



Procurement Policy

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Table of Contents

2. INTRODUCTION -----4

3. DEFINITIONS AND ABBREVIATIONS-----4

3.1 Definitions-----4

3.2 Acronyms-----5

4. LEGISLATIVE AND REGULATORY FRAMEWORK -----6

5. OTHER BINDING POLICIES -----6

6. PURPOSE-----6

7. SCOPE -----7

8. EXCLUSIONS -----7

9. CONFLICT OF INTEREST -----7

10. PREFERENTIAL PROCUREMENT -----8

11. IMPLEMENTATION OF THE PROCUREMENT SYSTEM -----8

12. DEMAND MANAGEMENT AND PLANNING-----8

13. ACQUISITION MANAGEMENT -----8

14. CONTRACT MANAGEMENT -----11

15. DISPOSAL MANAGEMENT -----11

16. RISK MANAGEMENT -----11

17. ESTABLISHMENT OF A SUPPLIER DATABASE-----11

18. NON COMPLIANCE WITH THE POLICY -----11

19. RECORD MANAGEMENT -----12

20. MANAGEMENT OF BIDS-----12

21. BID EVALUATION PROCESS-----12

22. LATE BIDS-----12

23. CONFIDENTIALITY -----13

24. ROLES AND RESPONSIBILITIES-----13

25. REVISION OF THE POLICY -----13

1. PREAMBLE

The Constitution of the Republic of South Africa, 1996 states that when an organ of state contracts for goods or services, it must do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

The Constitution also provides that an organ of state may implement a process which gives preference to certain categories of persons or for the advancement of persons or categories of persons previously disadvantaged by unfair discrimination.

The following principles are therefore the basis of this procurement policy:

Transparency	The procurement process shall be open within the confines of the law.
Equal treatment	All bidders and suppliers shall be treated equally throughout the procurement process within the context of this policy.
Effectiveness	Sasria shall strive for procurement system effectiveness and shall carry out its procurement processes as costeffectively as possible.
Efficiency	Sasria shall strive to standardise and simplify procedures where appropriate to enhance procurement system effectiveness.
Competitiveness	Sasria shall satisfy its requirements through competitive bidding processes unless there are justifiable reasons to the contrary.
Fairness	All bidders and contractors shall be dealt with fairly and without unfair discrimination.
Ethics	All Sasria's employees and suppliers will subscribe to the highest ethical standards, and at all times preserve integrity, impartiality and objectivity.
Equity	Sasria shall strive to promote the B-BBEE objectives.
Uniform application	Sasria shall ensure that the application of its procurement policy and process is uniformly applied.
Accountability	Each employee shall be accountable for their decisions and actions relative to their procurement responsibilities.
Value for money	Best value for money means the best available outcome when all relevant costs and benefits over the procurement cycle are considered.
Good Governance	Sasria employees are empowered to carry out their responsibilities in the procurement activities in accordance with the legislative framework.
Competency	Sasria shall ensure that all personnel involved in the implementation of this Policy meet the required competency levels.

This document is the Procurement Policy for Sasria SOC Ltd and it gives effect to the legislation (Refer Para 4) and the overall objectives of Sasria, as they pertain to procurement matters.

2. INTRODUCTION

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 guidelines for the acquisition of goods and services in a manner that is fair, equitable, transparent, competitive and cost-effective, in line with the Constitution and all relevant legislation.

3. DEFINITIONS AND ABBREVIATIONS

3.1 Definitions

In this document, unless the context otherwise indicates:

“**51% Black Owned**” has the meaning given to it in the B-BBEE 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.

“**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 B-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 as amended, 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 (RFQ);
- b) Request for Proposals (RFP)
- c) Request for Bids (RFB); and
- d) Requests for Information (RFI).

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 BBBEE rating, product or service offering, business processes and performance, improvements in lead times and delivery.

3.2 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 Enterprise
ESD	Enterprise and Supplier Development
FD	Financial Director
HoP	Head of Procurement
MD	Managing Director
PP	Preferential Procurement
PPP	Public Private Partnership
QSE	Qualifying Small Enterprise
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

4. LEGISLATIVE AND REGULATORY FRAMEWORK

Sasria's Procurement Policy is informed by legislation, regulations and directives listed below:

- a) The Constitution of the Republic of South Africa, 1996 ("**Constitution**") as amended. Sasria shall apply section 217 of the Constitution of the Republic of South Africa, by contracting for goods and services in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.
- b) Public Finance Management Act, Act No. 1 of 1999 ("**PFMA**") as amended, as applicable public entity listed in Schedule 3B.
- c) Treasury Regulations, to the extent required for a public entity listed in Schedule 3B of the PFMA.
- d) Broad-Based Black Economic Empowerment Act, Act No. 53 of 2003 ("**B-BBEE Act**") and its Codes of Good Practice as amended.
- e) Preferential Procurement Policy Framework Act, Act No. 5 of 2000 ("**PPPFA**") and its Regulations as amended.
- f) National Treasury Practice/ Instruction Notes issued and updated from time to time in terms of the Legislation ("**Practice/ Instruction Notes**").
- g) Construction Industry Development Board Act, Act No. 38 of 2000 ("**CIDB**") and its Regulations as amended.
- h) State Information Technology Agency Act, Act No. 88 of 1998 ("**SITA**"), as amended. SITA may act as the procurement agency for public entities' information technology requirements should the public entity so wish. Sasria shall not be obliged to utilise this service but may do so when deemed necessary.

5. OTHER BINDING POLICIES

The Procurement Policy must be read in conjunction with the following relevant documents:

- a) Procurement Procedure Manual
- b) Corporate Governance Policy
- c) Conflicts of Interest Management Policy
- d) Delegation of Authority Policy
- e) Materiality and Significant Framework
- f) Outsourcing Policy
- g) Compliance Policy
- h) Ethics Management Policy

6. PURPOSE

The purpose of this Policy is to ensure that:

- 6.1 Sasria procures goods and services at the best price, in the right quality, at the right time, and in the right place in order to fulfil its mandate.

6.2 Sasria procures in a manner that achieves value for money, while redressing historical imbalances of the past.

7. SCOPE

7.1 This Procurement Policy is applicable to all procurement activities at Sasria i.e. acquisition of goods and services, as well as the disposal of obsolete / redundant items.

7.2 The contents of this Procurement Policy are binding on all Sasria employees and Directors. Employees include Management, Staff and Temporary workers. All employees and Directors have the obligation to familiarize themselves with this Policy, while Management is to ensure that the Policy is adhered to by introducing appropriate resources, procurement systems, processes, and procedures.

7.3 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.

8. EXCLUSIONS

The following are excluded from the Procurement Policy:

8.1 Professional memberships and subscriptions.

8.2 Water and electricity.

8.3 Rates and taxes and other levies raised by local authorities or provincial administrations.

8.4 Sponsorships, donations and bursaries (except where goods or services are sourced from third party suppliers).

8.5 Participation in contracts concluded by other organs of state.

8.6 Goods and services procured from government departments.

8.7 Formal training with universities or learning institutions recognised by the Department of Higher Education.

8.8 Hiring and acquisition of land and buildings where the bidding process cannot be utilised.

8.9 Claims related needs i.e. conditions impacting Sasria's customer or client services. Such requests will follow the normal process of claim payments.

8.10 Industry/ profession related Conferences and Workshops/Seminars.

8.11 Appointment of personal coaches through Learning and Development.

8.12 Sensitive and Confidential transactions such as forensic audits/ investigations. Such transactions shall be approved by any of the following authorities: the Board or an authorised sub-committee thereof; or the Executive Committee (EXCO); or the Managing Director (MD) or his nominated delegate depending on the nature, confidentiality or sensitivity of the transaction.

9. CONFLICT OF INTEREST

9.1 Sasria employees, to the extent required by their positions, 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.

- 9.2** All persons involved or to be involved in the procurement process are required to declare their interests. Where any conflict of interest arises, the concerned person must withdraw immediately from participating in the procurement process
- 9.3** Employees and Directors may only respond to bid invitations for Sasria business twelve (12) months after the termination of their relationship with Sasria.

10. PREFERENTIAL PROCUREMENT

Sasria shall implement Preferential Procurement in line with the PPPFA and its regulations; the B-BBEE Act and its Codes of Good Practice. To this end, Sasria will take steps to employ various strategies, which may include, but not limited to, the following:

- a) Setting B-BBEE level threshold for suppliers that want to participate in Sasria procurement processes;
- b) Encourage bidders, where practical, to form joint ventures with or sub-contract work to majority Black owned and controlled enterprises.
- c) Promote the advancement of Black-owned and controlled enterprises generally, and all designated group suppliers that are Black-owned.
- d) Promote local production and local content where appropriate.

11. IMPLEMENTATION OF THE PROCUREMENT SYSTEM

Sasria shall ensure development and implementation of an efficient and effective supply chain management framework/ system for the procurement of goods and services. The system shall include, amongst others, the following elements:

- a) Demand Management and Planning;
- b) Acquisition Management;
- c) Contract Management;
- d) Disposal Management, and
- e) Risk Management.

12. DEMAND MANAGEMENT AND PLANNING

Demand management function ensures that the resources required to fulfil the needs identified in the strategic plan of Sasria are delivered at the correct time, price and place and that the quantity and quality will satisfy those needs. Effective Demand Management will ensure that procurement activities of Sasria are planned better.

