



UMGENI WATER

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ACQUISITION MANAGEMENT PROCEDURES

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1. ABBREVIATIONS

- UW: Umgeni Water
- DM: Demand Management
- AM : Acquisition Management
- SCM: Supply Chain Management
- PFMA: Public Finance Management Act 1 of 1999 as amended by Act 29 of 1999
- PPPFA: Preferential Procurement Policy Framework Act, 2000
- BBBEE: Broad Based Black Economic Empowerment Act, 2003
- BEE: Black Economic Empowerment
- DTI: Department of Trade and Industry
- GM: General Manager
- BAC: Bid Adjudication Committee
- BEC: Bid Evaluation Committee
- BSC: Bid Specification Committee
- DOA: Delegations of Authority
- Board: Umgeni Water Board (Accounting authority)
- EXCO: Executive Committee of Umgeni Water
- AO: Accounting Officer / Chief Executive of Umgeni Water
- SME: Small or medium enterprise
- HDI: Historically Disadvantaged Individuals
- CIDB: Construction Industry Development Board
- SANS: South African National Standards
- NEMA: National Environment Management Act
- COID: Compensation for Occupational Injuries and Diseases Act, 130
- PSIRA: Private Security Industry Regulatory Authority
- CLOSED BID: Invitation of bid preferably from UW database
- OPEN BID: Public invitation of bid from media
- WSA : Water Services Act No. 108 of 1997
- PAA : Public Audit Act No. 25 of 2004
- CIF: Cost Insurance Freight

2. INTRODUCTION

- 2.1 In terms of PFMA Treasury Regulations Framework for Supply Chain Management (SCM) the system must:
 - 2.1.1 be fair, equitable, transparent, competitive and cost effective;
 - 2.1.2 be consistent with various legislation such as the Preferential Procurement Policy Framework Act (No. 5 of 2000), Broad Based Black Economic Empowerment Act (No. 53 of 2003);
 - 2.1.3 be consistent with the Construction Industry Development Board (CIDB);
 - 2.1.4 provide for at least the following: Demand Management, Acquisition Management, Logistics Management, Disposal Management; Risk Management and regular assessment of supply chain management performance.

3. ACQUISITION MANAGEMENT PURPOSE

- 3.1 The purpose of this document is to:
 - 3.1.1 Set out Acquisition procedures for UW.
 - 3.1.2 Ensure that the procurement of assets, goods and services required for the proper functioning of UW’s business is in line with the UW SCM Policy and to detail how UW will comply with legislation governing public sector procurement.

4. CONTRACTING WITH ORGANS OF STATE:

- 4.1 In terms of the preferential procurement regulations, 2009, this procedure does not apply if UW contracts with another organ of state for the following:
- 4.1.1 provision of goods and services to UW
 - 4.1.2 the procurement of goods and services under contracts secured by the organ of state, provided that the supplier involved has agreed to such procurement.
- 4.2 In such cases, the approval of the AO will be obtained by the user department.

5. LEGISLATION AND PRINCIPLE:

- 5.1 Public Finance Management Act (PFMA), Act No. 1 of 1999, as amended by Act 29 of 1999;
- 5.2 Treasury Regulations for departments, constitutional institutions and public entities issued in March 2005 in terms of the PFMA;
- 5.3 Preferential Procurement Policy Framework Act No. 5 of 2000, as amended
- 5.4 Preferential Procurement Regulations of 2001
- 5.5 Broad-Based Black Economic Empowerment Act No. 53 of 2003;
- 5.6 Supply Chain Management – A guide for Accounting Officers/Accounting authorities (February 2004);
- 5.7 Construction Industry Development Board Act No 38 of 2000
- 5.8 National Environment Management Act No 107 of 1998
- 5.9 Promotion of Access to Information Act No. 2 of 2000, as amended by Act 54 of 2003
- 5.10 Promotion of Administrative Justice Act No. 3 of 2000, as amended by Act 54 of 2003
- 5.11 Competition Act 89 of 1998
- 5.12 Corruption Act 94 of 1994
- 5.13 Proudly South African Campaign
- 5.14 Occupational Health and Safety Act 83 of 1993
- 5.15 Water Services Act No. 108 1997
- 5.16 Public Audit Act No. 25 of 2004
- 5.17 Construction Industry Development Board Act 38 of 2000
- 5.18 Any SCM norms and standards that may be prescribed

