



Procurement Policy

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1. DEFINITIONS AND ABBREVIATIONS

In this document, unless the context otherwise indicates:

“**51% Black Owned**” has the meaning given to it in the BEE Codes.

“**Acceptable bid**” means any bid, which, in all respects, complies with the specifications and conditions of the bid as set out in the bid document, including conditions as specified in the Preferential Procurement Policy Framework Act (Act no. 5 of 2000) and related legislation.

“**All applicable taxes**” includes value-added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies.

“**Board**” means, the Sasria Board of Directors.

“**Bid**” means a written offer, quotation, proposal or bid on the official RFx documents issued by Sasria responding to an invitation for quotations, proposals or bids to provide goods/services.

“**Bidder**” means any natural or legal person or organisation that has responded to a request for quotations, proposals or bids.

“**Black people**” has the meaning given to it in the B-BBEE Act read with the BEE Codes from time to time.

“**Central Supplier Database**” means the database maintained by National Treasury on suppliers must register.

“**Committee**” refers to the Bid Committee or any such body responsible for the specification development, evaluation and adjudication of bids for Sasria.

“**Emergency Procedure**” means a procurement process to be undertaken as a result of unforeseen circumstances where delivery is of critical importance and the invitation of bid/s is either impossible or impractical or where immediate action is necessary. An emergency procurement is required where unforeseen circumstances may result in dangerous situation such as:

- Injury and/or loss of life of employees and/or contractors;
- Damage to Sasria reputation;
- Critical damage to property or infrastructure
- Financial Losses; or
- Environmental harm

Unforeseen circumstances includes but may not be limited to the acts of God, disastrous situations and system failures and acquisitions whereby delivery is of a critical nature.

“**End-User**” means representatives and/or Sasria functional Departments which requires goods or services.

“**Fronting**” means the deliberate misrepresentation of information in order to gain an advantage over another individual or entity. In addition, it includes the use of questionable ownership structures in order to unjustifiably qualify for preference points in line with the Preferential Procurement Policy Framework Act of any bid adjudication process.

“**Generic Codes**” means the generic Codes of Good Practice on Broad-Based Black Economic Empowerment promulgated under the BBEE Act.

“Parcelling” means instances where the full scope of work is known, however the Requestor deliberately split into smaller portions to keep the transaction value within a lower delegation of authority.

“Preferential Procurement or PP” means procurement in terms of the Preferential Procurement Policy Framework Act, Act 5 of 2000 and the Preferential Procurement Regulations, where preference is given to certain persons or categories of persons previously disadvantaged by unfair discrimination.

“RFXs” is the generic reference to any of the following documents:

- a) Request for Quotations;
- b) Request for Proposals or Bids; and/or
- c) Requests for Information.

These documents are used by Sasria to approach the market in order to obtain competitive bids, proposals, quotations or information.

“Sector Codes” means any sector specific Codes of Good Practice on Broad-Based Black Economic Empowerment promulgated under the B-BBEE Act.

“Small, Medium and Micro Enterprises (SMMEs)” means, as defined in the National Small Enterprise Act, 1996 (Act No. 102 of 1996).

“Start-up Enterprise” has the meaning given to it in the BEE Codes.

”Supplier Diversity” is the proactive business process of sourcing products and services from previously under-used suppliers. This process helps to sustain and progressively transform a company’s supply chain thus quantitatively reflecting the demographics of the community in which it operates by recording transactions with diverse suppliers.

“Supplier Development” is the process of working with certain suppliers on a one-to-one basis to improve their performance for the benefit of the buying organisation, leading to improvements in the total added value from the supplier in question in terms of B-BBEE rating, product or service offering, business processes and performance, improvements in lead times and delivery.

2. ACRONYMS

B-BBEE	Board Based Black Economic Empowerment
BAC	Bid Adjudication Committee
BEC	Bid Evaluation Committee
BEE	Black Economic Empowerment
BSC	Bid Specification Committee
CSD	Central Supplier Database
DOA	Delegation Of Authority
DPC	Demand Planning Committee
EME	Exempted Micro Enterprises
ESD	Enterprise and Supplier Development
FD	Financial Director
HoP	Head of Procurement
MD	Managing Director
PP	Preferential Procurement
PPP	Public Private Partnership Agreement
QSE	Qualifying Small Enterprises
RFB	Request For Bid

RFI	Request For Information
RFP	Request For Proposal
RFQ	Request For Quotation
RFx	Request For Quotation, Proposal, Bid or Information
SANAS	South African National Accreditation System
SAIA	South African Insurance Association
SMMEs	Small, Medium and Micro Enterprises
SOC	State Owned Company
TCF	Treating Customers Fairly

3. INTRODUCTION AND PURPOSE

3.1 Introduction

- 3.1.1 Sasria SOC Limited (“Sasria”) is a public entity listed under schedule 3B of the Public Finance Management Act, 1999 (Act 1 of 1999, as amended by Act 29 of 1999). This document is the official Procurement Policy that provides clear guidelines for a fair, equitable, transparent, competitive and cost-effective procurement practice.
- 3.1.2 Sasria is committed to contribute and allow full participation to its supply chain, to all citizens and communities across the Republic of South Africa. This will be achieved through consistent consideration of Government Policies as well as the Legislative prescripts such as PPPFA, B-BBEE Acts, FSC Sector Codes, amongst others.

3.2 Purpose

- 3.2.1 The purpose of this Policy is to ensure that Sasria obtains value for money in the procurement of goods and/ or services and the disposal of assets and equipment, while redressing historical imbalances, creating opportunities and promoting economic growth in alignment with Government Policies.
- 3.2.2 The Policy aims to enhance the overall effectiveness of the Procurement function in order for the associated processes to be as cost-effective as possible, while complying with regulatory environment governing SASRIA, achieving its commercial goals and ensuring that its supply chain management system is used as a lever to achieve government’s broader socio-economic goals.
- 3.2.3 In addition to paragraph 3.2.1 and 3.2.2, it is to create an environment that enables Sasria to implement sound, sustainable and accountable procurement processes , whilst promoting Broad-Based Black Economic Empowerment (B-BBEE), which includes good governance and general principles for achieving the following socio-economic objectives to:
- (i) Stimulate and promote local economic development in a targeted and focussed manner;
 - (ii) Introduce a systematic approach to the appointment of professionals and other consultants;
 - (iii) Promote SMME’s by increasing their access to procurement business opportunities created by Sasria;
 - (iv) Promote resource efficiency and reduce the negative environmental impact of daily operations of Sasria;
 - (v) Facilitate the creation of sustainable employment and procurement business opportunities for the people with particular preference to black people, black women, youth and people living with disabilities;

- (vi) Promote the competitiveness of designated groups by empowerment through supplier development initiatives and promoting enterprises owned by black people, youth, black women, people living with disability and military veterans; and
- (vii) Promote consistent application of 'best practices' throughout government's supply chain, whilst embracing the "value for money" principle.

4. SASRIA STAFF OBLIGATION REGARDING THE PROCUREMENT POLICY

4.1 Other Policy Binding Documents

The Procurement Policy must be read in conjunction with the following documents, which are considered to be equally binding:

- (i) Procurement Procedure
- (ii) Procurement Process
- (iii) Corporate Governance Policy
- (iv) Conflicts of Interest Management Policy
- (v) Delegation of Authority Policy
- (vi) Outsourcing Policy
- (vii) Risk Management Framework
- (viii) Compliance Policy
- (ix) Code of Ethics/ Conduct
- (x) Enterprise and Supplier Development (ESD) Policy

4.2 Sasria Staff and Other Parties Obligation

- 4.2.1 The contents of this Procurement Policy are binding on all Sasria employees, including all the Directors, Management, Staff and Temporary workers. These employees have the obligation to familiarize themselves with the relevant procurement prescripts to avoid misinterpretation and misunderstanding when performing or applying procurement activities.
- 4.2.2 Sasria views its Procurement Policy in a serious light and failure by any employee to adhere to this Policy constitutes misconduct and may result in disciplinary action being taken against such employee in accordance with Sasria's human capital policies, as amended from time to time.

