execute amongst others, the following:

- a) list the functions to be executed by the University;
- b) conduct an analysis of the past expenditure as this exercise may, among others, contribute in determining the manner in which the University fulfilled its needs in the past; and
- c) compile a detailed list of the goods or services required to execute the identified functions.

CA1.5 Planning to obtain the required goods or services

The SCM unit, together with the end user should apply strategic sourcing principles to determine the optimum manner in which to acquire the required goods or services. This includes:

- a) the conducting an industry or market analysis of the goods or services to be obtained including a determination of a reasonable price for such goods or services;

- b) the confirmation that sufficient funds have been allocated for the procurement of required goods or services; and
- c) the considering of the optimum selection method to satisfy the need (see Part B of this SCM policy);
- d) the establishing of the frequency the requirement(s) in order to determine whether it would be cost effective to arrange a framework contract for the goods or services as and when the need arises (see Part B of this SCM policy); and
- e) establishing the lead time required by the potential suppliers to deliver the required goods or services after receipt of a purchase order.

CA1.6 Compilation of a Tender Register for formal tenders

The SCM unit compiles a Tender Register that enables the procurement process of each requirement in respect of tenders above the quotation thresholds (see Part B of this SCM policy) to monitor and evaluate the progress. The SCM unit needs on a continuous basis to monitor and assess the validity and accuracy of and compliance to the procurement plan.

CA2 Acquisition management system

The acquisition management phase follows the demand management phase within the supply chain management system. It provides for an effective approach and various procurement strategies that can be employed in fulfilling the university needs. The objectives of the acquisition management system are to ensure that:

- a) goods and services are procured by the University in accordance with the authorised procedures incorporated in Part B of this SCM policy;
- b) the expenditure on goods and services is incurred in terms of an approved available budget.
- c) the threshold values of the different procurement with their specific procurement selection methods and the requirements associated therewith are complied with; and
- d) standard procurement documentation and evaluation criteria are applied in accordance with the provisions of Part B of this SCM policy.

CA3 Logistics management system

CA3.1 General

Logistics management defines the stock/stores management including item codification, management and setting of inventory levels, receiving and issuing of goods. The logistics management system accordingly involves the setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management, expediting orders, transport management and vendor performance.

CA3.2 Setting of stock levels and stock management

Stock items are systematically replenished using a re-order point planning strategy in conjunction with minimum and maximum levels. Proper financial and budgetary control and the principle of effective administration, proper stock holding and control, product standardization, quality of products and a high standard of service levels is upheld at all times be upheld.

All items are described according to their appearance, functionality and technical specifications (where applicable). The identified items and their description are contained in an inventory management system together with a specific allocated code. For each item that is identified and described an IT system should be established in which the item code, date of issue or receipt, person who received any stock, person who issued the stock, the quantity of items issued/received, the balance of the items currently in stock after the issue or receipt and the signature of both the person who issued and received the stock.

Stock counts are undertaken on a regular basis, but at least every six months. Stock levels are monitored by means of the inventory management system and are verified on a regular basis. Any discrepancies are reported to the Manager: SCM and are managed by means of counter entries on the stock system or in cases of fraud or misuse, by corrective and/or disciplinary action.

CA3.3 Receipt of goods

All goods ordered are delivered and received in one central stores for both campuses. Goods that are received are inspected to confirm if they are in good order. All deliveries are accompanied by a delivery note/invoice with a valid order number and with both the VAT numbers of the supplier and that of the University. Should the goods be faulty, or the quality or the quantity of the goods not correspond with the order, it is returned to the supplier.

CA3.4 Generation of receipt (Goods Receipt Voucher)

After validation of the delivery, and satisfactory receipt of the goods, the delivery note of the supplier is signed, and a goods received note (GRN) is generated which is given to the supplier. A copy of this together with the invoice is then processed for payment.

Part orders can also be received, indicating only the actual quantity received on the invoice. The order can only be closed once the full order quantity has been received.

Once the goods have been received, the Goods Received Voucher for goods is checked against the order on the ITS system, before sending the documents for payment and the items packed in the designated areas in the stores.

Part D: Delivery management system for infrastructure projects

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Preamble

Universities requiring infrastructure projects need to perform the following basic client functions as necessary:

- initiate and finance projects, approve or change the project brief or requirements and own the business case;
- put in place the delivery team that is required to deliver infrastructure projects;
- pay contracted resources on time;
- provide client leadership and direction to and accept the outputs of the delivery team;
- set the delivery team up for successful delivery and remove obstacles or blockages to progress;
- ensure that adequate maintenance regimes and protocols are put in place to ensure long term sustainability of infrastructure projects;
- ensure compliance with legislative provisions including those relating to health, safety and the environment;
- oversee the management of scope (demand), budgets and cash flows, procurement of implementation resources, payment of contracted persons, accounting for expenditure, compliance with legislation, etc; and
- lead engagements with internal and external stakeholders and utilities.

The principal role of a client is to ensure that a solution to the business case for a project is achieved. The University as a client owns the business case for a project and is accountable for project outcomes. Accordingly, the University as a client needs to provide effective leadership of the project throughout the project life cycle, commencing at a strategic level and ending at the close out of a project after the University has accepted and commenced operation of the infrastructure project that is delivered. Effective leadership by the University is achieved through knowledgeable client delivery management, effective governance and procurement arrangements, which are underpinned by this infrastructure procurement and delivery management policy.

Part D: Delivery management system for infrastructure projects

D1 Scope

This part of the SCM policy establishes processes, methods and procedures for the delivery management of infrastructure projects. It also includes delegations to take certain actions within the delivery process.

D2 Terms and definitions

For the purposes of this document, the following terms and definitions apply:

- a) delivery management: the critical leadership role played by a knowledgeable client to deliver infrastructure projects efficiently and effectively, resulting in value for money
- a) infrastructure: immovable assets which are acquired, constructed or which result from construction operations including:
 - b) moveable assets which cannot function independently from purpose built immovable assets; and
 - c) Information and Communication Technology (ICT) networks and systems that are used to communicate and to create disseminate, store and manage information.
- d) value for money: the effective, efficient and economic use of resources, or the optimal use of resources to achieve intended outcomes

D3 Requirements for delivery management

D3.1 The [designated person] shall appoint a Client Delivery Manager to perform the roles and functions as described in Annex DA for each infrastructure project or group of infrastructure projects. The appointed Client Delivery Manager shall establish a competent client delivery management team and a competent delivery team (see Annex DA) to implement the project or group of projects.

D3.2 The project governance arrangements for infrastructure projects shall be as described in Annex DB. The senior line manager overseeing infrastructure delivery is the [designated person] who shall appoint the members of programme steering committees which shall meet at least once a quarter.

D3.3 The University shall directly employ, or work towards the direct employment of the staff necessary to effectively function as the client delivery management administrative team as described in Annex DA. The Client Delivery Manager and team shall provide knowledgeable leadership and administration and support the governance functions associated with infrastructure procurement and delivery.

D3.4 The Client Delivery Manager shall ensure that an appropriately qualified technical team (see Annex DA) is put in place to provide the necessary technical support for efficient and effective delivery management.

D3.5 Responsibilities to perform the functions of the technical team described in Annex DA may be performed by university staff or contracted individuals on a full or part time basis. Contracted individuals who function as members of the technical team and the companies that employ them shall not provide services relating to the delivery team as described in Annex DC.

D4 Control framework for infrastructure projects

D4.1 The control framework for the planning, design and execution of infrastructure projects shall comprise the stages, gates and key deliverables as set out in Annex DE. The responsibilities for approving or accepting end of stage deliverables shall be as stated in Table D1. The Client Delivery Manager shall ensure that all relevant approvals and acceptances that are obtained are recorded on suitable templates and are retained for record purposes in a secured environment for a period of not less than five years after such acceptance.

D4.2 The approval of the infrastructure management plan and the securing of the necessary budget shall be obtained prior to advancing to stage 3. Such approval may be for the whole or a part of the University's infrastructure budget. All subsequent stages shall only proceed if the necessary budget is in place.

D4.3 Prefeasibility and feasibility reports shall be undertaken, where one or more of the following applies:

- a) the [designated person] instructs that a prefeasibility and feasibility report be undertaken;
- b) where the project delivery route (see Annex DD) involves:
 - 1) a design, build and operate contract; or
 - 2) a public private partnership i.e. a transaction between the University and a private party in terms of which the private party:
 - performs an institutional function on behalf of the University or acquires the use of University property for its own commercial purposes;
 - assumes substantial financial, technical and operational risks in connection with the performance of that institutional function or the use of University property; and
 - receives a benefit for performing that institutional function or from utilising University property, either by way of:
 - a consideration to be paid by the University from revenues received;
 - charges or fees to be collected by the private party from users or customers of a service provided to them; or
 - a combination of such consideration and such charges or fees; or
- c) the project comprises infrastructure which requires special design considerations (e.g. new / untried technologies).