6. ACQUISITION MANAGEMENT OBJECTIVES

- 6.1 The objectives of AM are:
- 6.1.1 To ensure all goods and services are acquired in a fair, equitable, transparent, competitive and cost effective manner.
 - 6.1.2 To promote the empowerment of HDI, and SME's.
 - 6.1.3 To minimise the possibility of fraud and corruption and encourage accountability.
 - 6.1.4 To improve process flow efficiencies and reduction of costs.
 - 6.1.5 To ensure that there are sound internal controls.

7. REQUISITIONING PROCESS AND ORDER TYPES:

7.1 Requisition Process

- 7.1.1 For values below R500 000.00 (VAT included), the buyer and end-user, or other will finalise the specification or Terms of reference, evaluation criteria and the sourcing strategy there after proceed with the acquisition process.
- 7.1.2 For values above R500 000.00 (VAT included), the scope of work or Terms of reference is submitted by the end user to the relevant buyer.
- 7.1.3 It is the responsibility of the user department to ensure that there are sufficient funds available for the purchase.
- 7.1.4 On receiving the purchase requisition, the buyer checks:
- 7.1.4.1 That full description/ specifications/ the scope of work or Terms of reference are clear and accurate.
 - 7.1.4.2 That the requisition is properly authorised
 - 7.1.4.3 That the Cost allocation information is included

7.2 Order Types

- 7.2.1 NG: Purchase Order-Normal
- 7.2.2 NC: Contract Order- Goods and Services
- 7.2.3 OP: Purchase Order – Stores Stock item
- 7.2.3 OC: Contract Order -Chemical
- 7.2.4 NL: Low Value Purchase Order
- 7.2.5 NE: Emergency Purchase Order
- 7.2.6 NP: Irregular Expenditure
- 7.2.7 NJ: Price Variance of Chemical and stock item orders

8. Bid Document Approval

- 8.1 All bid documentation with a value exceeding R500,000.00, (Vat Inclusive) shall be approved by the Bid Specification Committee. (As per BSC terms of reference)
- 8.2 Heads of sections will be responsible for approving bid documentation for values between R100 000.00 and R500 000.00.
- 8.3 Standard Quotation Enquiry document shall be used for purchases below R100 000.00.

9. SOURCING MECHANISMS

- 9.1 In the acquisition of goods and services, UW may adopt strategic sourcing of suppliers for identified goods and services. Depending on the threshold, UW may select suppliers from the database or opt for public invitation.
- 9.2 The following purchasing mechanisms may be used:
- (i) Petty cash
 - (ii) Quotations
 - (iii) Competitive Bids
 - (iv) Two stage bidding
 - (v) Two envelope system

- (vi) Negotiations
- (vii) Multiple source bidding
- (viii) Single source suppliers
- (ix) Sole source bidding
- (x) Unsolicited bids
- (xi) Preferred suppliers
- (xii) Strategic supplier sourcing
- (xiii) Supply & Services Term Contracts
- (xiv) Emergency
- (xv) Request for proposals

9.2.1 Petty Cash

9.2.1.1 Petty cash is limited to purchases up to R 150.00 (VAT included) obtained from Finance which is subject to review by Petty Cash Policy, excluding stock and contract items.

9.2.2 One Written Quotation (On Supplier Letterhead)

9.2.2.1 Above R150.00 but not exceeding R 10 000.00 (VAT included), One written quotation must be obtained from a bidder whose name preferably appears but not limited to UW's database. Evaluation will be based on price, delivery and / or any other related matter.