5. OBJECTIVES

The objectives of the Sasria's Procurement Policy are to:

- (i) Provide clarity on the Sasria's approach to procurement, particularly with regards to the requirements of preferential procurement.
- (ii) Provide access to procurement opportunities for previously disadvantaged individuals.
- (iii) Promote capacity development and skills transfer, particularly to the QSEs and EMEs.
- (iv) Provide easy access to information on the bidding process.

- (v) Establish a framework of acquiring goods and services within Sasria through the application of best practice procurement Strategies and applicable Legislation.
- (vi) Contribute to the containment and or reduction of cost for Sasria.
- (vii) Develop a competitive, effective and reliable sources of supply.
- (viii) Develop good relations with the supplier community.
- (ix) Clarify the roles, responsibilities and accountabilities for officials and various committees involved in procurement.
- (x) Promote and support Broad-Based Black Economic Empowerment.

6. PROVISIONS AND APPLICATION OF THE POLICY

6.1 Legislative and Regulatory Framework

Sasria's Procurement Policy is informed by the legislation, regulations and directives herewith and the Procurement function shall comply with the provisions of the legislation specified as follows:

- a) Constitution of the Republic of South Africa, 1996 ("**Constitution**")
- b) Public Finance Management Act, 1999 ("**PFMA**")
- c) Treasury Regulations
- d) Broad-Based Black Economic Empowerment Act, 2003 ("**B-BBEE Act**")
- e) The Generic B-BBEE Codes
- f) The FSC Sector Codes
- g) Preferential Procurement Policy Framework Act, Act 5 of 2000 ("**PPPFA**")
- h) Preferential Procurement Regulations, 2017 ("**Preferential Procurement Regulations**")
- i) National Treasury Instruction Notes issued and updated from time to time in terms of the Legislation ("**Instruction Notes**")

6.2 Core Principles of the Procurement System are:

Sasria shall apply the following core procurement principles when procuring goods and/or services:

6.2.1 Value for Money

Best value for money means the best available outcome when all relevant costs and benefits over the procurement cycle are considered.

6.2.2 Open and Effective Competition

The procurement processes should be open, fair and transparent to all parties, both internal and external to Sasria, to encourage effective competition through procurement methods suited to market circumstances; and

6.2.3 Ethics and Fair Dealing

All employees of Sasria associated with procurement (particularly those dealing direct with Suppliers or potential Suppliers), are required to comply with ethical standards and at all times preserve integrity, impartiality and objectivity.

6.2.4 Accountability and Reporting

This involves ensuring that the employees of Sasria are accountable for the reporting of their plans, actions and outcomes in their respective official capacity. Sasria employees are required to act in an open and transparent manner.

6.2.5 Equity

Sasria through the procurement policy and processes is committed to economic growth by implementing measures to support the industry generally and specifically, to advance the development of enterprises of designated groups which are at least 51% or more owned by either Black people, black women, black youth, black people living with disabilities, black people living in rural or underdeveloped areas or townships, cooperatives owned by black people, black people who are Military Veterans and SMMEs.

6.2.6 Good Governance

Sasria promote effective and efficient procurement systems to enable Sasria to deliver the required quality and quantity of goods and/ or services. Employees are empowered to carry out their mandate in accordance with the Code of Conduct/ Ethics, the legislative framework and other codes of good conduct issued by the National Treasury, to promote a culture of zero tolerance with regards to corruption.

6.2.7 Competency

The Finance Director (FD) acting through the Head of Procurement shall ensure that all personnel involved in the implementation of this Policy meet the prescribed competency levels, and where necessary, shall provide relevant training.

6.3 Conflict of Interest

6.3.1 Sasria employees, to the extent required by their position, must refrain from any private or professional activity that would create an actual and/or potential conflict between personal interests and the interest of Sasria.

6.3.2 Prior to the commencement of meetings pertaining to a procurement process or the disclosure of information on such transaction, all persons involved or to be involved in that process are required to declare their direct and indirect interests as well as direct and indirect interest of their family members. Where the interest is indirect or involved family members, the MD shall determine whether the participant will not be able to fully deliver on his/ her mandate in an objective manner.

6.3.4 Employee must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which a person, or any close family member, partner or associate, has any private or business interest.

6.3.5 Employees or other role players should not place themselves under any financial or other obligation to external individuals or organizations that might seek to influence them in the performance of their official duties.

- 6.3.6 Employees that have resigned, retired or left the employ of Sasria for any reason, may only respond to bid invitations for Sasria business twelve (12) months after they have left the employ of Sasria. The MD shall be approached to provide approval that the bid submission from such employee may be considered within the first twelve (12) months after they left the employ of Sasria.

6.4 Application to Procurement Systems

- 6.4.1 The Procurement Policy provide for the following procurement systems and shall be adhered to in all procurement activities undertaken by Sasria.

- (i) Demand Planning and Management;
- (ii) Acquisition Management;
- (iii) Risk Management; and
- (iv) Performance Management.

6.4.2 Exclusions

The following transactions are excluded from the application of the procurement process as well as the emergency procurement specifically related to Service Providers related to the claims process:

- a) Professional memberships and subscriptions;
- b) Municipality Water and electricity charges;
- c) Rates and taxes and other levies raised by local authorities or provincial administrations;
- d) Leasing of Property used for Sasria business (Property renting);
- e) Sponsorships and donations;
- f) Bursaries;
- g) Formal Training with recognised universities and recognised institutions;
- h) Licences; and
- i) Conferences and Workshops/Seminars.

6.5 Cost Containment Measures

The MD/FD must implement cost containment measures issued by National Treasury to among others:

- a) Minimise the use of Consultants;
- b) Reduce unnecessary travel and subsistence expenditure;
- c) Reduce expenditure related to catering and events; and
- d) Reduce other non-core operational expenditure.

6.6 Demand Planning and Management

There are two (2) aspects of demand, namely demand planning and demand management.

6.6.1 Demand Planning is the process whereby:

- a) Needs are accurately defined by Business;
- b) Market research is conducted to understand cost drivers, Industry Competitors (Vendors) and alternative demand satisfaction methods. This is the Procurement function responsibility; and
- c) Stakeholders are identified by Procurement.

Demand Planning process shall be conducted by the Head of Procurement (HoP).

6.6.2 Demand Management

- a) Demand Management refers to the manner in which the demand shall be satisfied and in which it promotes Sasria and procurement values. This process shall be undertaken diligently and efficiently by both Procurement and Business. An accurate demand assessment shall be conducted, to inform budgets and process to be followed to satisfy the demand and to support the execution of the Procurement Plan adequately.
- b) The Committee formed for this process is Bid Specification Committee (BSC).

6.6.3 Procurement Plan

- a) A Procurement Plan will be developed in line with Sasria Strategic Corporate Plan and shall be properly costed. The consolidated Procurement Plan will be published on Sasria's intranet website (Ulwazi) and on the website (internet) to ensure transparency within Sasria in the acquisition process and to:
 - (i) Monitor the project plans, procurement processes and contracts;
 - (ii) Review existing contracts with the aim of ensuring value for money; and
 - (iii) Conduct periodic sampling of contracts to test their adherence to procurement prescripts.
- b) The Procurement Plan shall be reviewed annually to align with Sasria's Strategic Corporate Plans. The reviews and engagement with Departmental Manager shall commence in the third (3rd) quarter of each Financial Year (October month).

6.7 B-BBEE Procurement Transformation and Empowerment

Sasria is committed to the social, economic and legal imperatives of promoting transformation of the South African economy and society and will use its procurement process, to promote these objectives.

6.7.1 Preferential Procurement

This Procurement Policy is read with the Generic B-BBEE Codes and the FSC Sector Codes. If there is any conflict between the Generic B-BBEE Codes and the FSC Sector Codes, the Generic B-BBEE Codes will take precedence.

Enterprise and Supplier Development (ESD) is inclusive of preferential procurement and to advance the ESD development through preferential procurement, Sasria shall allow a price difference, to a maximum of 10% of the best Competing Bidder.

6.7.2 Enterprise and Supplier Development (ESD) Programmes

Enterprise development is a key strategic enabler to unlocking opportunities for small enterprise through support contributing to their operational, financial stability and growth. Sasria shall conduct market analysis in order to identify opportunities for Enterprise Development.