D4.5 The [designated person] shall, prior to acquiring existing infrastructure, approve:

- a) a valuation and due diligence report relating to the purchase of existing infrastructure which demonstrates the value for money proposition of the acquisition; or

- b) a favourable due diligence report which establishes the potential usage and benefits, ownership risks and liabilities, status assessment and financial implications of infrastructure which is to be donated to the University

Table D1: Responsibilities for approving or accepting end of stage deliverables

Stage		Person assigned the responsibility for approving or accepting end of stage deliverables	
No	Name		
0	Project initiation	The [designated person] accepts the initiation report	
1	Infrastructure planning	The [designated person] approves the infrastructure management plan	
2	Strategic resourcing	The [designated person] approves the delivery and / or procurement strategy	
3	Pre-feasibility	The [designated person] accepts the pre-feasibility report	
	Preparation and briefing	The [designated person] accepts the strategic brief	
4	Feasibility	The [designated person] accepts the feasibility report other than a report for a PPP The [designated person] accepts the feasibility report for a PPP	
	Concept and viability	The [designated person] accepts the concept report	
5	Design development	The Client Delivery Manager accepts the design development report	
6	Design documentation	6A Production information	The Client Delivery Manager accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance
		6B Manufacture, fabrication and construction information	The contract manager (person appointed to administer the contract) accepts the manufacture, fabrication and construction information]
7	Works	The contract manager certifies completion of the works or the delivery of goods and associated services	
8	Handover	The Infrastructure Asset Manager accepts accountability for the works	
9	Package completion	The contract manager or supervising agent certifies the defects certificate in accordance with the provisions of the contract The contract manager certifies final completion in accordance with the provisions of the contract The Client Delivery Manager accepts the close out report	

D4.6 The [designated person] may appoint a gateway review team to undertake a gateway review of the stage 4 deliverable in the control framework for the planning, design and execution of infrastructure projects prior to making a final decision to proceed with a project in accordance with the provisions of Annex DE. The contents of the gateway review report shall be taken into account when accepting the stage 4 deliverable. A stage 4 deliverable shall not be accepted until such time that all code red risks (risks that pose a significant risk to the project or package) have been addressed in the stage 4 end-of-stage deliverable.

D4.7 The close out report for a project involving a building shall include the following:

- a) an elemental cost analysis, developed in accordance with the Association of South African Quantity Surveyor's Guide to Elemental Cost Estimating and Analysis for Building Works, in respect of each building type identified in the Department of Higher Education's Building Cost Unit for Space and Cost Norms for Buildings and Other Land

Improvements at Higher Education Institutions, based on final costs and record information; and

- b) the assignable square meters for each building type and the gross square meterage of the buildings.

D5 Oversight requirements

D5.1 The Client Delivery Manager shall, appropriate to the selected option for engaging the market for the delivery of new or altered, refurbished or rehabilitated infrastructure (see Annex DD), ensure that there is a level of expertise and resources that are available to ensure that:

- a) contracts which include infrastructure are entered into as an informed client;
- b) due diligence is undertaken at an appropriate level to confirm that the requirements of a contract which includes infrastructure is actually delivered in accordance with the terms of that contract; and
- c) an appropriate level of independent scrutiny is undertaken in relation to all aspects of design and construction or installation that are in effect largely or partly self-certified by those producing them.

D5.2 A contract manager, who may or may not be a member of staff, shall be appointed to administer infrastructure projects on behalf of the University. Such a person shall act as stated in the contract that is entered into, subject to any constraints that may be imposed by the University and this policy and:

- a) provide all relevant data associated with the contract which is required for reporting and cashflow purposes;
- b) make an assessment of the amount due in terms of the contract and certify payment; and
- c) revise the forecast of the final total of the prices of the contract whenever a change in the prices occurs in accordance with the provisions of the contract.

D5.3 The contract manager responsible for the administration of a contract or order relating to the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure other than ICT, shall be registered in a professional category of registration appropriate to the work being undertaken in terms of the Architectural Profession Act, the Engineering Profession Act, Landscape Architectural Profession Act, the Project and Construction Management Professions Act or Quantity Surveying Profession Act

D5.4 The Client Delivery Manager shall ensure that financial data is gathered to enable a financial report to be generated at regular intervals which:

- a) lists the packages (work which has been grouped together for delivery under a single contract or an order issued in terms of a framework agreement) which have completed stage 7 (works) together with actual expenditure;
- b) indicates the following for packages which have advanced beyond stage 4 (concept and viability or feasibility) but have not yet completed stage 7 (works):
 - 1) budget for the financial year;

- 2) expenditure committed to date;
 - 3) actual expenditure to date;
 - 4) remaining budget for the year;
 - 5) forecast expenditure for the remainder of the year; and
 - 6) forecast over/under expenditure for the year;
- c) indicates professional fees associated with a project or package; and
- d) enables “actual” versus “committed” and “planned” expenditure to be compared.

D5.5 Payment shall be made by the University against the amount certified by the contract manager. Any corrections to a certified amount other than a final amount shall be effected in the subsequent payment certificate.

D6 Student housing

D6.1 Student housing shall comply with the minimum norms and standards provided in the Policy on the Minimum Norms and Standards for Student Housing at Public Universities as published from time to time.

D6.2 The following approvals shall be obtained prior to implementing an infrastructure project involving a residence:

- a) approval from the Department of Higher Education and Training for new residences which are more than 20 kilometres from the University’s campus; and
- b) approval of the Minister of Higher Education and Training where residences are delivered through a public private partnership following consultation with the Department of Higher Education and Training.

D7 Implementation plans and control budgets

D7.1 The Client Delivery Manager shall ensure that an implementation plan is produced, for all projects for which he or she is responsible, prior to the start of a financial year which indicates at least the information indicated in Annex DF. Such a plan shall be approved by the [designated person]. The Client Delivery Manager shall update the implementation plan at least quarterly and provide the [designated person] with a copy of such a plan.

D7.2 The Client Delivery Manager shall establish an annual control budget for all projects for which he or she is responsible for delivering in a financial year as well as for each individual infrastructure project. Such a budget shall include all costs associated with the delivery of a work package including professional fees and make provision for contingencies and price adjustment for inflation.

D7.3 The control budgets for buildings shall be based on the cost and space norms issued from time to time by the Department of Higher Education and Training.

D7.4 Costs shall be proactively managed through the setting and proactive monitoring of control budgets for projects through the project planning, detailed design and site processes.

D8 Public private partnerships (PPP)

D8.1 Notwithstanding the provisions of D4.1 the feasibility report for a PPP shall:

- a) explain the strategic and operational benefits of the proposed PPP for the institution in terms of its strategic objectives;
- b) describe in specific terms the nature and extent of the institutional function to be performed by a private party;
- c) demonstrate the affordability of the PPP where the University will incur financial commitments;
- d) set out the proposed allocation of financial, technical and operational risks between the University and the private party;
- e) demonstrate the anticipated value proposition i.e. the net benefit to be achieved by the PPP to the University with regard to cost, price, quality, quantity, risk transfer or a combination thereof; and
- f) explain the capacity of the University to procure, implement, manage, enforce, monitor and report on the PPP.

D8.2 The tender process to enter into a PPP may only commence following the approval of the feasibility report. The tender evaluation report shall demonstrate how the criteria of affordability, value proposition (see D8.2 e)) and substantial technical, operational and financial risk transfer were applied in the evaluation process and how such criteria were satisfied in the preferred tenderer.

D8.3 If at any time during the process of offer and acceptance, any assumptions in the feasibility report for the PPP are materially revised, including any assumptions concerning affordability, value proposition and the substantial technical, operational and financial transfer or risk, a revised feasibility report indicating the impact of such revisions shall be resubmitted for approval prior to entering into the contract.

D8.4 The [*designated person*] shall:

- a) ensure that the PPP agreement is properly implemented, managed, enforced, monitored and reported on; and
- b) maintain mechanisms and procedures for:
 - 1) measuring the outputs of the PPP agreement;
 - 2) monitoring implementation and performance of the PPP agreement;
 - 3) liaising with the private party;
 - 4) resolving disputes and differences with the private party;
 - 5) generally overseeing the day-to-day management of the PPP agreement; and
 - 6) reporting on the PPP agreement in the annual report of the University.

D8.4 The prior approval of the [*designated person*] shall be obtained for any material amendments to a PPP agreement, including any material variations to the outputs therein, or any waivers contemplated or provided for in the PPP agreement.

D9 Risk management

D9.1 Risk registers shall be established and maintained to enable risk mitigation relating to the procurement and delivery management of infrastructure to be proactively managed at all

levels.

D9.2 Risks that have a significant negative impact upon project outcomes shall be escalated through the project governance structure established in D3.1 in order to mitigate the risk.

Annex DA: Client functions

DA1 Introduction

The principal role players in the delivery of infrastructure are the client delivery management team, the delivery team and stakeholders as indicated in Figure DA1. The client delivery management team needs to provide effective leadership and direction to the delivery team and meaningfully engage with internal and external stakeholders. The delivery team needs to deliver the required infrastructure and manage the interfaces between the client delivery management team and stakeholders in doing so. The client delivery management team accordingly performs a “buying function”. The delivery team, on the other hand is responsible for supplying the goods and services which are necessary to delivery infrastructure projects and as such performs a “selling” or “supplying function.” Both of these teams are driven by different objectives in the “buying” and “selling” exchange.