9.2.3 Three Written Quotations (On Supplier Letterhead)

9.2.3.1 Above R10 000.00 but not exceeding R30 000.00 (VAT included) Minimum of three written quotations must be obtained from different suppliers whose names preferably appear but not limited to UW's database. Evaluation will be based on price, delivery and / or any other related matter.

9.2.4 Above R30k but below R500K (Quotation Enquiry/Closed Bids)

- 9.2.4.1 Minimum of three written quotations / bids must be obtained from different suppliers whose names preferably appear but not limited to UW's database.
- 9.2.4.2 Closed Bids shall be received either through the Tender Office or Bid Box as stated in the Bid document.
- 9.2.4.3 Evaluation will be as per PPPFA requirements, ie. price and preference.

9.2.5 Open Bids

9.2.5.1 Above R500 000.00 (VAT included)- Bids must be obtained via Public Tender

9.2.6 Two-stage bidding

- 9.2.6.1 This mechanism can be used in turnkey projects or projects for large or complex plants or works of a special nature, or where it may be undesirable or impractical to prepare complete technical specification.
- 9.2.6.2 In this procedure un-priced technical proposals on the basis of a conceptual design are firstly invited.
- 9.2.6.3 This is followed by amended bidding documents and the submission of final technical proposals and priced bids in the second stage.

9.2.7 Two Envelope System

9.2.7.1 A two envelope system differs from a two-stage (prequalification) bidding process in that a technical proposal and the financial offer are submitted in separate envelopes at the same place and time. The financial offers will only be opened once the technical proposals have

been evaluated. When a two envelop system is followed, only the technical proposal will be opened at the bid opening.

9.2.7.2 Opening of Bids where a Two Envelope System (consisting of a technical proposal and a financial proposal) is followed

9.2.7.2.1 If a two envelope system is followed, only the technical proposal will be opened at the bid opening.

9.2.7.2.2 The unopened envelope containing the financial proposal shall be stamped and endorsed with the opening official's signature, and be retained by him/her for safekeeping.

9.2.7.2.3 When required the financial offers/bids corresponding to responsive technical proposals, shall be opened by the opening official in accordance with the requirements of Bid Opening procedure.

9.2.7.2.4 Envelopes containing financial offers/bids corresponding to non-responsive technical proposals shall be returned unopened along with the notification of the decision of the Bid Evaluation Committee.

9.2.7.2.5 After being recorded in the bid opening record, the bids/technical proposals shall be handed over to the official responsible for the supervision of the processing thereof and that official shall acknowledge receipt thereof by signing the bid opening record.

9.2.8 Negotiations

9.2.8(i) Written approval for any negotiations shall be obtained prior to commencing negotiations.

9.2.8(ii) Negotiations should generally be conducted by the BAC as the "Award" Committee.

9.2.8(iii) Negotiation items should not be those that "kill" the tender process

9.2.8.1 Negotiations with Successful / Single Source Bidders

9.2.8.1.1 Negotiations will start after the notification letter of award where applicable; or

9.2.8.1.2 Where the supplier or the service provider has been directly approached; or

9.2.8.1.3 Where there is a need to renew the existing contract; or

9.2.8.1.4 To negotiate payment provisions, special conditions of contract, deliveries and settlements of disputes.

9.2.8.1.5 A minimum of two UW officials (as per the mandate where applicable) must be present at negotiations.

9.2.8.2 Negotiations with Eligible Bidders (Requests for clarification from Eligible bidders)

9.2.8.2.1 The BEC will prepare a request for a mandate to negotiate or request for clarity from suppliers, detailing the scope of the negotiations/clarification and submit it to the Bid Adjudication Committee (BAC).

9.2.8.2.2 The BAC may reject, approve or amend the mandate.

9.2.8.2.3 The BEC / negotiating team will ensure that the proceedings conform to the mandate and that any contract entered into meets all requirements.