6.7.3 In submitting bidding responses for Sasria bids all domestic suppliers (with the exception of EMEs and QSEs, that are required to submit an Affidavit) shall be required to submit a certified copy of the B-BBEE certificate approved either by a Verification Agency accredited by the South African National Accreditation System (SANAS).

6.7.4 Sasria shall also set B-BBEE targets in order to monitor and evaluate its performance towards achieving of B-BBEE objectives.

6.7.5 Negotiations requirements

At the bidding stage and also during contract negotiation stage, where appropriate, Sasria will request preferred bidders to submit a B-BBEE improvement plan as to how they will improve their B-BBEE status over the contract period. Sasria shall ensure that empowerment targets are monitored and evaluated throughout the contract.

7. Procurement Strategy

7.1 The Procurement function will develop a Procurement Strategy, taking due cognisance of the nature of the commodity or service required, the conditions of delivery, the prospective suppliers and the Preferential Procurement objectives as contemplated in the PPPFA and the BBEE Act.

7.2 The Procurement Strategy will be reviewed and approved annually, along with the Procurement Policy to ensure alignment with the overall Strategic Corporate Plan of Sasria.

8. ACQUISITION MANAGEMENT

8.1 Background and Procurement Systems

8.1.1 Acquisition Management refers to the process of approaching the market through the use of the Request for Proposal/Bid (RFP/B) or a Request for Quotation (RFQ) in order to obtain competitive bids, proposals or quotations, as well as using the Request for Information (RFI) to obtain information.

8.1.2 The Strategic Sourcing is regulated by this Procurement Policy. Strategic sourcing shall deal with Complex, High Value bids, strategic processes as well as socio-economic objectives which may be achieved through procurement process. Contracts resulting from strategic sourcing process shall be managed in terms of the approved contracting strategy.

8.1.3 The decision to use one of these types of RFX mechanism is informed by the estimated contract value, scope of work, risks, the frequency and the availability of the demand.

8.1.4 Goods and/ or Services shall not deliberately be apportioned or split into parts in order to avoid the transaction falling within a higher delegation. This act is called "Parcelling" and any employee who engages into an act of parcelling will be dealt with in terms of Sasria's human capital policies, as amended from time to time.

8.2 Bid Validity Period

- a) The validity period is a period within which bid responses are to remain valid and binding.
- b) RFP/B documents shall always include a Bid Validity Period that ranges from a minimum period of 90 business days. The Bid Validity Period may increase based on the complexity of the bid requirements.
- c) The validity period is calculated from the day immediately preceding the bid closure date and bids shall remain in force and binding until the final business day of the Bid Validity Period.
- d) Once the Bid Validity Period expires before the award of the bid, the received bid responses become invalid.
- e) Request to extend the Bid Validity Period shall be submitted to the Head of Procurement, clearly detailing reasons for the delay and including steps to be taken that will ensure that the RFP/B process is finalised within a reasonable time. The request should be approved by the Departmental Manager only.
- f) A request to extend the bid validity period shall not be made after the bid has already expired.
- g) The procurement function will be accountable to approach all Bidders that originally submitted bid response, before the bid validity date expires (irrespective of the bid evaluation phase at the time) and obtain written confirmation and acceptance from each Bidder, to extend the Bid Validity Period.
- h) Any further request/s that are additional to the initial extension for the same bid process to extend Bid Validity Period, shall be submitted to the Managing Director (MD) and/or Finance Director (FD) for authorisation.

8.3 Establishment of a Supplier Database

8.3.1 National Treasury (NT) has established a Central Supplier Database (CSD). NT issued an instruction note that as from 1 April 2016 supplier's registration will be managed through National Central Supplier Database, therefore Sasria will ensure that it complies with the requirements as promulgated by National Treasury department for all the procurement processes.

Sasria is required to source vendors from the Central Supplier Database (CSD) and ensure that suppliers that are registered on Sasria's database are registered on Central Supplier Database (CSD) at all times. All suppliers are required to make use of the self-registration portal on National Treasury Central Supplier Database (CSD) to register.

8.3.2 Sasria Supplier Database

- a. To ensure that all prospective Suppliers are afforded a fair, transparent and equitable process in applying for business opportunities, Sasria shall set up a single Supplier Database.
- b) This database will be implemented solely as a Sasria internal efficiency management tool to procure goods and/ or services. However, the Treasury CSD process to identify and register such prospective vendors shall prevail.

8.4 Procurement thresholds and preference point system

8.4.1 All the procurement of goods and/ or services will always be subject to official approval at the appropriate levels and as per the Delegation of Authority (DOA) Policy.

8.4.2 Sasria may procure as per the table below:

Transaction Thresholds Value(VAT Inclusive)	Procurement Method	Preference Point System
R1 – R 2,000	No Quotations	No Preference Point System
R 2,001 to R 10,000	One Written Quote	No Preference Point System
R 10,001 to R 30,000	Three Written Quotes	No Preference Point System
R 30,001 to R 500,000	Three Written Quotes	80/20 Preference Point System
R 500,001 to R50 million	Open Bid Process	80/20 Preference Point System
Above R 50 million	Open Bid Process	90/10 Preference Point System

8.4.3 Preferential Point System

- (i) The 80/20 preference point system will be applied for all procurement where the value of goods or services amounts to R30 001 and up to R50 million (inclusive of all applicable taxes).
- (ii) The 90/10 preference point system will be applied for all procurement where the value of goods or services is above R50 million (inclusive of all applicable taxes).

NORMAL PROCUREMENT MECHANISMS

8.5 Petty Cash System

8.5.1 The petty cash system may be used for all transactions with a value of equal to or less than R2,000 (inclusive of all applicable taxes)

8.5.2 The procurement of goods and/ or services by means of petty cash purchases will be done in terms of Sasria petty cash policy and procedure as maintained and updated from time to time by the Finance function.

8.6 Quotation System (RFQ)

8.6.1 The RFQ system must be used for transactions with the value equals to R 10,001 and below R500,000 (inclusive of all applicable taxes)

8.6.2 The purchases conducted via the RFQ system must not be required on a repetitive basis and should be non-frequent purchases and of a fairly low value. To ensure efficiency in terms of the frequent purchases, as and when term contracts or Approved List of Suppliers should be procured and used accordingly.

8.6.3 This system must be applicable to develop Suppliers in order to achieve transformation objectives.

8.7 Request for Information (RFI)

8.7.1 The RFI process is used where Sasria:

- a) does not fully understand how to specify its requirements;
- b) required to obtain information from the market;
- c) required to understand various options before initiating a sourcing process; and/ or in circumstances where suitability of Supplier/s should first be established before they are allowed to participate in an RFx process.

8.7.2 It is only Procurement function that conducts the RFI process. Business will be responsible to provide Procurement with sufficient and relevant information to enable potential Respondents to understand what Sasria requires.

8.7.3 The RFI information should contain and not be limited to:

- a) Purpose of the goods or solution required;
- b) Cost estimates of the chosen goods or solution
- c) Evaluation criteria (Where available/ suitable)
- d) Any other RFI restrictions (e.g: "Industry certification or regulatory requirements")

8.7.4 Responses to the RFI process may only be used to develop a Generic Specification and RFP/B or RFQ for the next phase, no award may be made against a response to an RFI

8.7.5 Only the authorised personnel or governance structure as per the DOA shall be approached to approve the RFI outcomes and grant permission to proceed to the next phase (RFP/B or RFQ process).

8.8 Bidding System (RFP/B)

Transaction Value above R500,000 (including all applicable taxes)

8.8.1 Open Bidding Process

- (i) Sasria will invite competitive bids via an open bidding process for all procurement above R500,000 (including all applicable taxes).
- (ii) The open bid process is best suitable where the market is competitive (i.e. many potential Suppliers are able to provide the required goods and/ or services) and there is a clear detailed Specification of requirements.
- (iii) The bid must be advertised to allow a greater level of participation through various media platforms such as the Government Gazette, National Treasury eTenders portal and/ or alternative printing media as well as the Sasria website, depending on the market.

8.8.2 Closed bidding process

Closed bids may be utilized for goods and/ or services, where specific or specialist skills and / or services or materials are required, and suppliers are deemed to have the necessary skill and expertise to provide the services or material required.