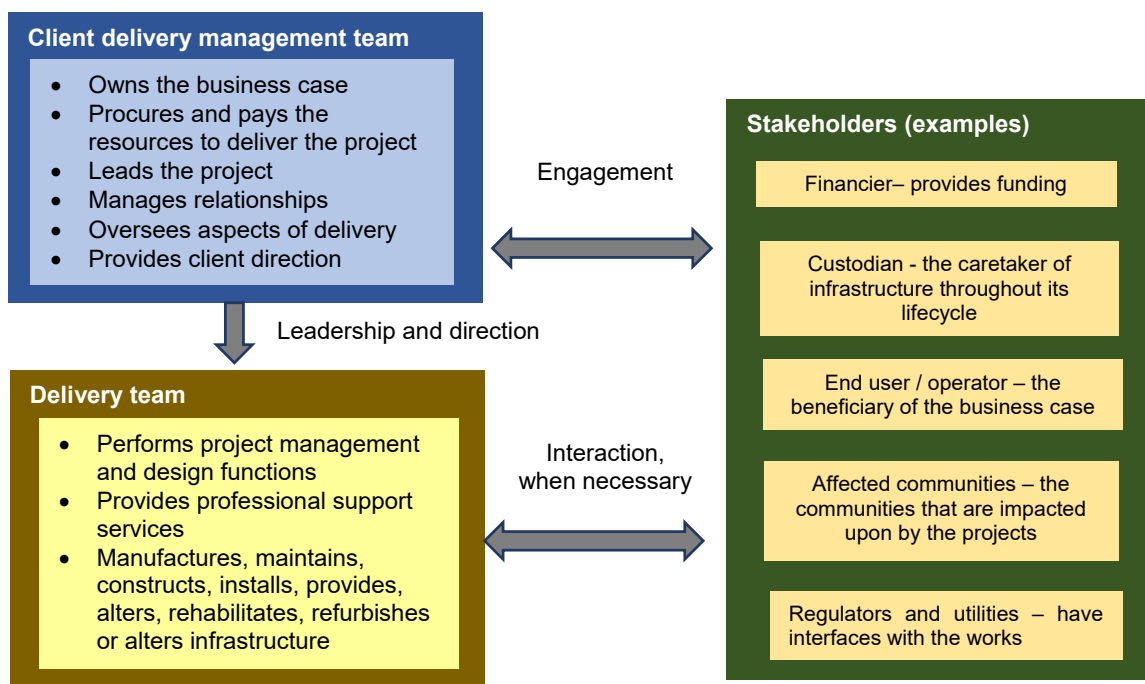


Figure DA1: The principal role players in the delivery of infrastructure

DA2 The role of the client

Led by a client delivery manager, a client needs to:

- establish a clear business case, which captures intent, at the inception of a project, and constantly revisit the business case to verify its assumptions, objectives and ongoing validity;
- create and communicate a clear vision for the project, which may unfold over time, that enables all participants to understand its purpose;
- decide on how the market is to be engaged as well as the procurement strategy and tactics associated with each procurement (see Annex D),

- procure on a long term and overall best value basis rather than on short-term capital lowest cost;
- create an enabling environment with a clear structure and responsibilities within which decisions and authorisations can be made to progress projects in an efficient and effective manner;
- apply effective leadership and governance in the way in which a project is authorised, conducted and overseen in order to create a platform for successful delivery;
- provide strategic thinking, intent and approach in delivering infrastructure projects;
- set the priorities between cost, time, quality and the attainment of secondary or developmental objectives to provide crucial direction to the delivery team when hard choices need to be made to steer a project through the complexities of decision making;
- carefully monitor objectives and remain vigilant for changes throughout the life cycle that can impact on a project and its business case;
- gain insight into and find ways where possible to satisfy the requirements of stakeholders;
- ensure that:
 - the budget contained in the business case is realistic and provides value for money;
 - the schedule is not only realistic but is also likely to be attractive to the market and attract competitive prices; and
 - clear briefs are provided to the delivery team before design commences;
- focus on strategy, the project environment, the context, the business case, high level progress, corrective action, communication, managing internal and external stakeholders and feedback from continuous improvement reviews;
- assess relevant risks and agree the management measures within both client and delivery teams;
- proactively manage risks and changes to what was planned; and
- ensure that projects are commissioned and properly tested prior to completion and handover.

DA3 The function and structure of the client delivery management team

DA3.1 Client delivery manager

A client delivery manager (named individual) needs to be held accountable for project outcomes. Such a manager also needs to lead the client team with single point accountability and have direct access to the senior client management when decisions regarding a significant departure from the plan or budget need to be taken (see Annex DB).

The client delivery manager's primary function is to:

- own the business case for a project on behalf of the client so that there is no ambiguity about who is acting in the client role;
- perform an oversight and governance role, providing effective and strategic leadership, within the client delivery management team which permeates through all levels of the supply chain;
- set the team up for successful delivery and remove obstacles or blockages to progress;
- direct the project in such a manner that the value proposition that is expected at the end of the project is realised as far as is possible;
- intervene when necessary e.g. when relationships begin to break down, stakeholder interference or lack of performance threatens objectives, recurring issues are not being dealt with, unforeseen risks begin to manifest, risk mitigation measures are not yielding the required results, etc.
- take corrective action where necessary to align projects with what was planned or change the plan to reflect the changed circumstances; and
- develop a strategy to approach the market and make decisions as to when the market should be approached for resources.

DA3.2 Technical and administrative teams

A client delivery manager needs to be supported by both a technical team and an administrative team. The technical team may be required to:

- provide advice on a range of matters, including compliance with legislative requirements, advice on contractual matters that may arise and the gathering, processing and storage of information that is necessary to manage the delivery of projects;
- manage activities associated with the initiation of projects;
- formulate, shape and document the client's specific architectural, urban planning, engineering, ITC etc. requirements during the initial stages of the project as well as to monitor and evaluate the outputs of the delivery team;
- establish financial and cost controls and reporting systems; and
- procure the resources which are necessary to deliver the project.

The administrative team needs to prepare the necessary documents for payment by the University's finance department and be required to develop and maintain and keep up to date the following for project governance purposes:

- a planned procurement and commitment register to record for each project the contract value for all the contracts or orders issued in terms of a framework agreement, and the estimated value of a planned procurement so that at any point in time the total value of work that is committed for a project can be compared with the authorised expenditure;

- a contracts register to provide particulars of all contracts and orders issued in terms of a framework agreement, including information relating to the starting price, details relating to the time for completion and any changes in the time for completion;
- a payment register to record all the payments that have been certified for payment against each contract or order; and
- a purchase order register which links contracts and orders and payments relating thereto to the authorised amounts within the financial management system.

Annex DB: Project governance

Project governance provides the framework within which decisions are made in the delivery of infrastructure projects. Such arrangements provide the University with a structured approach to conduct both its business-as-usual activities and its business change, or project activities. Project governance sits above and outside of the project management domain.

Project governance is all about leadership and provides a way for senior management and key stakeholders to exercise oversight and ensure that strategic outcomes are realised. It is a mechanism for engaging the University in a project, for securing buy-in of key players and for driving executive decision making. There can be no effective leadership in the absence of governance.

An indicative University's governance structure is shown in Figure DB.1.

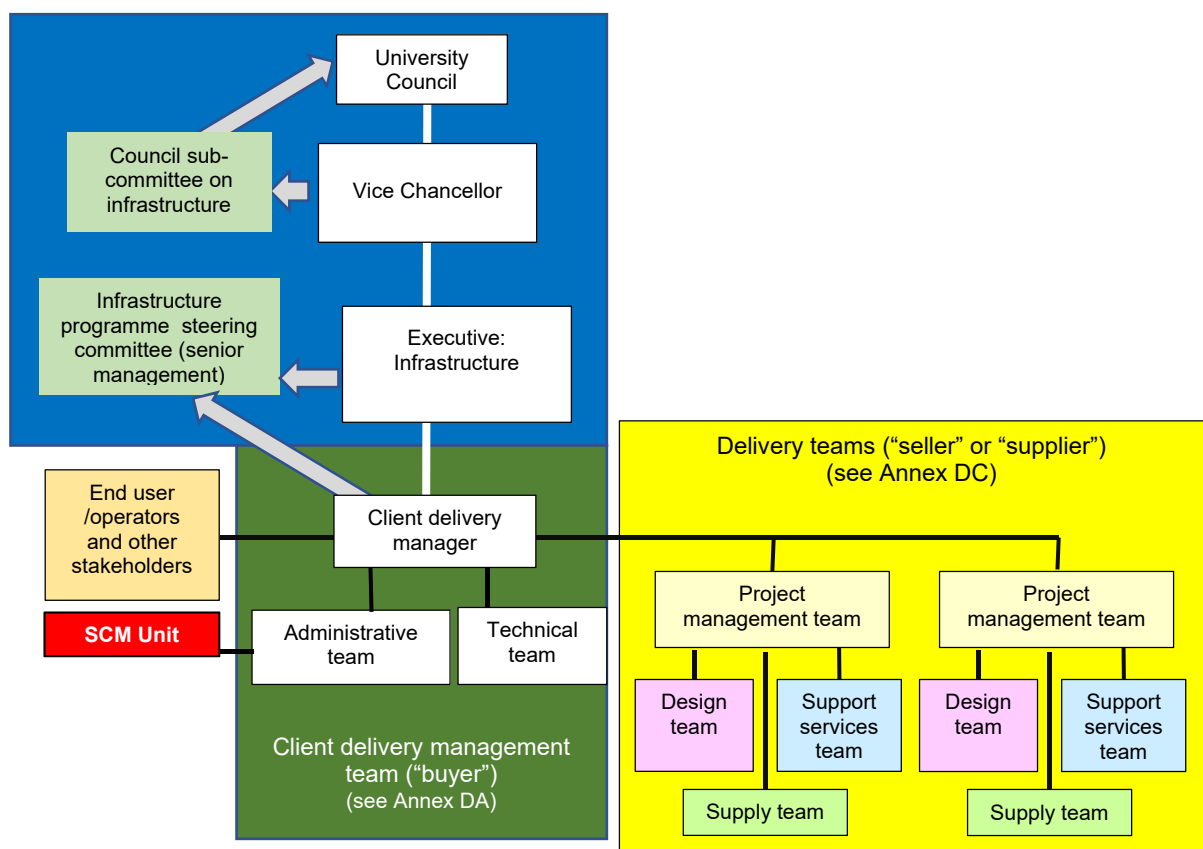


Figure DB.1: Line function reporting and governance arrangements

Annex DC: Allocation of responsibilities within the delivery team

The physical delivery of infrastructure necessitates that a delivery team be put in place using the University's own resources or contracted resources comprising as necessary:

- a project management team which manages the development and implementation of the project and has overall management of the members of the delivery team;
- a design team which provides as necessary, architectural, landscape architectural and engineering services in integrating the client's requirements into workable solutions;
- a support services team which provides specialist support services in areas such as health and safety, condition assessments, environmental compliance, cost planning and control, geotechnical investigations, traffic studies etc.; and
- a supply team which manufactures, maintains, repairs, constructs, installs, provides, alters, refurbishes or rehabilitates infrastructure or parts thereof.