An accurate demand assessment shall be conducted by respective departments, to inform budgets and process to be followed to satisfy the demand and to support the execution of the Procurement Plan adequately.

13. ACQUISITION MANAGEMENT

For the acquisition of goods and services, the system shall make provision for the following:

- a) Setting of procurement threshold values;
- b) Acquisition methods;
- c) Bidding procedures; and
- d) Establishment, composition and functioning of bid committees.

13.1 Procurement Thresholds

It is a contravention of this policy to split requisitions in order to circumvent the following threshold values:

Threshold Value (VAT Exclusive)	Procurement Method
Up to R2 000.00	Petty Cash
R2 000.01 to R10 000.00	One Written Quote
R10 000.01 to R30 000.00	Three Written Quotes
R30 000.01 to R500 000.00	Three Written Quotes
Above R500 000.00	Open Bid Process

13.2 Procurement Methods

13.2.1 Petty Cash

The petty cash system may be used for transactions with a value of equal to or less than R2 000.00 (VAT Exclusive).

The procurement of goods or services by means of petty cash will be done in terms Sasria petty cash policy and procedures.

13.2.2 Request For Bid (RFB)

The RFB process is generally used when the specification of the required product and/or service is well defined and specific bid responses are required rather than creative responses.

The selection is based on compliance to the requirement, cost and other criteria through a competitive process.

13.2.3 Request For Information (RFI)

If sufficient information is not readily available with which to draft terms of reference/ specifications, an RFI process may be followed in order to obtain more information from the market to prepare the specification. From RFI responses, a specification is drawn that will be issued to the market. The data contained in the RFI may vary in accordance with the type of requirement.

No award can be made following an RFI process; however, the subsequent request for bid (RFB) or request for proposal (RFP) may be restricted to respondent suppliers provided that it was so specified in the RFI document.

13.2.4 Request For Proposal (RFP)

This method should be followed where the functional requirements are clear but bid responses will be in the form of proposals that will differ in the delivery/ achievement of the set functionality/ requirement.

The selection is based on the quality of the proposal, its cost and other criteria through a competitive process.

13.2.5 Request For Quotation (RFQ)

The RFQ process should be followed for all requirements up to the quotation threshold of R500 000.00 (VAT Exclusive). A minimum of three quotes should be obtained if possible, based on the value of the purchase.

13.2.6 Approved Panel of Suppliers

Where goods or services are required on a recurring basis, a list of approved suppliers may be established through a competitive bidding process. The award for specific projects under this arrangement may follow a closed bidding process to the suppliers on the Panel.

Sasria, at its sole discretion, may make changes to the Panel of approved suppliers through a competitive bidding process. Such changes may include:

- a) adding suppliers to the Panel to promote preferential procurement; or
- b) expanding or restricting service or product categories and/ or specifications that can be procured from the Panel.

13.2.7 Limited/ Confined Bidding

13.2.7.1 Sasria shall use limited bidding process only in exceptional circumstances if it presents a clear advantage over competition, such as follows:

- a) In cases of emergency where it becomes impossible or impractical to follow the standard procurement process.
- b) Closed bidding process in cases where there is proven limited competition in the market and there is good reason to restrict the procurement process to only those few bidders i.e. instances where Sasria has reasonable justification for standardisation on a certain brand/ product.
- c) Single source bidding where, after a thorough analysis, there is good and justifiable reason to restrict the process to only one bidder e.g. when a task/ work represents a natural continuation of previous work carried out by the supplier. When such continuity for downstream work is essential, the initial RFP should outline this prospect, if practical.
- d) Sole source bidding where no competition exists and it is proven that only one supplier exists e.g. sole distribution rights.

13.2.7.2 Such exceptions, with the justification thereof, shall be recorded and approved in line with the DoA.

13.2.7.3 Poor planning shall not be acceptable as justification for the use of limited bidding.

13.2.8 Emergency Procurement

13.2.8.1 Emergency procurement is acquisitions made immediately due to an occurrence of an emergency situation.

13.2.8.2 An emergency situation is defined as one that is serious and urgent in nature as a result of unforeseen circumstances, such as:

- a) Disastrous situations e.g. floods, fire, etc.
- b) System failures.
- c) Situations that may jeopardise safety and health of Sasria employees and/or stakeholders.
- d) Situations that may cause damage to Sasria reputation.

- e) Situations that may cause critical damage to property/ infrastructure and/ or environment.
- f) Situations that may lead to financial Losses.
- g) Customer service impacting conditions.