8.9 Approved List of Purchases (Panel of Suppliers)

- 8.9.1 The procurement approved list process is basically a “secured authority to confine” and it is only framed and used for either of the following goods or services:
- (i) Available off the shelf goods;
 - (ii) In a competitive market where there is a need to prequalify Suppliers to minimise the administrative burden of having to evaluate a large number of bids on a regular basis;
 - (iii) Where the needs are required according to unique Specifications and on a continual (as and when required) basis from a limited number of Specialist Suppliers;
 - (iv) Where equipment or services shall only be manufactured or provided by the Original Equipment Manufacturer (OEM) or a limited number of Suppliers.
- 8.9.2 The Approved List process is a procurement mechanism that is framed only after the Procurement function has conducted an RFQ or RFP/B process, where Suppliers are prequalified to provide goods, works and services to Sasria
- 8.9.3 An Approved List differs from the Sasria Supplier Database, because incumbents of the Approved List have been pre-qualified on a technical capability and capacity for a specified contract duration.
- 8.9.4 Sasria have an obligation to re-advertise on a regular basis and the FD/ MD shall make a decision on the re-advertisement period (minimum/ maximum). However, an Approved List shall not be valid for a period exceeding five (5) years from date of Contract inception, without having to be re-advertised.
- 8.9.5 Once the new Approved List have been framed, the existing and old Approved List shall no longer be used by Business.

8.10 Establishment of Bid Committees (RFQ and RFP/B)

In order to promote compliance with the legislative and regulatory framework set out in paragraph 6.1 above, Sasria may establish a Bid Committee/s to conduct the procurement process until appointment of successful Bidder.

8.10.1 RFQ with no functionality

No Bid Committee required.

8.10.2 RFQ with functionality

- (i) Only the Bid Evaluation Committee (BEC) which consist of a minimum of three (3) members, comprising of at least two (2) members with Technical expertise and one (1) Procurement staff who will be responsible for the open, fair and transparent procurement process of goods and/ or services.
- (ii) No Specification Committee and Adjudication Committee required.

8.10.3 RFP/B processes

- (i) Sasria will establish a:
 - Bid Specification Committee (BSC);
 - Bid Evaluation Committee (BEC); and
 - Bid Adjudication Committee (BAC)

- (ii) These committees will only be established for procurement where an open and/ or closed competitive bidding process (RFP/B) is conducted. Each of the Bid Committees referred to above shall have specific responsibilities regarding the implementation of the policy as set out in the Bidding Process.

8.11 Bid Committees and Responsibilities

8.11.1 Bid Specification Committee (BSC)

8.11.1.1 This is a committee responsible for the compiling of the bid specifications. The specifications will be written in an unbiased manner to allow all potential bidders to offer their goods and/ or services.

8.11.1.2 The Bid Specification Committee will be constituted by:

- a) All members and chairperson of the bid specification committee will be appointed by the MD or FD.
- b) The BSC shall have a minimum of four (4) members, and one (1) member shall be a procurement official.
- c) The manager responsible for sourcing the goods or services which Sasria requires to procure.
- d) Two or more other persons with relevant technical or administrative expertise, nominated by the responsible manager.
- e) The Bid Specification Committee should include a representative of the Procurement Function to observe and guide BSC members during the drafting of the Specification/ Needs and to take responsibility as the BSC Secreteriat. The Procurement representative shall be accountable to record outcomes by means of written meeting minutes for compliance and future reference.
- f) All members of the Bid Committees are required to maintain a high level of ethics and ethical behaviour when executing their responsibilities and must comply with Sasria's Ethics Policy.
- g) None of the persons referred to above may be appointed if they have any actual or perceived conflict of interest, and in such instances an alternative person meeting the requirements above shall be appointed by the MD, FD or their delegate.

8.11.1.3 The Bid Specification Committee will be responsible for:

- a) Confirming the scope of the goods or services required to be procured by Sasria, as identified by the responsible manager.
- b) Ensuring that proper planning is carried out (Conduct Demand assessment).
- c) Determining the appropriate procurement mechanism to be utilised.
- d) Drafting the appropriate procurement documents and implementing a procurement process which is compliant with the legislative framework set out in the procurement policy and all other internal policies and procedures.
- e) The Bid Specification Committee should agree on the weightings allocated for functionality.
- f) The Bid Specification Committee should agree on the evaluation criteria for measuring functionality, the rate that bidders will be assessed on and prepare the evaluation scorecard.

- g) The specifications must be written in an unbiased manner to allow all potential bidders to render services and deliver goods in a professional and satisfactory manner.
- h) The requester in conjunction with the Bid Specification Committee should draft and finalise a Request for Proposal (RFP).

8.11.2 Bid Evaluation Committee (BEC)

8.11.2.1 The Bid Evaluation Committee will be constituted by:

- a) The manager responsible for sourcing the goods or services which Sasria requires to procure.
- b) The MD or FD will appoint a delegate to chair the Committee (which should be an Executive manager) and the members of the Bid Evaluation Committee.
- c) Two or more other persons with relevant technical or administrative expertise, nominated by the responsible manager and approved by the MD or FD.
- d) A member of the department procuring is not allowed to chair the Bid Evaluation Committee.
- e) The Bid Evaluation Committee should include a representative of the Procurement Function to observe and guide BEC members during evaluations and to take responsibility as the BEC Secretary. The Procurement representative shall be accountable to record outcomes by means of written meeting minutes for compliance and future reference.
- f) The Bid Evaluation Committee should be cross functional in composition.
- g) All members of the Bid Evaluation Committees are required to maintain a high level of ethics and ethical behaviour when executing their responsibilities and must comply with Sasria's Ethics Policy.
- h) None of the persons referred to above may be appointed if they have any actual or perceived conflict of interest, and in such instances an alternative person meeting the requirements above shall be appointed by the MD, FD or their delegate.

8.11.2.2 The Bid Evaluation Committee will be responsible for:

- a) Ensuring that all required bid documents have been submitted.
- b) Ensuring that disqualifications are justified and that valid and accountable reasons/motivations were furnished for passing over of bids.
- c) Ascertaining that scoring has been fair, consistent and correctly calculated and applied.
- d) Confirming that bidder's declaration of interest has been taken cognisance of.
- e) Evaluating the bids or quotations which are received in accordance with the procurement policy and other applicable internal policies and procedures, as well as the legislative framework.
- f) Ensuring that the specific goals outlined in the bid documentation are adequately addressed.
- g) Ensuring that the procedures and guidelines developed conforms to the requirements of the procurement policy.

- h) Any specific goal for which a point may be awarded, must be clearly specified in the invitation to submit a bid.
- i) Making a recommendation to the Bid Adjudication Committee as to the appropriate Bidder to award a contract to.
- j) Reporting to the Bid Adjudication Committee on any and all aspects of the procurement process which has been followed, as may be requested by the Bid Adjudication Committee from time to time.
- k) A report will be prepared by procurement, signed by the Bid Evaluation Committee and submitted to the Bid Adjudication Committee.

8.11.3 Bid Adjudication Committee (BAC)

8.11.3.1 The Bid Adjudication Committee will be constituted by:

- a) The adjudication committee should be cross-functional, of which at least one member should be a procurement official.
- b) When possible, the chairperson of the committee should be the FD of the institution.
- c) The committee should at least consist of two (2) senior officials (at the Executive level) and should consider report(s) and recommendation(s) made by the evaluation committee.
- d) Depending on the delegation granted by the MD or FD, the adjudication could make the final award of the bid, or make recommendation to the MD or FD to make the final award or submit to the various Board Committees for final award.
- e) Members of the adjudication committee should be different to those of the evaluation committee to ensure that a transparent review of the evaluation process is undertaken at all times.
 - a. None of the persons referred to above may be appointed if they have any actual or perceived conflict of interest, and in such instances an alternative person meeting the requirements above shall be appointed.

8.11.3.2 The Bid Adjudication Committee will be responsible for:

- a) Ensuring it is independent from the Bid Evaluation Committee.
- b) Exercising oversight of the procurement process which is implemented by the Bid Evaluation Committee to ensure compliance with Sasria policies and procedures, and the legislative framework.
- c) Receiving and considering the recommendation made by the Bid Evaluation Committee as to the appropriate Bidder/s to award a contract to.
- d) Ensuring that the process which has been followed by the Bid Evaluation Committee in making its recommendation has been compliant in all respects.
- e) Ensuring that bids are only evaluated in accordance with the criteria specified in the bid documentation.
- f) Ensuring that bids are only evaluated in accordance with a preference point system as specified in the bid documentation.
- g) Making a recommendation to the executive responsible for concluding the contract as to which Bidder/s the contract should be awarded to.