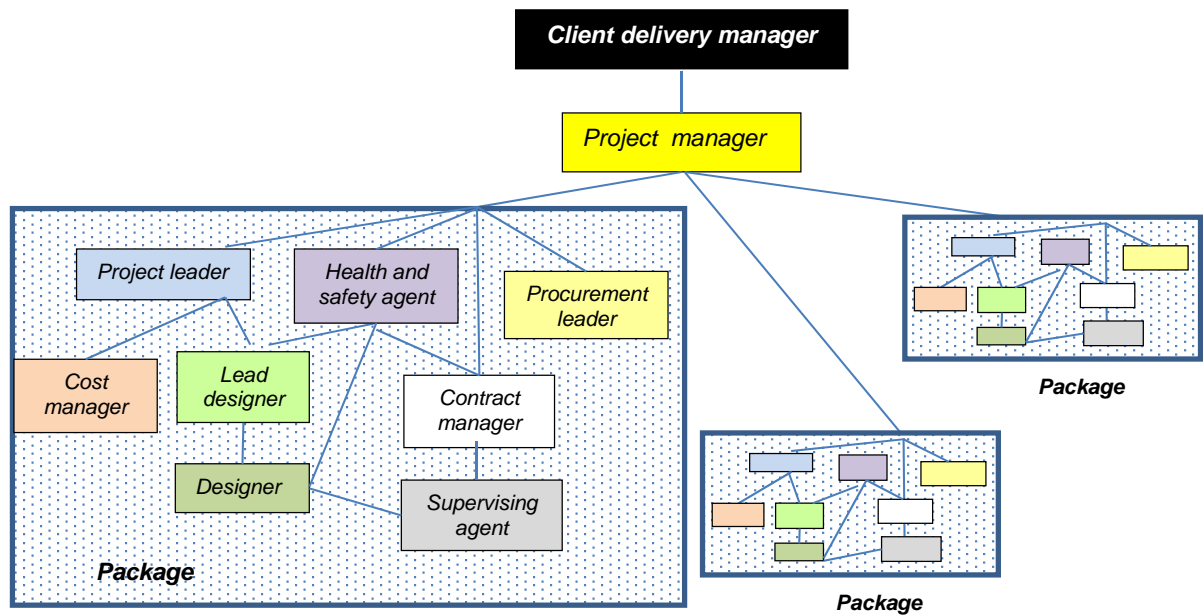
The functional roles provided by built environment professionals associated with the delivery team may include some or all of the following services:

- project manager;
- procurement leader;
- project leader;
- contract manager;
- lead designer;
- designer;
- cost manager;
- supervising agent; and
- health and safety agent

The basic lines of reporting and assigned responsibilities for each of these functional roles for each package associated with an infrastructure project are as indicated in Figure DC.1.

There are many options available to a client in assigning functional responsibilities to particular persons (own staff or consultant and within professions which overlap). This ensures flexibility. For example, in some projects different persons will be assigned functional responsibilities for each of the identified roles. In other projects it may be desirable to combine functional roles and responsibilities e.g. the project leader can also be the procurement leader or the same person can be appointed to function as project leader, lead designer, designer and cost manager or the contract manager and supervising agent.

The disciplines and subdisciplines associated with design services relating to buildings is indicated in Table DC.1.



Designation	Primary actions
Client delivery manager	Initiates the project, owns the business case and leads the project
Project manager	Manages the development and implementation of an infrastructure project and administers professional service contracts on behalf of the client
Project leader	Leads and directs the design team in a non-technical role including the monitoring and integration of the activities, development and maintenance of a schedule, monitoring of progress and facilitation of the client acceptance of an end of stage deliverable
Lead designer	Establishes and refines the design approach or solution so that it achieves the brief as it is progressively developed and is co-ordinated within the project team
Designer	Provides design or conditional assessment services
Cost manager	Provides independent and impartial estimation of cost, value management, budget, control and validation of cost of constructing, rehabilitating refurbishing and altering infrastructure
Procurement leader	Oversees the development of the procurement documents and manages the procurement process
Contract manager	Administers a package on behalf of the client in accordance with the provisions of the contract
Supervising agent	Confirms that the works are proceeding in accordance with the provisions of the contract
Health and safety agent	Assumes statutory responsibilities imposed by the Construction Regulations and other pieces of health and safety legislation and leads health and safety risk compliance processes

NOTE: The environmental compliance monitoring agent is excluded from the above. Where such a person is required their primary action is to independently monitor environmental requirements during construction in accordance with legislative requirements and to monitor, review and audit the on-site implementation of a contractor's environmental management plan.

Figure DC1: Primary action of common functional roles within the professional team

Table DC.1: Design disciplines and subdisciplines associated with the design of a building

Service area	Principal activities
Architecture	Plan, design and review the construction, extension or refurbishment of buildings, spaces, structures and associated site works for the use of people by the creative organization of materials and components with consideration to mass, space, form, volume, texture, structure, light, shadow, materials and the project brief.
Civil engineering	Plan, design and review the construction of site works comprising a structure such as a road, pipeline or sewerage system or the results of operations such as earthworks or geotechnical processes.
Electrical engineering	Plan, design and review the installation of the electrical and electronic systems for and in a building or structure
Fire safety	Plan, design and review the fire protection system to protect people and their environments from the destructive effects of fire and smoke.
Landscape architecture	Plan, design and review the construction of outdoor and public spaces to achieve environmental, socio-behavioural, or aesthetic outcomes or any combination thereof
Mechanical engineering	Plan, design and review the construction, as relevant, of the gas installation, compressed air installations, thermal and environmental control systems, materials handling systems or mechanical equipment for and in a building
Structural engineering	<p>Plan, design and review the construction of buildings and structures or any component thereof to ensure structural safety and structural serviceability performance during their working life in the environment in which they are located when subject to their intended use in terms of one or more of the following:</p> <ul style="list-style-type: none"> i) external and internal environmental agents; ii) maintenance schedule and specified component design life; or iii) changes in form or properties
Wet services	Plan, design and review the construction, within buildings or from a point of drainage installations intended for the reception, conveyance, storage or treatment of sewage, water installations which conveys water for the purpose of fire-fighting or consumption and roof drainage arrangements within a building.

Annex DD: Procurement strategy

DD1 Introduction

Project outcomes in infrastructure projects are sensitive not only to the decisions made during the planning, design and execution of such projects but also to the manner in which resources are structured and procured to deliver infrastructure projects. There are a number of different approaches to procuring goods and services and any combination thereof, each of which can result in different outcomes. Procurement strategy is all about the choices made in determining what is to be delivered through a particular contract, the contracting arrangements, how secondary procurement objectives are to be promoted and which selection method will be employed to solicit tender offers.

Procurement strategy is formulated around procurement objectives which may relate to either the delivery of the product (primary objectives) or what can be promoted through the delivery of the product (secondary objectives) i.e. broader societal objectives. Procurement strategy is also informed by spend, organisational, market and stakeholder analyses.

DD2 Primary and secondary objectives

Procurement objectives are informed by the client's values and value proposition for the project i.e. the promise of measurable benefits resulting from the project. Procurement objectives should not be confused with objectives relating to the conceptualisation, planning, design, construction and maintenance of construction works.

The primary objectives relating to the delivery of goods or services or any combination thereof include:

- tangible objectives including budget (cost of the project), schedule (time for completion), quality, and performance characteristics required from the completed projects and rate of delivery (how quickly portions of the works or a series of projects can be delivered or funds can be expended);
- environmental objectives;
- health and safety objectives; and
- intangible objectives including those relating to:
 - buildability (the ease with which the designed works is constructed),
 - relationships (e.g. long term relationships to be developed over repeat projects, early contractor involvement, integration of design and construction etc),
 - client involvement in the project,
 - end user satisfaction, and
 - maintenance and operational responsibilities.

Secondary objectives commonly relate to the promotion of Broad-Based Black Economic Empowerment in accordance with the provisions of the Broad-Based Black Economic Empowerment Act, and where appropriate, the promotion of work, business and skills opportunities to target groups and national development goals.

Secondary or developmental procurement objectives are additional to those associated with the immediate objective of the procurement itself. Secondary procurement policy objectives

influence procurement strategies both directly and indirectly. Competing primary and secondary priorities need to be balanced. Trade-offs against priorities may be required.

DD3 Options for engaging the market for construction works

A decision needs to be made to either “buy” or “make” new or refurbished infrastructure (see Figure DD1). The financing of the project on a “buy” basis requires the market to pay for the acquisition incrementally as the client pays only for completed work. Under this financing mechanism, the developer typically carries the cost of providing the required construction works and commonly receives payment either in the form of a lump sum, a monthly amount for the term of the contract or a percentage of the income stream following the completion of the project. The financing of the project on a “make” basis, on the other hand, requires the client to directly pay all contractors for the goods and services associated with the delivery of the project incrementally as the works proceed.