9.2.8.2.4 If negotiations are successful, a report will be submitted to BAC for approval prior to concluding a contract.

9.2.8.2.5 If the negotiations are unsuccessful, a written report will be submitted to the BAC requesting an amended mandate.

9.2.8.2.6 A minimum of two UW officials (as per the mandate where applicable) must be present at negotiations.

9.2.9 Multiple source bidding (Closed)

9.2.9.1 Where there is limited competition, and only a few prospective bidders are invited to make a proposal. This should be based on a thorough analysis of the market with the assistance of Demand Management. Care should be taken to ensure that there is no infringement of the rights of other possible suppliers.

9.2.10 Single Source Suppliers

9.2.10.1 This method may be used when the other purchasing procedures are impractical or otherwise inappropriate. In this case, comparison of prices with goods or services of like complexity or similar production costs may be used as a substitute for competitive procurement processes. This method is recommended under the following circumstances:

9.2.10.1.1 For the appointment of unique professional services, where individual expertise is desired

9.2.10.1.2 For business relationship where goods or services may be provided in a partnership arrangement.

9.2.10.1.3 Requirements in excess of the initial quantities ordered for the same need, identified through a further need which may arise through unforeseen circumstances, urgency and where the adherence to normal procedures may either prove to be expensive or hinder progress of a project and the invitation of competitive quotes will not be advantageous.

9.2.10.1.4 The purchase of spare parts and maintenance of existing machinery and equipment, which is only available from the original equipment manufacturer or its appointed agent, or for the standardization of equipment / machinery or in cases where equipment/machinery is required to be stripped before a quotation is made out and there are no dealerships or agents. This must be through preferred supplier who were properly assessed and selected within a fair and competitive environment.

9.2.10.1.5 For emergency situations or where the needs of the business preclude the use of competitive quotations or proposals.

9.2.10.1.6 The AO approves all single source purchasing.

9.2.11 Sole Source Bidding

9.2.11.1 Sole source purchase mechanism is utilized where a thorough analysis of the market conducted by Demand Management indicates that there is only one supplier available in the market for the goods or services required.

9.2.11.2 The supplier should have sole distribution rights as well as warranty limitations where applicable.

9.2.11.3 The supplier has exclusive/patent rights or unique original equipment manufacturer (OEM).

9.2.11.4 The product source is of a proprietary nature and can only be sourced from a specific supplier only.

9.2.12 Unsolicited Bids

9.2.12.1 The Chief Executive is not obliged to consider unsolicited bids received outside a normal bidding process. Should the AO decides to consider an unsolicited bid, he/she may do so only if:

9.2.12.1.1 The product or service offered in terms of the bid is a unique innovative concept that will be exceptionally beneficial or cost advantages for UW;

9.2.12.1.2 The person who made the bid is the sole provider of the product or service; and;

9.2.12.1.3 The need for the product or service by UW has been established during its strategic planning and budgeting processes.

9.2.12.1.4 The unsolicited bid will be referred via correct protocols to the AO for consideration.

9.2.13 Preferred Suppliers

9.2.13.1 This mechanism is used for those suppliers who have been certified by UW (Demand Management) as preferred suppliers by means of a sufficient certification process based on their performance rating score as well as their innovative and pro-active response to unforeseen events in the market. Buyers will be encouraged to use preferred suppliers for single source as well as end-users on emergency situations where applicable.

9.2.14 Strategic Supplier Sourcing

9.2.14.1 Strategic supplier partnering is a co-operative and collaborative way in which the UW and the key suppliers intensively interact with each other in order to achieve mutual "win-win" long term benefits.

9.2.14.2 The goods and/or services which are purchased from these suppliers are always of strategic importance to UW, resulting in long term commitments, confidential information sharing, co-operative and continued improvement efforts, all of which facilitate the sharing of risks and rewards.

9.2.14.3 Formal and thorough supplier performance evaluation mechanisms should be in place to ensure that the relationship remains sound and that the set objectives (the continual improvement philosophy) are adhered to.