- h) In circumstances where the Bid Adjudication Committee disagrees with the recommendation made by the Bid Evaluation Committee, it must set out full reasons in writing for its disagreement and its recommendation as to which Bidder/s the contract should be awarded to.
- i) Approving bids falling within the delegated authority of members of the Bid Adjudication Committees.
- j) Considering and ruling on all recommendations/reports regarding the amendment, variation, extension, cancellation or transfer of contracts awarded.

8.12 Deviation from Procurement Process

Deviation from the procurement process may only be allowed in the following circumstances.

8.12.1 Sole Providers and Specialists

Where the market is highly specialised and/or no suppliers are available on the suppliers' data base, it may be appropriate to confine quotations to known suppliers, or to negotiate directly with a sole supplier. Detailed reasons for such a decision must be documented and submitted for approval to the MD or FD or in accordance with the DOA, before entering into an agreement with the supplier.

8.12.2 Emergency procurement

8.12.2.1 Emergency procurement is acquisitions made immediately due to an occurrence of a serious and urgent nature that demands immediate action such as:

- a) Procurement which occurs as a result of unforeseeable circumstance and that may require immediate response;
- b) Conditions impacting Sasria's customer or client services (i.e.: Claims Department procurement needs);
- c) Acts of God, disastrous situations and system failures;
- d) Where Sasria's or its clients operations could be disrupted; and
- e) Acquisitions whereby delivery is of a critical nature to the Sasria business.

8.12.2.2 Due to the nature of Sasria business, **Claims is regarded as emergency procurement** and will follow the claims process. There is no requirement to complete a deviation form for the normal process of claim payments.

Late payment of claims may have the following impact on Sasria:

- a) A delay in paying claims could have an impact on the conditions of Sasria's customers and an impact on Sasria's reputation.
- b) Sasria is obliged to comply with the FSB requirements and that of Treating Customers Fairly (TCF).
- c) The main objectives of the Sasria claims process is to ensure that claims are settled as quickly and cost-effectively as possible and that this is done with the least inconvenience to Sasria's customers.
- d) Sasria has three methods available to settle claims, settlement by cash in lieu, settlement by replacing/repairing assets and settlement by reinstatement of assets.

- e) Sasria has to adhere to the SAIA Code of Conduct, which stipulates that the insurer (Sasria) on establishment of the payee, must pay a claim within 14 days once the quantum is agreed, or as contractually agreed.
- f) The benchmark in the short term insurance industry is to pay claims within 3 days of agreeing on the quantum with the customer.

8.12.3 Participation in contracts concluded by other organs of state and SOC's

- a) The participation in contracts concluded by other organs of state and SOC's;
- b) Goods and services procured from other government departments;
- c) Any other exclusion in terms of the Delegation of Authority framework.

8.12.4 A lack of proper planning should not be constituted as an emergency.

- a) In emergency cases, Sasria may deviate from the invitation of bids and may obtain the required goods, works and/or services by means of quotation by sourcing vendors from national Treasury Central Supplier Database or otherwise in any manner in the best interest of Sasria.
- b) In such an instance the emergency work is performed and a full motivation only submitted afterwards, in the normal manner, to obtain the necessary "retrospective authority to award". The words "in exceptional circumstances" shall be applied judiciously and restrictively.
- c) Emergency procurement are procurement where delivery is of critical importance and the invitation of competitive bid prices is either impossible or impractical or where immediate action is necessary to avoid a dangerous situation, misery or damage to the reputation of Sasria.
- d) Sasria regard its claim payments as emergency/ urgent procurement and as such, Sasria may deviate from the invitation of bids and may follow the claims process.

8.13 Unsolicited Bids

8.13.1 Unsolicited Bids are those bids a Supplier submits to Sasria who had not requested such a Bid. In the spirit of best practices and based on Treasury Regulations, Sasria is under no obligation to consider unsolicited bids received outside a normal bidding process.

8.13.2 As a general rule, unsolicited Bids shall not be accepted because goods, works or services may be sourced at higher than market rates, competition is undermined and/or there may be better goods, works or services other than those offered by the Unsolicited Bid.

8.14 Condonation and Ratification

8.14.1 Condonations are used by the Board to ratify an irregular step in a procurement process. They are to be granted in exceptional cases under the following circumstances:

- a) In instance where inadvertent non-compliance with policies and procedures have been discovered, and
- b) The transactions associated with the instances of non-compliance need to be ratified.

8.14.2 Condonation and Ratification principles

Non-compliance with procurement policies and procedures carries with a huge legal, financial and reputational risk for Sasria. Employees involved in any procurement activity must familiarise themselves with all relevant policies and

procedures. They need to adhere strictly to those prescripts, as lack of knowledge regarding procurement processes will not be considered a valid excuse or reason for a Condonation. Therefore, all instances of non-compliance will be regarded in a serious light and the power to grant Condonation will be springly exercised by the Board.

8.14.3 Condonations will be granted in instances where:

- (i) The person seeking Condonation was acting in the best interest of Sasria or in the public interest at the time;
- (ii) Sasria did not suffer substantial financial loss or reputational harm;
- (iii) Non-compliance did not undermine the integrity of the bidding process

8.14.4 Condonation will not be granted in instances where non-compliance:

- (i) Attributes to lack of proper planning
- (ii) Undermined the integrity of the procurement process
- (iii) Undermine the fairness, equity, transparency, competitiveness or cost effectiveness of the procurement process
- (iv) Resulted in fruitless and wasteful expenditure
- (v) Attributes to inexcusable conduct on the part of any employee e.g. gross negligence or wilful disregard of procurement policies and procedures.

9. ENGAGEMENT AND APPOINTMENT OF CONSULTANTS

- 9.1 Sasria may only contract with consultants after a gap analysis has confirmed that Sasria does not have the requisite skills or resources in its full time employ to perform the assignment in question. (Refer to the Appointment of Consultants and Outsourced Service Providers Procedure)
- 9.2 The consultant appointed must be able to serve Sasria's interest in a cost effective manner and consideration must be given to a fair distribution of work between consultants, including EME's and QSE's which are at least 51% black owned.
- 9.3 Sasria will engage the Consultants mainly for the following reasons:
 - (i) To provide Specialised services for a limited period without any obligation of performance employment;
 - (ii) To benefit from superior knowledge, transfer of skills and upgrading of a knowledge base while executing an assignment; and
 - (iii) To provide independent advice on the suitable approaches, methodoligues and solutions for projects and/or Business Unit/s

10. RISK MANAGEMENT

10.1 Background

- (i) Risk Management is forward looking and it refers to uncertain future events that could influence the achievement of Sasria Organisational objectives, and therefore anticipates any potential barriers or risks to physical and human assets in reaching such objectives.
- (ii) It focuses management on the understanding of the nature of the risk and ensures that management takes relevant steps to reduce, transfer, mitigate or avoid the potential negative consequences of such risk.

10.2 Participation of Procurement function and Risk Management

10.2.1 Procurement function endeavors to use processes and structures that are directed towards the effective management of potential opportunities and reducing adverse effects or risks.

10.2.2 Activities aimed at mitigating or preventing risks include conducting audits, compliance assessments (legal, regulatory, policy, procedures, processes and work instructions), development of policies and adherence to Sasria Delegation of Authority, etc.

10.2.3 Sasria risk assessment and management shall be conducted in accordance with the Sasria Risk Management Policy and shall comprise of the following activities:

- (i) Identify potential sourcing, financial, legal, reputational, contractual and other project related risks;
- (ii) Channel the risk where it is best placed and managed;
- (iii) Ensure overall optimum risk mitigation;
- (iv) Ensure legal, procedural and contractual compliance;
- (v) Co-ordinate and develop supply chain essential requirements framework;
- (vi) Co-ordinate forensic compliance audits;
- (vii) Facilitate compliance policies; and
- (viii) Facilitate, standardise and consolidate delegated authority.