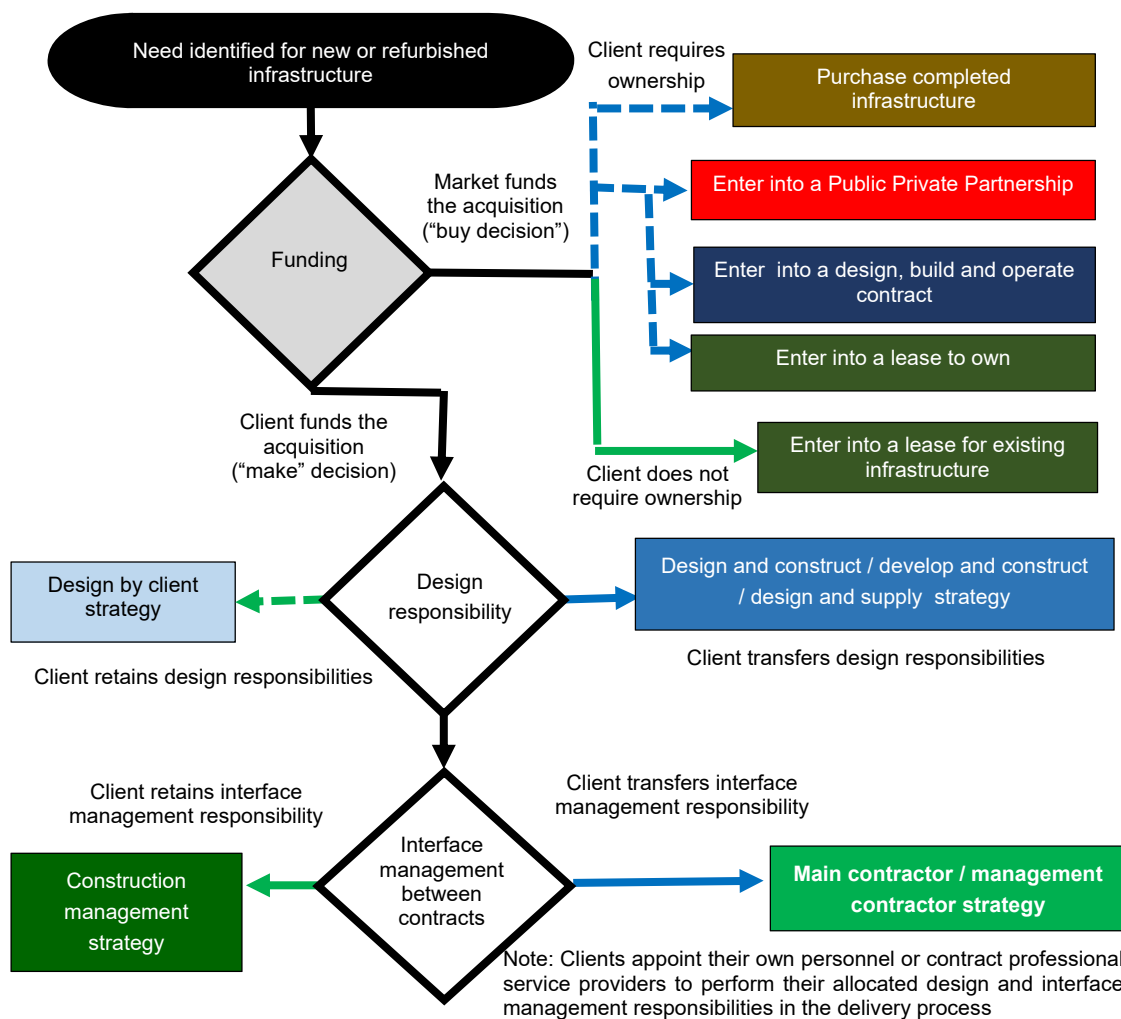


Figure DD1: Common options for engaging the market for new or refurbished construction works (“buy” or “make” decisions)

DD4 Developing a procurement strategy

DD4.1 General

A spend, organisational, market and stakeholder analysis provides a backdrop against which all decisions are made. Such analysis should be in sufficient detail to enable informed decisions to be made, based on identified strengths and weaknesses and the appetite for transferring or accepting risks. The analysis should furthermore identify what internal skills, capabilities and resources are available or can be committed by the organisation to deliver the project.

The components of a procurement strategy for a particular procurement where the client funds the acquisition includes the development of:

- a packaging strategy which focuses on the organisation of work into contracts or orders issued in terms of a framework agreement;
- a contracting strategy which focuses on the selection of a suitable form of contract including the basis for remunerating contractors, which, if relevant, is informed by decisions made when determining the project delivery route;
- a targeting strategy which identifies the procedures for promoting secondary procurement objectives; and
- a selection method which identifies the methodology by which tenderers will be solicited from the market.

The framework for the development of a procurement strategy is indicated in Figure DD.2.

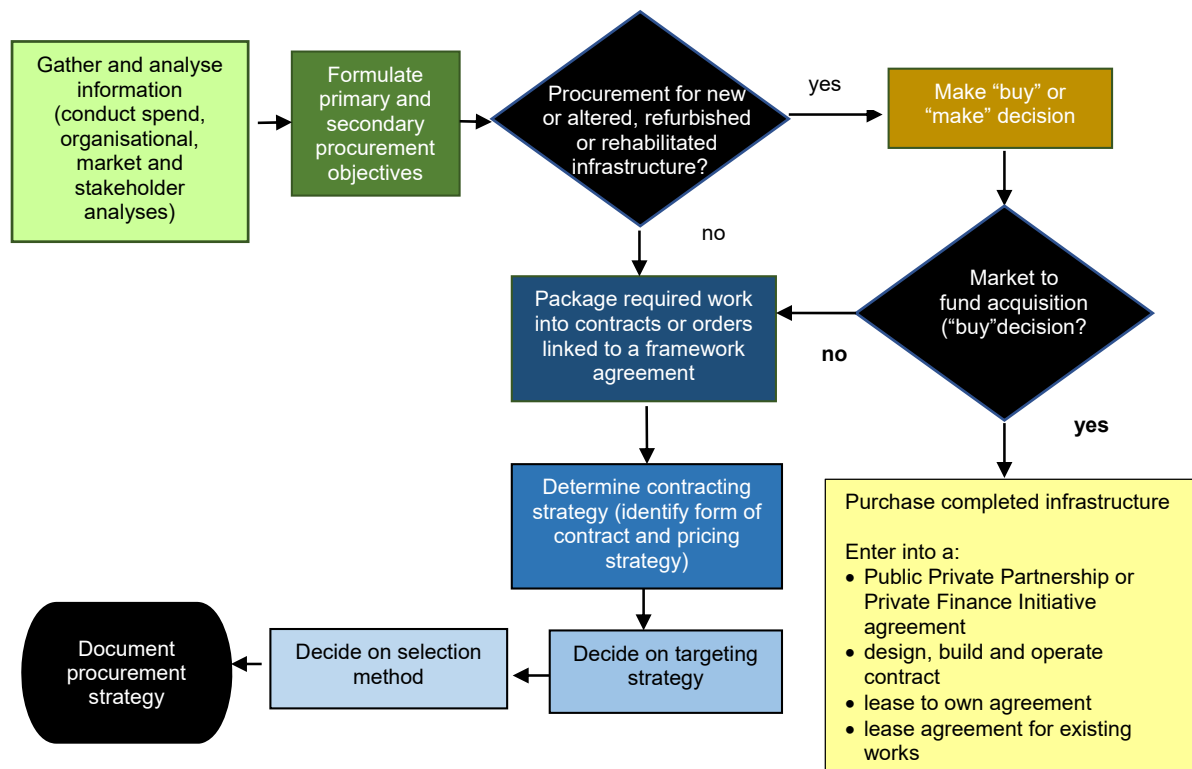


Figure DD2: Framework for the development of a procurement strategy

The procurement strategy that is decided upon for a particular procurement or category of procurement needs to be documented in such a manner that the logic behind the choices that are made at each step can be communicated to and reviewed by others. It should also summarise the decisions made in respect of the component strategies in respect of each contract or group of contracts as indicated in Table DD1.

DD4.2 Packaging strategy

Projects needs to be broken down into one or more work packages i.e. a deliverable or project work component or a group of tasks within a work breakdown structure. The work packages can then be programmed, resourced and managed, and where necessary procured. Accordingly, a packaging strategy is the organisation of work packages into contracts or orders issued in terms of a framework agreement over the term of such an agreement

Table DD1: Headings and illustrative content of a documented strategy for a particular contract

Aspect strategy	of	Comments
Packaging strategy		brief description of the package
		framework / non-framework+
Design interface management strategy*	and	design strategy: design by client / develop and construct / design and construct / design and supply+ interface management strategy: construction management / management contractor / general contractor+
Contracting strategy		contract type: construction / design, build and operate / professional service/ service / supply+ standard form of contract: bespoke / [name form of contract e.g.NEC3 Professional Service Contract)+
		pricing strategy: price-based (activity schedule / bill of quantities / lump sum /percentage of cost of construction / price list / price schedule) / cost-based (cost plus / target cost / time based)/ performance-based+
Targeting strategy		goal associated with strategy: (describe) targeting strategy: granting of tender evaluation points / accelerated rotations / evaluation points in expressions of interest / financial incentives / creation of contractual obligations+#
Selection method		negotiation / competitive selection (nomintaed / open / qualified / quotation / proposal using a two envelope system / proposal using a two stage system / confined market procedure) / competitive negotiations (restricted / open) +

* delete row if contract does not involve construction works and the client funds the acquisition ("make" decision)

+ delete options which do not apply

describe so that readers understand the essence of the strategy and the KPI that is promoted

DD4.3 Contracting strategy

The fundamental exchange between a client and a contractor is the delivery of work in accordance with stated requirements for a price. A contracting strategy is the strategy that governs the nature of the relationship which the client wishes to foster with the contractor, which in turn determines the risks and responsibilities between the parties to the contract and the methodology by which the contractor is to be paid.