13.2.9 Unsolicited Bids

Sasria is under no obligation to consider unsolicited bids received outside a normal bidding process.

13.2.10 Public Private Partnership (PPP)

Sasria shall follow the prescripts of National Treasury Regulations when entering into Public Private Partnership (PPP) agreements.

14. CONTRACT MANAGEMENT

14.1 Sasria aims to build long term strategic supplier relationships through proper contract management. Contracts will be managed in a manner that ensures that Sasria achieves increased savings, good quality and on time delivery in line with all the agreed requirements and conditions set out in the contract.

14.2 Contract management will be utilised by Sasria to monitor supplier performance, ensuring that all goods and services are delivered per the contract.

14.3 Contracts may be expanded or varied in line with Sasria requirements, and such amendments will be guided by relevant policies, regulations and National Treasury Practice and Instruction Notes.

15. DISPOSAL MANAGEMENT

Sasria shall ensure fairness in conducting disposal processes and will ensure that such processes are supported by duly documented, approved and accessible policies and procedures.

16. RISK MANAGEMENT

16.1 Risk Management in Procurement must be conducted in line with all Sasria Risk Management Policies. Procurement Management must continuously identify, understand the nature, assess, mitigate or avoid the potential negative consequences of such risk on a regular basis.

16.2 Procurement Function must endeavour at all times to use processes and structures that are directed towards the effective management of potential opportunities, while reducing adverse effects or risks.

17. ESTABLISHMENT OF A SUPPLIER DATABASE

17.1 Sasria shall use the Central Supplier Database (CSD) as directed by National Treasury.

17.2 The CSD shall be used effectively to promote Preferential Procurement and the promotion of Local Content where appropriate.

18. NON COMPLIANCE WITH THE POLICY

Breaches of the Procurement Policy are seen in a serious light and failure by any employee to comply may constitute misconduct, resulting in disciplinary action being

taken against such an employee in accordance with Sasria's Human Capital policies, as amended from time to time.

19. RECORD MANAGEMENT

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

20. MANAGEMENT OF BIDS

20.1 Calling for Bids/ Quotations

Bids and quotations shall be invited by the Procurement Department.

20.2 Advertising of Bids

20.2.1 All open bids shall at least be advertised in the National Treasury eTender Portal, Sasria website and/ or any other media that may be deemed necessary from time to time.

20.2.2 Bids shall be advertised for at least 14 days before closing date and time, except in urgent cases when bids may be advertised for such shorter periods as agreed with the FD or delegate.

20.3 Validity Period

The validity period should allow Sasria sufficient time to finalise the evaluation and award process of the bid/quotation but the minimum period is 90 days from the closing date of the bid. Sasria may request extension of the validity period from all bidders prior to its expiry.

21. BID EVALUATION PROCESS

21.1 Sasria shall evaluate bids based on the content of the bid responses and the evaluation criteria stipulated in the bid documents.

21.2 Bids that do not achieve the minimum qualification score for functionality as indicated in the bid documents shall not be regarded as acceptable. Only bids that have achieved the minimum score will be evaluated further in terms of the preference point systems in accordance with the Preferential Procurement Regulations.

21.3 Relevant internal technical expertise must be applied in the evaluation. Evaluations must be performed by more than one evaluator and the average score achieved will be used for evaluation purposes. This does not preclude the review and clarification of technical scores with the evaluators.

21.4 A quotation/ bid received which offers an improvement on the specification may be accepted provided that the other bidders are not prejudiced.

21.5 A bid may not be rejected summarily because the bidder or the product offered is unknown.

22. LATE BIDS

22.1 Bids are late if they are received at the address indicated in the bid documents after the closing date and time stipulated in the bid documents.

22.2 Late bids shall not be consider for evaluation.

23. CONFIDENTIALITY

The members of the BEC and any other person involved in the procurement process shall maintain strict confidentiality in respect of any information relating to the bid responses, clarification and evaluation of bids, and recommendations to different committees.

24. ROLES AND RESPONSIBILITIES

Appropriate governance bodies within Sasria shall oversee the application of the Procurement policy and related policies, principles and procedures. These will be in line with among others, the Delegation of Authority Policy.

25. FAILURE TO APPLY OR TO COMPLY WITH THE POLICY

Sasria views its Procurement policy in a serious light and failure to comply with this policy by any employee may result in disciplinary action being taken against the relevant individual in accordance with Sasria's Human Capital Policies as amended from time to time.

26. REVISION OF THE POLICY

- The policy will be reviewed at three-year intervals to ensure its relevance and alignment with applicable legal and governance requirements.
- Where relevant however policies may be reviewed earlier than the above three-year period where there are major changes and / or gaps identified in the policy or where a shorter policy review period is dictated by law or other form of regulation.