10.2.4 The policies and procedures documents developed by Risk Management function shall be used to develop the Procurement risk framework and shall be regularly be consulted to ensure continued alignment between Procurement and Risk function strategies.

11. General Criteria Governing Bidders

11.1 General

All contracts will be evaluated on the grounds of the following:

- a) In the event of bidders having to be invited, proper detailed specifications and task directives must be prepared.
- b) Bids should meet the bid specifications as determined by Sasria for that specific bid.
- c) Bidders must describe in detail how they will produce the required outputs outlined in the bid documentation, in terms of either goods or services.
- d) The ability to produce the required goods and/ or services within the stated time frame will also be included as a criterion.

- e) Where necessary and/or applicable, the Bidders shall be required to submit B-BBEE transformation plan, clearly indicating what steps shall be taken to ensure that they reach or maintain specified level contribution status (Level 4 or better) as well as how they intend meeting the transformation milestones set out in the Financial Sector Codes (FSC) as gazetted.
- f) Bidders must complete the Sasria bid document and also include the Standard Bidding Documents (SBD) forms as obtained from the National Treasury eTender website and as updated from time to time. The SBD forms shall only be submitted for bids that are specified and advertised according.
- g) Each bid must be in writing on the prescribed bid form and must be placed in a sealed envelope on which the bid number, a description of the project and the closing date are written.
- h) The bid must be addressed and delivered to Sasria's offices for attention of the Procurement Services Department or their delegate.
- i) A bid received before the closing time in any manner other than by deposit in the bid box shall, as soon as it has been received, be placed in the bid box by the officer receiving such bid in the bid office.
- j) If a bid received before the closing time is not placed in the bid box and it is found not to comply with the requirements set out above, it must be placed in a sealed envelope on which the date and time of receipt of the bid, the condition in which the bid was received, the bid number, the closing date of the bid, and the item to which it relates must be written and it must then be placed in the bid box by the officer receiving such bid. The bid must follow the bid process, the disqualification must be noted and the bidder must be notified with all the other bidders.

11.2 Infrastructure

Bidders must indicate the extent of infrastructure or facilities under their control that would be utilised to carry out the proposed functions in order for Sasria to assess if there is adequate infrastructure to carry out the proposed function.

11.3 Quality

Bidders must provide evidence that they will be able to adhere to the generally accepted levels of quality in the provision of the product or service under consideration.

Bidders must clearly explain their mechanisms, approach and methodology for quality assurance and review.

11.4 Extend of Business

Bidders must indicate the number of contracts currently being undertaken, to provide evidence of their ability, capacity and experience as a service provider.

11.5 Staffing Profile

Sasria may at its own discretion, require the bidders to indicate the human resource capacity, i.e. the number of full-time employees employed by their companies at the time of bidding.

The information required above must include a breakdown in terms of race and gender at top and middle management levels. (Staffing profile may not be required if the bidder has a valid B-BBEE certificate).

11.6 Financial Statements (Annual Turnover)

Sasria have the right to require audited Financial Statements from the bidders to verify and establish the company's financial status and if the company is an EME or QSE.

Bidders must indicate the revenue generated by their company in the previous financial year.

11.7 Track Record

Bidders must indicate the period that they have been registered as a Company.

Bidders must provide evidence of a track record in providing the goods or services under consideration, by providing a minimum of three contactable and relevant references.

12. General Principles Governing Sasria's Interaction with Bidders

Should any of the general criteria mentioned above be seen as working against the intention of preferential procurement, then they should be reviewed in the case of each individual contract and the Bid Adjudication Committee should take a decision on whether or not they should apply in the manner described herein.

In dealing with the bidders, Sasria will adhere to the principles of:

12.1 Efficiency

Sasria undertakes to administer the procurement process in the most efficient manner possible, avoiding time delays and duplication of activities.

12.2 Transparency

To the extent that it would be desirable, all bid processes should be open to the scrutiny of the public and interested parties.

Bids must be adjudicated in compliance with the original bid specifications or amendments to the specification made before the closing of the bid.

12.3 Access to Information

Sasria will take reasonable steps to ensure that all bidders have equal access to information on the product or service to be bided, as well as the bid process itself.

13. Preferential Procurement

Transformation & Empowerment Requirements

13.1 Transformation Requirements

- 13.1.1 The transformation agenda is focused on designing equal opportunities that are reflective of fairness, transparency, and the elimination of unfair discrimination.
- 13.1.2 Sasria seek to develop small, medium and large size businesses with a broad objective of changing the face of short-term insurance business, an industry that is reflective of Republic of South Africa demographics.
- 13.1.3 Sasria may stipulate as a pre-qualifying criteria to a bid process, that the bidding company that is considered to be a Large entity (Large entities with Level 4 or better and whose black equity ownership is less than 51%) to submit a B-BBEE improvement plan.
- 13.1.4 The Large entities may be required to submit with their bid responses the proposal details, reasonable milestones and timelines on how they will:
 - i) improve their ownership of less than 51% by the end of the Contract period;
 - ii) incubate a competitive HDIs and SMMEs for a sub-contract and/ or skills transfer;

- iii) develop communities and/ or individuals within communities; or
- iv) introduce relevant development programmes, including the planned implementation project plan, for the duration of the intended Contract period.

13.1.5 As part of Sasria Transformation Strategy 2024, Sasria has identified the “Incubation Programme” and the “ESD projects” as some of the key strategic initiatives.

13.2 Empowerment Requirements

13.2.1 Sasria is committed to the social, economic and legal imperatives of promoting transformation of the South African economy and society and will use its procurement process, to promote these objectives.

- a) To this end, Sasria will take steps within the legislative and regulatory framework set out in paragraph 6.1 above, to: Promote procurement from suppliers that have a B-BBEE Status Level Contribution of 4 or better
- b) Encourage bidders in some circumstances to form joint ventures with majority Black owned and controlled enterprises
- c) Promote the advancement of Black-owned and controlled enterprises generally, and Black female-owned enterprises in particular

13.2.2 If Sasria decide to apply prequalification criteria to advance certain designated groups, Sasria must advertise the bid with a specific bidding condition that only one or more of the following bids may respond.

13.3 Pre-Qualification for Preferential Procurement

If the pre-qualifying criteria is being applied to advance certain designated groups, the bid will be advertise with a specific bidding condition that only one or more of the following bidders may respond:

- a) A bidder having a stipulated minimum B-BBEE status level of contributor;
- b) An EME or QSE;
- c) A bidder subcontracting a minimum of 30% to-
 - i. an EME or QSE which is at least 51% owned by black people;
 - ii. an EME or QSE which is at least 51% owned by black people who are youth;
 - iii. an EME or QSE which is at least 51% owned by black people who are women;
 - iv. an EME or QSE which is at least 51% owned by black people with disabilities;
 - v. an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
 - vi. a cooperative which is at least 51% owned by black people;
 - vii. an EME or QSE which is at least 51% owned by black people who are military veterans;
 - viii. An EME or QSE.

A bid that fails to meet any pre-qualifying criteria stipulated in the bid documents will be an unacceptable bid.

Award of Contracts to Bidders not Scoring Highest Points

A contract may be awarded to a bidder that did not score the highest points only in accordance with the objective criteria specified in section 2(1)(f) of the PPPFA.

If Sasria intends to apply objective criteria in terms of section 2(1)(f) of the PPPFA, it must stipulate the objective criteria in the bid documents.

Functionality and any element of the B-BBEE scorecard may not be used as objective criteria.

Sub-contracting as a condition of bid above R30 million

Sasria will identify bids, where it is feasible, to sub-contract a minimum of 30% of the value of the contract for contracts above R30 million

Notwithstanding the minimum 30% compulsory sub-contracting provision, Sasria may identify procurement opportunities for participation of designated groups in contracts or projects below R30 million.

Sasria must advertise the bid with a specific condition that the successful bid must subcontract a minimum value of 30% of the value of the contract to one of the enterprises falling under designated groups as indicated above.

Sasria must make available the list of all suppliers registered on a database approved by National Treasury to provide the required goods or services in respect of designated groups, from which the bidder must select the supplier.