Standard forms of contract provide fixed terms and conditions which are deemed to be agreed and are not normally subject to further negotiation or amendment following the receipt of

tenders. Such forms of contract usually include the method of payment and allocate risks to the parties and how the contractor is compensated for risks for which he is not at risk should they materialise. The scope and nature of the project affects the selection of the type of contract.

A pricing strategy is the strategy which is adopted to secure financial offers and to remunerate contractors in terms of the contract. The pricing strategy determines who takes the risk for the differences between the actual prices paid in terms of the contract and those estimated when the total of the prices for the works are agreed and how changes to the scope of work are assessed and paid for.

DD4.4 Targeting strategy

A targeting strategy is a strategy used to promote secondary procurement objectives. A targeted procurement procedure is the process used to create a demand for the services or goods of, or to secure the participation of, targeted enterprises and targeted labour in contracts in response to the objectives of a secondary procurement policy. There are a number of targeted procurement procedures which can be used to promote secondary procurement objectives as indicated in DD2.

Key performance indicators (KPIs) in the form of quantitative or qualitative measures of impacts or changes that may be beneficial which relate directly to secondary procurement objectives (desired results) need to be formulated. Such indicators need to be formulated in such a manner that they are contractually enforceable. They need as such to be described in qualitative terms and to be linked to measurable and quantifiable targets and be provided with a means of verifying and auditing claims regarding performance in relation to the target.

Table DD2: Targeted procurement procedure options

Targeted procurement procedure	Outline of procedure
Granting of tender evaluation points	Tender-evaluation points for contract-specific goals are granted to tenderers who undertake to achieve a specified KPI in the performance of the contract
Accelerated rotations on electronic databases	Target groups are identified and accelerated at a faster rate than non-target groups on electronic data bases linked to the nominated procurement procedure
Granting of a percentage of the total number of evaluation points used to short-list tenderers following a call for expressions of interest	A point scoring system is used to shortlist respondents following a call for expressions of interest in the qualified procedure, a percentage of the total points on offer are linked to the attainment of KPIs.
Financial incentives for the attainment of key performance indicators in the performance of the contract	An incentive payment is linked to the improvement upon or attainment of a KPI in the execution of a contract
The creation of contractual obligations to engage target groups in the performance of the contract by establishing requirements for the tendering of subcontracts in terms of a specified procedure or establishing obligations to attain contract participation goals in accordance with the relevant provisions of ISO 10845.	Contractors can be required, as a contractual obligation, to subcontract a percentage of the work to targeted enterprises or contract goods or services from targeted enterprises. They may also be required to enter into joint ventures with targeted enterprises or engage targeted labour in the performance of a contract. This can most readily be achieved by requiring contractors to archive a minimum contract-participation goal in accordance with the requirements of SANS ISO 10845-5:2011, SANS ISO 10845-6:2011, SANS ISO 10845-7:2011 or SANS ISO 10845-8:2011 Alternatively, contractors may be required to subcontract specific portions of a contract to targeted enterprises

DD4.5 Selection method

A selection method is the procedure used to solicit tender offer with a view to entering into a contract for goods or services or any combination thereof with the successful tenderer (see SANS ISO 10845-1).

Annex DE: Control framework for infrastructure delivery management

DE1 Controlling work flows

Workflow may be regarded as the sequence of activities with explicit start and end points to describe a task. An activity as a series of operations (sequential, parallel, mixed) is punctuated by decisions as illustrated in Figure DE1.

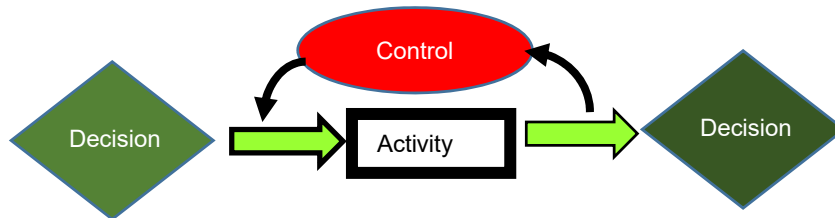


Figure DE1: The context of project activity

In order for an infrastructure project to progress meaningfully, its objectives and their achievement need to be closely allied to the decision structure. Decisions give purpose to activity. A project begins and ends with decision points.

Decision points (controls or decision gates) form the major boundaries to activities. Decision gates provide an opportunity to:

- authorise the proceeding with an activity within a process, or the commencing of the next process;
- confirm conformity with requirements before completing processes; or
- provide information which creates an opportunity for corrective action to be taken.

Control systems are necessary to regulate work in relation to its context which may from time to time change in order to match performance against objectives. Such systems are also the mechanism that deals with the boundary between project context and project activity as indicated in Figure DE2.

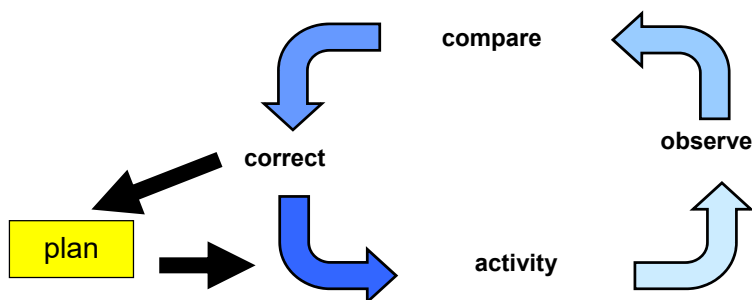


Figure DE2: Control system

Control systems accordingly involve the comparing of progress against requirements, objectives or targets and where necessary taking some corrective action such as:

- taking steps to change the performance of the activity to bring it closer to what was planned; or

- changing the plan so that it more closely reflects the changed situation brought about by the departure from the plan.

DE2 Controlling workflows in infrastructure projects

A stage is a collection of logically related activities in the delivery cycle of infrastructure projects that culminates in the completion of a major deliverable. The workflow for the delivery of infrastructure projects comprises the applicable stages indicated in Figure DE3. Each of these stages are linked to tasks mapped out in the supply chain indicated in Figure DE3. The key deliverables associated with each task informs the decisions which are made at each decision gate are described in Table DE1.

The control framework shown in Figure DE3 deals with the generic work flow associated with the planning, design and execution of infrastructure projects i.e. the project life cycle for the delivery of infrastructure projects. It is structured in such a manner that the viability of a project may be tested and monitored and controlled by the client delivery management team as it progresses. It generates information which informs decisions at particular points in the process. The framework is independent of the procurement strategy that is pursued to appoint infrastructure contractors.

DE3 Outline of stages

Stage 0 admits projects into the pipeline of projects so that they can be further prepared prior to a decision being taken to implement them. The infrastructure management plan (stage 1) is not a static document as project parameters relating to cost and schedule of a pipeline of projects need to be adjusted as projects unfold and to meet changing business needs. New initiation reports are accepted at stage 0 to the pipeline of projects on an ongoing basis. Such a plan needs to be reviewed and updated regularly, at least once a year to reflect revised information, emerging business needs and changing priorities. This also necessitates revisions to deliverables associated with stage 2 (strategic resourcing).

Stage 4 is the stage where a decision is taken on whether or not the project is likely to yield the desired outcome. The decision taken at the end of stage 4 may authorise implementation, defer implementation or terminate the project (see Figure DE3).

Stages 3 (preparation and briefing) and 4 (concept and viability) need to be repeated for each package if the acceptance at stage 4 (feasibility) is for the acceptance of a project comprising a number of packages which are to be delivered over time or there is insufficient information to proceed to stage 5. It is necessary, particularly with projects spanning a number of years, to revalidate the parameters which informed decisions to proceed to implementation in a feasibility report so that visible and conscious decisions can be made should adjustments be necessary to reflect changes in the project environment in different packages. Stage 4 (concept and viability) results in a solution for an infrastructure project. The design or solution is accordingly “frozen” at the end of stage 4.

Detailed design during stage 5 includes the selection of materials and components. At this stage there will often be an iterative process of proposing a component, checking its predicted performance against the brief, and amending selections if required. The design development report translates the concept report into a document which paints a picture of what is to be delivered. The report needs to describe how structures, services or buildings and related site works, systems, subsystems, assemblies and components are to function, how they are to be safely constructed or installed, how they are to be maintained and, if relevant, how they are to be commissioned.