9.2.14.4 In this mechanism, DM identifies the strategic goods or services, monitor buying trends and supplier performance and forward the information to AM to seek approval to negotiate.

9.2.15 Supply & Service Term Contracts

9.2.15.1 (i) The facilitation & administration of the term contracts is the responsibility of Contracts Section within SCM.

9.2.15.1(ii) All correspondence relating to term contracts should be addressed to the Contracts Section.

9.2.15.2 New Contracts

9.2.15.2 (i) DM will analyze the buying trends of goods & services with an intention to identify items to be entered into a contract.

9.2.15.2(ii) CS will analyse the procurement plan and identify repetitive goods and services to be put on contract for a specified period, normally three years.

9.2.15.2(iii) Buyers & users will identify repetitive items & recommend to CS to establish new contracts.

9.2.15.3 Existing Contracts

9.2.15.3(i) This mechanism is used when UW has entered into a binding agreement with a supplier to provide goods and/or services for a specific term.

9.2.15.3(ii) Requirement of quantities on the blanket order will be broken down as per site where applicable

9.2.15.3(iii) It is the responsibility of the end user to generate a call-off from the blanket order.

9.2.15.3(iv) All contracts (with the exception of water treatment chemicals) must be reviewed three months prior to expiry to ensure continuity of supply.

9.2.15.3(v) For all water treatment chemicals, contracts need to be reviewed twelve months prior to expiry.

9.2.15.3(vi) In exceptional cases SCM may motivate to the AO to extend the current contract.

9.2.15.3(vii) After obtaining the necessary approval, only the Contracts Supervisor is permitted to make changes to the electronic version of the contract on the system.

9.2.15.3(viii) For employment agency contracts, it is the responsibility of Human Resources to inform CS timeously of any intent to extend the contract period.

9.2.15.4 Price Adjustments for existing term contracts

9.2.15.4.1 No price adjustment must be made without a written request from supplier(s). All requests for adjustments must be made at least 30 days prior to the anniversary date of the contract.

9.2.15.4.2 Any adjustment in line with the terms of the contract must be approved by the SCM: Manager.

9.2.15.4.3 Any deviation from the terms of the contract must be approved by the GMCS and Accounting Officer.

9.2.15.4.4 Unless prior approval has been obtained from SCM: Manager, no price adjustment will be effected.

9.2.15.4.5 End users must be informed of all price adjustments.

9.2.15.5 Price Disputes

9.2.15.5.1 Where there is dispute, only the disputed amount should be withheld, with the remainder of the invoice paid in accordance with the contract.

9.2.16 Emergency Situations

9.2.16.1 Emergency situations are cases where immediate action is necessary in order to avoid a dangerous or risky situation or misery.

9.2.16.2 Owing to a catastrophic event, or an urgent need for the goods, works or services, and engaging in bidding proceedings would be impractical, provided that the circumstances giving rise to the urgency were neither foreseeable by the procuring entity nor the result of negligent conduct on its part;

9.2.16.3 The following will constitute an emergency situation:

9.2.16.3(i) Threat to human life or safety;

9.2.16.3(ii) Threats to interruptions in the provision of water or service to customers;

9.2.16.3(iii) The threat of major expensive system's failure and /or loss of revenue to UW

9.2.16.3(iv) Where UW's operations could be significantly disrupted.

9.2.16.4 An emergency requisition is completed by the end user and approved as per DOA and issued to a supplier.

9.2.16.5 A requisition approved by the relevant GM, accompanied by the quote or invoice from the appointed service provider and a full motivation (in a submission format) must be submitted to SCM within 72 hours of emergency.