13.4 Evaluation of Bids on functionality

Sasria must indicate in the invitation to submit a bid if that Bid will be evaluated on functionality. The evaluation criteria for measuring functionality must be objective.

When evaluating bids on functionality, the:

- evaluation criteria for measuring functionality;
- Points for each criterion;
- Points for each sub-criterion; and
- minimum qualifying score for functionality.

Must be clearly specified in the invitation to submit a bid.

No Bid must be regarded as an acceptable bid if it fails to achieve the minimum qualifying score for functionality as indicated in the bid invitation.

Functionality is measured before price and preference points. Bids that have achieved the minimum qualifying score for functionality must be evaluated further in terms of the preference point system set out below.

13.5 Price and Preference Point Systems

Sasria will implement the mandatory preference point system, as stipulated in the Preferential Procurement Policy Framework Act in accordance with what is set out below and irrespective of the type of procurement process which is followed.

13.5.1 A preference point system must be followed in terms of which points shall be allocated to the bidders, and total scores compared as prescribed in the Procurement Framework Act and the Preferential Procurement Regulations.

Step 1: Calculation of points for price

13.5.2 When calculating prices:

- (i) Unconditional discounts must be taken into account for evaluation purposes; and
- (ii) Conditional discounts must not be taken into account for evaluation purposes but should be implemented when payment is affected.

13.5.3 The formulae to be utilized in calculating points scored for price are as follows:

80/20 Preference point system [(for acquisition of goods or services for a Rand value equal to or above R30 000 and up to R50 million) (all applicable taxes included)]

$$P_s = 80 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Formula:

Where

P_s = Points scored for price of bid under consideration

P_t = Price of bid under consideration

P_{\min} = Price of lowest acceptable bid.

90/10 Preference point system [(for acquisition of goods or services with a Rand value above R50 million) (all applicable taxes included)]

$$P_s = 90 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Formula:

Where

P_s = Points scored for price of bid under consideration

P_t = Price of bid under consideration

P_{\min} = Price of lowest acceptable bid.

NB: Points scored must be rounded off to the nearest 2 decimal places.

Step2: Calculation of points for B-BBEE status level of contributor

13.5.4 Points must be awarded to a bidder for attaining the B-BBEE status level Points for B-BBEE Status level of contributor must be awarded in accordance with the table below:

B-BBEE STATUS LEVEL OF CONTRIBUTOR	NUMBER OF POINTS (90/10 SYSTEM)	NUMBER OF POINTS (80/20 SYSTEM)
1	10	20
2	9	18
3	6	14
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non-compliant	0	0

13.5.5 Calculation of total points scored for price and B-BBEE status level of contributor.

The points scored for price must be added to the points scored for B-BBEE status level of contributor to obtain the bidder's total points scored out of 100.

The contract must be awarded to the bidder who scores the highest total number of points, unless objective criteria in addition to those reflected by the B-BBEE Recognition Level of the bidder justify the award of the contract to another bidder.

13.6 False Information

13.6.1 Any contract awarded on account of false information furnished by the bidder in order to secure preference may be cancelled at the sole discretion of Sasria without prejudice to any other remedies Sasria may have.

13.6.2 Upon detecting that a bidder submitted false information regarding its BBEE status level of contributor, local production and content, or any other matter required in terms of these Regulations which will affect or has affected the evaluation of a bid, or where a bidder has failed to declare any subcontracting arrangements, the organ of state must:-

- a) inform the bidder accordingly;
- b) give the bidder an opportunity to make representations within 14 days as to why-
 - i. the bid submitted should not be disqualified or, if the bid has already been awarded to the tenderer, the contract should not be terminated in whole or in part;
 - ii. if the successful bidder subcontracted a portion of the bid to another person without disclosing it, the bidder should not be penalised up to 10 percent of the value of the contract; and
 - iii. the bidder should not be restricted by the National Treasury from conducting any business for a period not exceeding 10 years with any organ of state; and

- c) if it concludes, after considering the representations referred to in subregulation (1)(b), that-
- i. such false information was submitted by the bidder-
 - (aa) disqualify the bidder or terminate the contract in whole or in part; and
 - (bb) if applicable, claim damages from the tenderer; or
 - ii. the successful tenderer subcontracted a portion of the tender to another person without disclosing, penalise the tenderer up to 10 percent of the value of the contract.

d) An organ of state must-

- i. inform the National Treasury, in writing, of any actions taken in terms of subregulation (1);
- ii. provide written submissions as to whether the tenderer should be restricted from conducting business with any organ of state; and
- iii. submit written representations from the tenderer as to why that tenderer should not be restricted from conducting business with any organ of state.

13.6.3 The National Treasury may request an organ of state to submit further information pertaining to subregulation (1) within a specified period.

13.7 Assistance to SMMEs

13.7.1 Sasria will also strive to explain at a briefing session any requirements placed on bidders in the bid documents, such as:

- a) Bid procedures.
- b) Procurement mechanisms.
- c) Standard terms and conditions of bids/orders.
- d) Quality and inspection procedures.
- e) Price schedules.
- f) Invoicing and payment process.
- g) Delivery and lead times.

13.7.2 Verification of B-BBEE Levels in respect of EMEs

- a) In terms of the Generic Codes, an EME is an enterprise including a sole propriety with annual total revenue of R10 million or less.
- b) An EME with 100% black ownership qualifies as a Level 1 contributor.
- c) An EME with at least 51% black ownership qualifies as Level 2 Contributor.
- d) An EME automatically qualifies as a level 4 contributor.
- e) An EME must provide proof of qualification as an EME by means of a sworn affidavit, dated within the previous twelve (12) months, confirming the following:
 - (i) annual total revenue of R10 million or less; and
 - (ii) level of black ownership
- f) An EME may be measured in terms of the QSE scorecard should they wish to maximize their points and move to a higher B-BBEE recognition level. It is in this context that an EME may submit a B-BBEE verification certificate.

13.7.3 Verification of B-BBEE Levels in terms of QSEs

- a) The Codes define a QSE as any enterprise with annual total revenue of between R10 million and R50 million.
- b) A QSE with 100% black ownership qualifies as a Level 1 Contributor.
- c) A QSE with at least 51% black ownership qualifies as a Level 2 contributor.
- d) A QSE must provide proof of qualification as a QSE by means of a sworn affidavit, dated within the previous twelve (12) months, confirming the following:
 - annual total revenue of between R10 million and R50 million; and
 - level of black ownership or a B-BBEE level verification certificate.

13.7.4 **Start-up Enterprises** must, in terms of the Generic Codes, be measured as an EME for the first year following their formation or incorporation and must provide an independent confirmation of its status.

Note also that if the contract concerned is valued higher than R10 million but less than R50 million, the Start-up Enterprise must submit a QSE scorecard when tendering for any contract. For contracts valued at R50 million or more, the Start-up Enterprise must submit the Generic Scorecard.

14. Tax Compliance

No bid may be awarded to any bidder whose tax matters have not been declared by the South African Revenue Service (SARS), to be in order.

15. Closure of Bids and Briefing Session/s

- a) The closure date for the submission of bids, may not be less than 30 days in the case of transactions over R10 million (VAT included), and/or which are of a long term nature, or 21 days in any other case from the date on which the advertisement is placed in the Sasria website, Government eGazette and the National Treasury eTender portal, including any other form of media of choice, that Sasria would find suitable and/or effective.
- b) The MD may determine a closure date for the submission of bids which is less than the 30 or 21 days requirements, but only if such shorter period can be justified on the grounds of emergency or exceptional case where it is impractical or impossible to follow the official procurement process.
- c) A written motivation to deviate from the advertising timelines as indicated in the policy above, should be prepared and submitted to the MD for approval. The approved motivation should be filed with the rest of the bid documents.
- d) Some of the bids may require that a supplier briefing session be held, and in extreme cases, compulsory briefing sessions. In such cases particulars such as date, time and location must be indicated on the advertisement and the bid documentation.

16. Postponement of closing date

The closing time may be postponed only if all prospective bidders can be advised of the postponed date in writing before the original closing date and approval was obtained as per the Delegation of Authority.