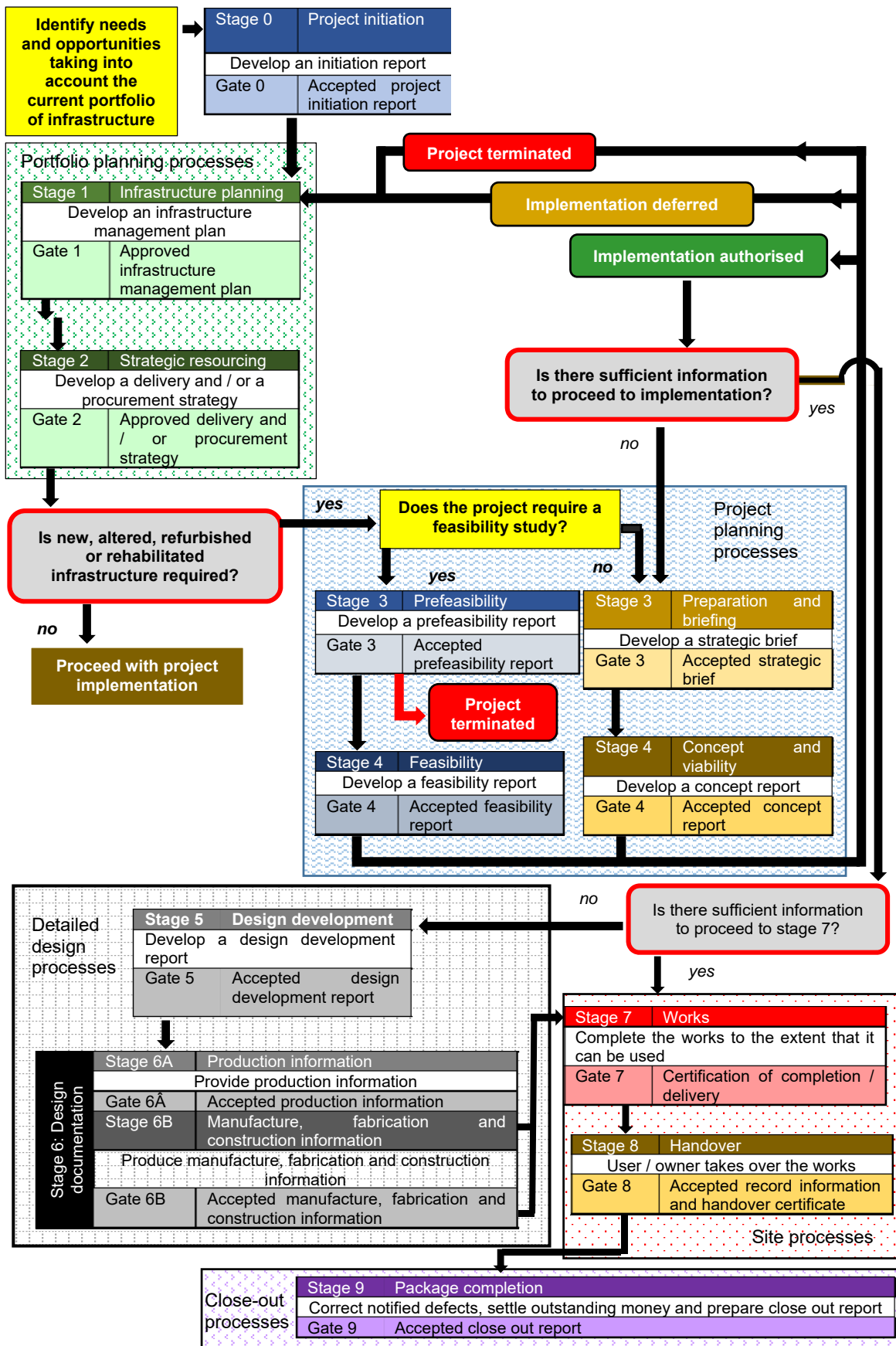


Figure DE3: The control framework for the planning, design and execution of infrastructure projects

Table DE1: End-of-stage deliverables

Stage		End-of-stage deliverable	
No	Name	Description	Considerations
0	Project initiation	An initiation report which outlines the high-level business case together with the estimated project cost and proposed schedule for a single project or a group of projects having a similar high-level scope	<p>The initiation report for a project should as a minimum:</p> <ul style="list-style-type: none"> • provide a project description and high-level scope of work; • outline key issues and solution options that were interrogated and the options that were evaluated; • indicate the high-level business case; and • provide the estimated project cost and indicative high-level time schedule <p>The decision-making criteria, findings, assumptions and recommendations should be documented</p>
1	Infrastructure planning	An infrastructure management plan which identifies and prioritises projects and packages against a forecasted budget over a period not less than 5 years	<p>The infrastructure management plan, which should be described by the high-level scope of work for each project, the proposed time schedule, the estimated total project cost and annual budget requirement, the geographical location, any known encumbrances and estimated timeframes for removing these encumbrances, should:</p> <ul style="list-style-type: none"> • identify the infrastructure requirements to meet the University's strategic objectives and operational commitments within available resources; • cover the University's whole infrastructure portfolio for all types of infrastructure, including new infrastructure, as well as plans for maintenance, refurbishment and rehabilitation of existing infrastructure, and disposal of infrastructure which is no longer required to meet the University's objectives; • include short and medium-term plans as well as longer-term plans where required for alignment to the University's long-term strategic objectives and for life-cycle asset management considerations; and • be informed by life-cycle infrastructure asset management planning <p>This medium-term infrastructure management plan should be aligned to the University's long-term and five-year strategic plans and, if relevant, annual performance plan and the University's infrastructure management policy</p>
2	Strategic resourcing	A procurement strategy for each project and package in at least the first year of the infrastructure management plan together with the structure and composition of the client delivery management team to oversee the implementation of such strategy	<p>The procurement strategy should (see Annex DD):</p> <ul style="list-style-type: none"> • describe the primary and secondary procurement objectives; • outline the outcomes of any spend, market, organisational and stakeholder analysis; • identify the project delivery route (see Annex DD), as necessary; and • indicate the packaging, contracting and targeting strategy and selection method for a procurement <p>The manner in which the client delivery management team fulfils the necessary client functions should be described as well as how resources which are required are to be sourced</p>

Stage		End-of-stage deliverable	
No	Name	Description	Considerations
3	Prefeasibility	A prefeasibility report which determines whether or not it is worthwhile to proceed to the feasibility stage	<p>The following activities, as necessary, should be undertaken, if a feasibility report is required or warranted:</p> <ul style="list-style-type: none"> • document the owner or user requirements specification; • shortlist the options that were considered; • provide a preliminary design for study options, provide preliminary capital estimates and the proposed schedule; and • present the study outcomes
	Preparation and briefing	A strategic brief which defines project objectives, needs, acceptance criteria and client priorities and aspirations, and which sets out the basis for the development of the concept report for one or more packages	<p>The following activities, as necessary, should be undertaken:</p> <ul style="list-style-type: none"> • confirm the scope of the package and identify any constraints; • establish the project criteria, including the performance and reliability requirements, design life, service life of components, function, maintenance and replacement requirements, mix of uses, scale, location, quality, value, time, safety, health, environment and sustainability as well as the control budget and schedule for the package or series of packages; and • identify statutory permissions, utility approvals, applicable policies and strategies to take the package forward, risks that need to be mitigated as well as interfaces between packages
4	Feasibility	A feasibility report which presents sufficient information to determine whether the project should be implemented	<p>The feasibility report should, as necessary and if a feasibility report is required or warranted, include:</p> <ul style="list-style-type: none"> • details regarding the preparatory work covering a needs and demand analysis with output specifications and an options analysis; • a viability evaluation covering a financial analysis and an economic analysis; • a risk assessment and sensitivity analysis; • a professional analysis covering a technology options assessment, an environmental impact assessment and regulatory due diligence; and • implementation readiness assessment covering institutional capacity and a procurement plan

Stage		End-of-stage deliverable	
No	Name	Description	Considerations
4	Concept and viability	A concept report which establishes the detailed brief, scope, scale, form and control budget, and sets out the integrated concept for one or more packages	<p>The following activities, as necessary, should be undertaken:</p> <ul style="list-style-type: none"> • document the initial design criteria and design options or the methods and procedures required to maintain the condition of infrastructure; • establish the detailed brief, scope, scale, form and cost plan; • develop an indicative schedule for documentation and required services; • develop a site development plan or other suitable schematic layouts of the works; • identify the statutory permissions, funding approvals or utility approvals required to proceed with the works; • develop a baseline risk assessment and a health and safety plan required in terms of legislative requirements; • develop a risk report linked to the need for further surveys, tests, other investigations and consents and approvals, if any, during subsequent stages and indicates how identified health, safety and environmental risk are to be mitigated; • develop an operations and maintenance support plan; • confirm the financial sustainability of the project; and • establish the feasibility of satisfying the strategic brief within the control budget established during stage 3 and, if not, motivate a revised control budget
5	Design development	A design development report which develops in detail the approved concept to finalise the design and definition criteria, sets out the integrated developed design, and contains the cost plan and schedule for one or more packages	<p>The following activities, as necessary, should be undertaken:</p> <ul style="list-style-type: none"> • develop in detail the accepted concept to finalise the design and definition criteria; • establish the detailed form, character, function and costings; • define all components in terms of overall size, typical detail, performance and outline specification; • describe how infrastructure, or elements or components thereof, are to function, how they are to be safely constructed, how they are to be maintained and how they are to be commissioned; and • confirm that the works can be completed within the control budget or propose a revision to the control budget
6	Design documentation	Production information and manufacture, fabrication and construction information	<p>6A Production information</p> <p>Provide production information which provides the detailing, performance definition, specification, sizing and positioning of all systems and components enabling either construction (where the constructor is able to build directly from the information prepared) or the production of further information for construction</p>
			<p>6B Manufacture, fabrication and construction information</p> <p>Provide manufacture, fabrication and construction information produced by or on behalf of the constructor, based on the production information provided for a package, which enables manufacture, fabrication or construction to take place</p>