9.2.16.6 Ex - Post facto approvals will be submitted to the BAC for noting.

9.2.16.7 The BAC may request the relevant GM to explain the reason / circumstance that gave rise to the emergency.

9.2.16.8 Users are encouraged to use approved suppliers on UW suppliers database for emergency situation.

9.2.16.9 Note: However a lack of proper planning should not be constituted an emergency case.

9.2.17 Request for Proposal

9.2.17.1 This method should be followed where selection is based both on the quality of a proposal and on the cost of the service through competition among firms. This method will be applicable on more complex projects where consultants are requested and encouraged to propose their own methodology in respect of the TOR.

9.2.17.2 Request for proposals will be received through Tender Office or Bid Box as per Terms of Reference.

10. QUOTATION/ CLOSED BID DEVIATION

10.1 Where it is not possible to obtain at least (3) three offers, the reasons should be recorded in the deviation register and approved by the Head: Acquisitions.

11. GENERAL CONDITIONS OF BIDS

11.1 For values up to R500 000.00 (VAT included) Closed bids

11.1.1 The buyer with the end-user or other competent person or project manager Prepare the bidding document specifying bidding conditions, closing date and time, validity period, the scope of work (specification), evaluation criteria and relevant documents. The buyer will then proceed with the sourcing process.

11.1.2 Bids will be invited preferably but not limited from UW database of suppliers.

11.1.3 The buyer will keep a register of all companies that were invited or collected the bids as well as the fax confirmation proof where applicable for closed bids.

11.2 For values above R500 000.00 (VAT included) Open bids

11.2.1 The above team will compile the document and submit to the BSC for Bid

document approval.

11.2.2 After the closing of Bids, the Bids shall be evaluated by the BEC.

12. PAYMENT FOR BID DOCUMENTS

12.1 A complete set of appropriate bid document will be issued to each supplier, on payment of a reasonable non-refundable deposit which will cover the cost of producing the bid documents.

12.2 A receipt for the payment will be issued by UW and the bidder must attach the proof of payment as indicated on the returnable schedule.

13. CLARIFICATION AND SITE MEETINGS

13.1 Where relevant, compulsory clarification meeting or site meeting may be required, in this case only service providers / suppliers that attended the clarification/site meeting may submit bid.

14. BID VALIDITY PERIOD

14.1 Should there be a reason to extend the bid validity period, the buyer will contact all service providers / suppliers that collected bid documents to notify them of the change.

15. ADDENDUM TO BIDS

15.1 All changes with regard to bid document will be communicated to all service providers/ suppliers that collected bids using relevant communication method (i.e. addendum).

15.2 In the case where an extension was made, it must be (7) seven calendar days before closing date or an extension may apply in order to accommodate the required days.

16. SUBMISSION OF BIDS

16.1 The bidder should submit the number of completed sets of the bid documents as specified in the bid documents.

16.2 Alternative bid offers, submission will be accepted only if a main bid offer, strictly in accordance with all the requirements of the bid documents, is also submitted. The alternative bid offer is to be submitted with the main bid offer together with a schedule that compares the requirements of the bid documents with the alternative requirements the bidder proposes.

16.3 A bid offer must be submitted on or before the closing date and time at the address stated on the invitation to bid advertisement.

16.4 It is the responsibility of the bidder to ensure that his/ her bid is deposited in the bid Box or forwarded to the Administration Officer where stated.

17. OPENING OF BIDS

17.1 The bid box will be dual locked; the SCM administration officer and the department secretary will keep respective keys.

17.2 The bid box must be opened by at least two UW officials, who will register bids in the bid register.

17.3 Where stated the bid submissions will be opened in public in the presence of the bidders or their representatives who choose to attend at the time and place

stated in the bid data.

17.4 The following information may be announced at the public opening of the bid:

17.4.1 The name of each bidder

17.4.2 The total price (VAT included) of each bid. If a bid document does not disclose the total price, the details written in the price schedule will be noted.

17.5 The original bid document in the bid pack submitted by each bidder must be stamped on the cover, summary, and price pages, indicating the closing date and initialled by both officials undertaking this task.

17.6 Bids received after the stipulated closing time, or bids that are not deposited in the bid box must be stamped "LATE BID" and returned to bidder unopened via registered post.