17. Cancellation of quotations/bids

- 17.1 Any changes to the bid specification and in the event of a material mistake in the bid document or any material information that has to be amended before the closing date of the bid, the bid must be cancelled and re-advertised. This must be communicated in writing to the prospective bidders.
- 17.2 Should it be determined through the evaluation process that no acceptable quotations/bids were received, then a recommendation to cancel the quotation/bid must be submitted for approval as part of the evaluation report.
- 17.3 A bid invitation will be cancelled before the award of a bid if:
- (i) Due to changed circumstances, there is no longer a need for the goods or services specified in the invitation;
 - (ii) Funds are no longer available to cover the total envisaged expenditure;
 - (iii) No acceptable bid is received; or
 - (iv) There is a material irregularity in the bid process.
- 17.4 The decision to cancel a bid invitation in terms of above points will be published in the same manner in which the original bid invitation was advertised.
- 17.5 Prior approval from MD will be obtained if a bid invitation is for the second time.

18. Equal Offers

- 18.1 In the event that two or more bids have scored equal total points, the successful bid must be the one scoring the highest number of preference points for B-BBEE.
- 18.2 When functionality is part of the evaluation process and two or more bids have scored equal points including equal preference points for B-BBEE, the successful bid must be the one scoring the highest score for functionality.
- 18.3 Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots. This process will be facilitated by the Financial Manager or appointed officer in the presence of the bid committee. The names of the two bids will be put in a "hat" and one of the bid committee members will be asked to draw one name from the "hat" which will be the bid to whom the bid will be awarded.

19 Negotiations with Bidders

- 19.1 Bidding and post bid negotiations are fundamental purchasing and supply chain management skills which must be executed professionally and ethically in order to obtain best value for money.
- 19.2 Negotiation process shall not be conducted with bidders without prior approval of the Bid Adjudication Committee (BAC) or delegate
- 19.3 Where such negotiations are authorised, the Bid Adjudication Committee (BAC) must ensure that the negotiations take place at least at Management Director / Procurement Specialist level with one member appointed to be team leader.
- 19.4 The negotiating team must uphold the following principles:
- (i) The negotiations may not allow any preferred bidder a second or unfair opportunity
 - (ii) The negotiations are not to the detriment of any other bidder/s
 - (iii) The negotiations does not lead to higher pricing than the original bid submitted
 - (iv) Negotiations must be fair and objective
 - (v) may not be used to unfairly prejudice the highest scoring/ preferred bidder or any other bidder/s.

- 19.5 The negotiating team leader must ensure that all members of the negotiating team are clear on the negotiation strategy and desired outcomes.
- 19.6 Members of the negotiating team must behave ethically at all material times during and after negotiations, may not divulge any information related to negotiations to third parties without prior consent from BAC or delegate
- 19.7 All negotiations must be officially closed with a decision communicated and agreed between parties before moving to negotiate with the next preferred bidder. The agreement which is reached is placed on record in writing.

20 Contract Management

Contract management is aimed at achieving the following:

- a) Ensuring administrative and legal compliance during the period of the contract;
- b) Ensuring that the contract is performed according to the agreed Terms and Conditions of the Contract or Service Level Agreements;
- c) Adoption of channel spanning contract performance measures to gauge the success of engaged suppliers;
- d) Ensuring that any subsequent risk factors emanating from the contract are properly and continuously identified, mitigated and managed; and
- e) Ensuring that proper procedures are followed with regard to continuity or winding down of contracts.

21 Deviation from the Policy

In cases where circumstances merit deviation(s) from particular provision(s) of the policy, written submissions shall be sent to the Managing Director (MD) and/or delegated personnel, who shall have full authority to grant such request, in whole or part, or refuse the same.

22 Record Management

Sasria will retain and maintain all the records and backup files. The records will be made available for inspection by the Internal and External Auditors. Records will be retained as per Sasria's Record Management Policy.

23 Roles and Responsibilities

23.1 Board of Directors

The Board is responsible for:

- a) Approving the Procurement Policy;
- b) Reviewing the Procurement Policy on an annual basis to ensure that the policy remains relevant and up to date at all times; and
- c) Delegation of suitable responsibilities pertaining to the management of procurement to the Audit Committee.

23.2 Board Audit Committee

The Audit Committee is responsible for:

- a) Approving all policies aimed at identifying, assessing, measuring, monitoring and reporting Procurement;
- b) Reviewing operational risk reports indicating levels of compliance with policies, major control lapses and corrective actions taken and determining the adequacy of Sasria's current Procurement Policy and procedures in light of any weaknesses identified; and
- c) Ensuring that Sasria's Procurement Policy is periodically subjected to effective and comprehensive internal audit by suitably qualified individuals.

23.3 Social and Ethics Committee

The Social and Ethics Committee is responsible for:

- a) Procurement Strategy
- b) Enterprise Development
- c) Impact Social to communication and procurement
- d) Ensuring transparency and fairness

23.4 Executive Committee

The Executive Committee is responsible for:

- a) Ensuring full implementation of the procurement policy approved by the Audit Committee and the Board within all divisions;
- b) Monitoring the implementation of policies, processes and procedures for managing procurement in all of the Sasria's material products, activities, processes and systems;
- c) Assessing technical ability of senior management involved in procurement management and if it is necessary to appoint additional staff in order to increase procurement management efficiency and effectively; and
- d) Regularly reviewing procurement reports, indicating levels of compliance with policies, major control lapses and defining the corrective action necessary to correct identified weaknesses.

23.5 Finance Director

The Finance Director (FD) is responsible for:

- a) Championing, coordinating and acting as catalyst for procurement management initiatives;
- b) Formulating and developing policies, systems and procedures for procurement monitoring and control;
- c) Ensuring custody, maintenance and updating, on an annual basis, of the procurement policies;
- d) Ensuring the successful implementation of the procurement policy and procedures; and
- e) Creating firm wide awareness of Sasria's procurement policy and ensuring a strong procurement awareness culture amongst all categories of staff.

23.6 Head of Procurement

The Head of Procurement (HoP) shall be responsible for:

- a) The day-to-day management of operational procurement across all Sasria's material products, activities, processes and systems;
- b) Monitoring compliance with Sasria's Procurement Policy and procedures and applying appropriate sanctions where required, in conjunction with Internal Audit;
- c) Development and implementation of methodologies for identifying, measuring, managing and mitigating of procurement exposures;
- d) Promoting, assisting and supporting divisions with the implementation of the Procurement Policy; and
- e) Providing the Executive Committee with practical recommendations for the improvement of existing procurement practices.

23.7 Procurement Officer

The Procurement Officer in the Finance division is responsible for:

- a) Interaction with the divisions to ensure that the Procurement Policy and procedures are understood and executed;
- b) Review all procurement related documentation and ensure that the Procurement Policy and procedures are adhered to;
- c) Liaise with FD on the implementation and ongoing application of the procurement policy and procedures; and
- d) Communicating with key individuals, in the division, in order to obtain their support for, and active involvement in the procurement process.

23.8 Human Capital Function

Human Capital is responsible for:

- a) Assisting with the development of appropriate performance measurement criteria for staff pertaining to the management of procurement;
- b) Ensuring that these criteria are integrated into Sasria's staff performance reward and compensation system;
- c) Ensuring that high quality procurement staff are attracted, retained and continuously developed;
- d) Assisting with the creation of a working environment with a strong procurement awareness culture; and
- e) Assisting with the development of appropriate employee related policies, procedures and practices that address operational risks arising from people or human resources issues.

23.9 All Divisions

Divisions are responsible for:

- a) Fully implementing the Procurement Policy and Procedures; and
- b) Highlighting areas of concern with regard to procurement to the FD to assist with the early detection of potential procurement risks.

23.10 Internal Audit

Internal Audit is responsible for:

- a) Providing assurance to the Board / Board sub-committees / Exco for all bids;
- b) Providing an independent appraisal of Sasria's Procurement Policy and procedures;
- c) Ensuring that Sasria's internal controls on procurement function as intended and are operating effectively;
- d) Assessing compliance with established controls as per the Procurement Policy and Procedures;
- e) Recommending improvements in processes and controls where weaknesses are identified as a result of audit procedures performed; and
- f) Reporting any Procurement related exceptions noted during audit procedures to the FD and ultimately to the Audit Committee and the Board.

24 Revision of the Policy

This policy document will be reviewed annually and amended as and when the need arises and will be approved by the Audit Committee.