Stage		End-of-stage deliverable	
No	Name	Description	Considerations
7	Works	Completed works which are capable of being occupied or used	Undertake, as necessary, activities in relation to the works such as the provision of temporary and permanent works, manage risks associated with health, safety and the environment on the site, confirm that design intent is met and correct notified defects which prevented the client or end user from using the works and others from doing their work Certify completion of the works or that the goods and associated services as delivered are in accordance with the provisions of the contract
8	Handover	Works which have been taken over by the user or owner complete with record information	Finalise and assemble record information which accurately reflects the infrastructure that is acquired, rehabilitated, refurbished or maintained and hand over the works and record information to the user or owner and, if necessary, train end user's or owner's staff in the operation of the works Issue the handover certificate Note: The record information should, as relevant: <ul style="list-style-type: none"> • accurately document the condition of the completed works or the works as constructed or completed; • contain information on the care and servicing requirements for the works or a portion thereof or instructions on the use of plant and equipment; • confirm the performance requirements of the design development report and production information; • contain certificates confirming compliance with legislation, statutory permissions and the like; and • contain guarantees that extend beyond the defects liability period provided for in the package Arrangements should be put in place to secure and safeguard the works from the time that the contractor's liabilities for damage to the construction works end until such time that the works are handed over to the end user or owner who accept such liabilities
9	Package completion	Works with notified defects corrected, final account settled and the close out report issued	The following activities, as necessary, should be undertaken: <ul style="list-style-type: none"> • correct all defects that are detected during the defects liability period; • complete the contract by finalising all outstanding contractual obligations, including the finalisation and payment of amounts due after the expiry of the defects correction period, and the issuing of certificates required in terms of the contract; • evaluate package outcomes; and • compile a completion report for the package making suggestions for improvements and outlining what was achieved in at least the following: <ul style="list-style-type: none"> - the performance parameters specified by the University or success factors outlined in the strategic brief; - unit costs of completed work or major components thereof; and - the value of key performance indicators relating to the objectives of a secondary procurement policy that were achieved

The outline specifications developed during stage 5 needs to be in sufficient detail to enable a view to be taken on the operation and maintenance implications of the design and the compatibility with existing plant and equipment.

The design development report relates to what is to be delivered. Record information relates to what has been delivered. Accordingly, the record information is an updated version of the design development report.

Production information is developed during stage 6A of the design documentation stage. This information enables manufacture, fabrication and construction information to be produced during stage 6B by or on behalf of the contractor, in response to the production information that is provided.

Stage 7 can also include the design, supply and installation of plant which is incorporated into the works.

There is a difference between achieving completion of the works in accordance with the provisions of the contract (stage 7) and the handing over of the works to the owner, end user or those responsible for the operation and maintenance of the works (stage 8). Upon completion or soon thereafter, risks associated with loss, of or wear or damage to the works are no longer borne by the contractor. Arrangements may need to be put in place to safeguard the works from the time that the contractor's liabilities cease until the time that the works are handed over.

Record information which is produced during stage 8 needs, as relevant, to provide those tasked with the operation and maintenance of infrastructure with the information necessary to:

- a) understand how the designers intended the works, systems, subsystems, assemblies and components to function;
- b) effectively operate, care for and maintain the works, systems, subsystems, assemblies and components to function;
- c) check, test or replace systems, subsystems, assemblies or components to ensure the satisfactory performance of works, systems, subsystems, assemblies and components over time;
- d) develop maintenance plans;
- e) determine stock levels for components and assemblies that need to be regularly replaced; and
- f) budget for the operation and maintenance of the works, systems, subsystems and components over time.

Stage 9 (close out) closes out not only the contract or order issued in terms of a framework contract but also the project. Such a report needs to outline what was achieved and make suggestions for improvements on work of a similar nature. It also needs to comment on the performance of the contractor.

DE4 Applying the control framework

Stages 5 and 6 may be omitted if sufficient information to proceed to stage 7 is contained in the stage 4 deliverable.

Stage 3 (preparation and briefing) and 4 (concept and viability) may have to be undertaken following the acceptance of a feasibility report where there is insufficient information to proceed to implementation or such acceptance is for a project comprising a number of packages which are to be delivered over time.

Decisions to proceed to the next stage at each gate are based on the acceptability or approval of the end-of-stage deliverable as indicated in Figure DE3. A stage is only complete when the deliverable at the end of a task is approved or accepted. Activities associated with stages 5 to 9 may be undertaken in parallel or in series, provided that each stage is completed in sequence.

The level of detail contained in a deliverable associated with the end of each stage should be sufficient to enable informed decisions to be made to proceed to the next stage. In the case of stages 3 to 6, such detail should, in addition, be sufficient to form the basis of the scope of work for taking the package forward in terms of the selected contracting strategy.

DE5 Gateway reviews

Gateway reviews at the end of stage 4 provide an effective means for moderating the projected project outcomes and identifying gaps and shortcomings in the information upon which a decision is made to proceed to implementation. Gateway reviews deliver a team review in which independent practitioners, from outside of the project, examine the likelihood of the successful delivery and the soundness of a project, through a series of interviews and documentation reviews. Review teams can also provide valuable additional perspectives on issues facing the project team and are able to challenge the robustness or validity of the end of stage deliverable. The gateway review process provides clients with the confidence that an appropriate level of discipline is being applied in the delivery process and the best options to meet needs are being selected. Alternatively, they can be used to review the quality of the end of stage deliverables that were developed.

A gateway review of the end-of-stage 4 deliverable, prior to the acceptance of such deliverable needs to focus in the first instance on the quality of the documentation, and thereafter on:

- a) deliverability (the extent to which a project is deemed likely to deliver the expected benefits within the declared cost, time and performance envelope);
- b) affordability (the extent to which the level of expenditure and financial risk involved in a project can be taken up on, given the University's overall financial position, both singly and in the light of its other current and projected commitments); and
- c) value for money.

A gateway review team needs to comprise not less than three persons who are not involved in the project associated with the works covered by the end of the stage 4 deliverable, and who are familiar with various aspects of the subject matter of the deliverable at the end of the stage under review. Such a team needs to be led by a person who has at least six years post-graduate experience in the planning of infrastructure projects and is registered either as a professional engineer in terms of the Engineering Profession Act, a professional quantity surveyor in terms of the Quantity Surveying Profession Act or a professional architect in terms of the Architectural Profession Act. The members of the team need, as relevant, to have expertise in key technical areas, cost estimating, scheduling and implementation of similar projects.

The gateway review team needs to base its findings primarily on:

- a) the information contained in the end-of-stage deliverables;
- b) supplementary documentation, if any, provided by key staff obtained during an interview process; and
- c) interviews with key staff members and stakeholders.

The gateway review team needs to issue a report at the conclusion of a gateway review which indicates the team's assessment of the information at the end of a stage and provides findings or recommendations on areas where further work may be undertaken to improve such information.

Aspects in the report needs to be flagged as being:

- a) code red: team considers the aspect to pose a significant risk to the project or package;
- b) code amber: team considers the aspects which indicate a minor risk to the project or package; or
- c) code green: team considers the aspect to have been given adequate consideration to the extent that it is unlikely to jeopardise the success of progressing to the next stage, or minor adjustments may be required before proceeding.

Annex DF: Implementation plans

Implementation plans for infrastructure projects need as necessary to address the contents indicated in Table DF1.

Table DF1: Content of implementation plan

Suggested heading		Content
No	Title	
1	Programme / project objectives	An overview of the programme / project and identified objectives
2	Scope, budget and schedule	In respect of each project or package for the financial year under consideration: <ul style="list-style-type: none"> • outline of the scope, • the authorised expenditure, broken down into financial years • the control budget for each project, broken down into financial years • the overarching control budget and authorised expenditure for each financial year • proposed / actual start and end date for the project
3	Key success factors and Key Performance Indicators	Key success factors and the key performance indicators which need to be measured, monitored and evaluated
4	Outline of procurement strategy	Procurement strategy in summary form for each project or order issued in terms of a framework contract, i.e. <ul style="list-style-type: none"> • project delivery route (if applicable) - design strategy and interface management strategy • packaging strategy - framework / non-framework • contracting strategy – contract type, standard form of contract and pricing strategy • targeting strategy • selection method
5	Time management plan	A time management plan for each project in the form of a Gantt Chart for the financial year under consideration, i.e. the baseline against which progress towards the attainment of milestone (key deliverables) target dates can be measured.
6	Projected budget and cash flow	The projected budget and cash flows for the financial year under consideration and subsequent financial years, which will enable planned and actual expenditure to be compared and revisions to the budget to be approved, and multiple project budgets to be managed
7	Major risks	The identification of major risks and how such risks are to be mitigated or managed
8	Health, safety and environmental and socio-economic risks	An outline of the controls and measures which will address health, safety, socio-economic or environmental risks
9	Quality plan	An indication as to how quality requirements and expectations are to be met and managed
10	Communication plan	A communication plan which determines the lines of communication and the key activities associated therewith

Suggested heading		Content
No	Title	
11	Procurement plan	<p>The timeline for the financial year under consideration for advertising and closing of tenders and the obtaining of gate approvals leading up to (see Annex G)</p> <ul style="list-style-type: none"> • the award of the contract including information such as: <ul style="list-style-type: none"> ○ tender number, title, broad scope of work ○ estimated total of the prices for the contract / order ○ proposed dates for <ul style="list-style-type: none"> - approval of procurement documents (PG3) - advertising of tender or submissions - closing of tenders or submissions - confirmation of the budget (PG4) - authorisation to proceed to the next phase (if applicable) (PG5) - initiation of next phase (if applicable) - tender evaluation completed - approval of tender recommendations (PG6) - acceptance of the offer (PG7) • the issuing of an order in terms of a framework agreement including information such as: <ul style="list-style-type: none"> ○ confirming justifiable reasons for selecting a particular framework contractor (FG1) ○ obtaining approval for procurement documents (FG2) ○ confirmation of the budget (FG3) ○ authorising of the issuing of an order (FG4)
12	Allocation of resources	An indication of the assigned internal and external resources with implementation responsibilities