17.7 If the envelope does not have a return address on it, then it will have to be opened to establish this information and also stamped "LATE BID", and returned to the bidder via registered post.

18. PRICING PERIOD

18.1 For values less than R10 mil (VAT included), the pricing period is a minimum of fourteen (14) calendar days and for values above R10 mil (VAT included), the pricing period is a minimum of thirty (30) calendar days. The pricing period begins from the date on which bid documents are made available. Where there is a clarification meeting, the pricing period will begin on the day of the clarification meeting.

19. TAX CLEARANCE CERTIFICATES

19.1 An original valid tax clearance certificate shall be obtained for all offers exceeding R30 000.00 (VAT included)

19.2 UW shall treat tax clearance certificates as a suspensive condition for award, no bids shall be awarded without submission of an original valid tax clearance certificate.

20. EVALUATION OF BIDS

20.1 UW has adopted the evaluation methods as provided by SANS 294.

20.2 The PPPFA will only apply to values above R30,000.00.(Vat Included)

20.3 Construction related bids will be evaluated based on Method 2.

20.4 Criteria to assess the bidder's works capability may be included as part of the eligibility criteria where applicable.

21. EVALUATION TEAMS

21.1 Quotations and Closed Bid

21.1.1 The buyer, the end-user and/or other person proceed with the evaluation as per the criteria set in the bid document and prepare a report for approval and award in line with DOA.

22. OPEN BIDS

22.1 Evaluation of open bids will be carried out by the Bid Evaluation Committee.(As per BEC terms of reference)

22.2 An expert may be co - opted to assist with the evaluation should it be necessary.

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23. EVALUATION METHODS

- 23.1 Method 1- Financial offer only, for values not exceeding R 30,000.00 (Vat Inclusive)
- 23.2 Method 2- Financial offer and preferences, for values exceeding R30,000.00 (Vat Inclusive)
- 23.3 Method 3- Financial offer and quality (Foreign suppliers)
- 23.4 Method 4- Financial offer, quality and preferences

24. QUALITY/ FUNCTIONALITY SCORING ON CONSTRUCTION BIDS:

- 24.1 For construction related work, bids will only be invited from contractors registered with the CIDB
- 24.2 Bids will only be ranked according to price and preference
- 24.3 In order to manage risk, additional risk assessment criteria may be applied to assess whether the highest ranking bidder is capable of conducting the work.
- 24.4 Should the risk assessment indicate that the highest scoring bidder poses a risk to UW, the BEC must motivate to the BAC why the highest scoring bidder should not be awarded the contract.

25. EVALUTIONS METHODS FORMULAE

<p>Method 1 Financial offer (Low value)</p>	<ul style="list-style-type: none"> Rank bid offer from the most favourable to the least favourable comparative offer. Recommend highest ranked tender/bidder for the award of the contract unless there are compelling and justifiable reasons not to do so. <p>Score the financial offers of remaining responsive tender offers using the following formula: $N_{FO} = W_1 \times A$ where: N_{FO} is the number of tender evaluation points awarded for the financial offer. W_1 is the maximum possible number of tender evaluation points awarded for the financial offer as stated in the Tender Data. A is a number calculated using the formula and option described in Table F.1 as stated in the Tender Data.</p> <p>Table F.1: Formulae for calculating the value of A</p> <table border="1"> <thead> <tr> <th>Formula</th> <th>Comparison aimed at achieving</th> <th>Option 1^a</th> <th>Option 2^a</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Highest price or discount</td> <td>$A = (1 + \frac{P - P_m}{P_m})$</td> <td>$A = P / P_m$</td> </tr> <tr> <td>2</td> <td>Lowest price or percentage commission / fee</td> <td>$A = (1 - \frac{P - P_m}{P_m})$</td> <td>$A = P_m / P$</td> </tr> </tbody> </table> <p>^a P_m is the comparative offer of the most favourable comparative offer, (Where P_m is the definition of a realistic tender comparative to the estimate. P is the comparative offer of the tender offer under consideration</p>	Formula	Comparison aimed at achieving	Option 1 ^a	Option 2 ^a	1	Highest price or discount	$A = (1 + \frac{P - P_m}{P_m})$	$A = P / P_m$	2	Lowest price or percentage commission / fee	$A = (1 - \frac{P - P_m}{P_m})$	$A = P_m / P$
Formula	Comparison aimed at achieving	Option 1 ^a	Option 2 ^a										
1	Highest price or discount	$A = (1 + \frac{P - P_m}{P_m})$	$A = P / P_m$										
2	Lowest price or percentage commission / fee	$A = (1 - \frac{P - P_m}{P_m})$	$A = P_m / P$										
<p>Method 2 Financial offer and preferences (>R30 000) 90/10 & 80/20 Based on the PPPFA</p>	<ul style="list-style-type: none"> Rank bid offer from the most favourable to the least favourable comparative offer. Recommend highest ranked tender/bidder for the award of the contract unless there are compelling and justifiable reasons not to do so. <p>Score the financial offers of remaining responsive tender offers using the following formula: $NFO = W_1 \times A$ where: NFO is the number of tender evaluation points awarded for the financial offer. W_1 is the maximum possible number of tender evaluation points awarded for the financial offer as stated in the Tender Data. A is a number calculated using the formula and option described in Table F.1 as stated in the Tender Data.</p> <p>Table F.1: Formulae for calculating the value of A</p>												

Formula	Comparison aimed at achieving	Option 1 ^a	Option 2 ^a
1	Highest price or discount	$A = \frac{(1 + (P - P_m))}{P_m}$	$A = P / P_m$
2	Lowest price or percentage commission / fee	$A = \frac{(1 - (P - P_m))}{P_m}$	$A = P_m / P$
^a P_m is the comparative offer of the most favourable comparative offer, (Where P_m is the definition of a realistic tender comparative to the estimate. P is the comparative offer of the tender offer under consideration			
Preference Points: $NEP = NOP \times \frac{EP}{100}$			
Where: NEP= Points awarded for equity ownership by targeted group NOP= The maximum number of points awarded for equity ownership EP= The percentage of equity ownership by targeted group within the enterprise or business			
Method 3 Financial offer and quality (foreign supplier – only price and technical)	<ul style="list-style-type: none"> Rank bid offer from the most favourable to the least favourable comparative offer. Recommend highest ranked tender/bidder for the award of the contract unless there are compelling and justifiable reasons not to do so. 		
	Score the financial offers of remaining responsive tender offers using the following formula: $NFO = W1 \times A$ where: NFO is the number of tender evaluation points awarded for the financial offer. W1 is the maximum possible number of tender evaluation points awarded for the financial offer as stated in the Tender Data. A is a number calculated using the formula and option described in Table F.1 as stated in the Tender Data.		
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^a P_m is the comparative offer of the most favourable comparative offer, (Where P_m is the definition of a realistic tender comparative to the estimate. P is the comparative offer of the tender offer under consideration			
Functionality (Quality) $Nq = W2 \times So / Ms$			
Where Nq = The score obtained for functionality for the bid under consideration W2 = The maximum score given to functionality So = The score for functionality allocated to the submission under consideration			

<p>Method 4 Financial offer, quality and preferences (Price and preferences – functionality points are attached to the preference and price points.)</p>	<p>$M_s =$ The maximum possible score for functionality in respect of a submission</p> <ul style="list-style-type: none"> Rank bid offer from the most favourable to the least favourable comparative offer. Recommend highest ranked tender/bidder for the award of the contract unless there are compelling and justifiable reasons not to do so. <p>Score the financial offers of remaining responsive tender offers using the following formula:</p> $N_{FO} = W_1 \times A$ <p>where:</p> <ul style="list-style-type: none"> N_{FO} is the number of tender evaluation points awarded for the financial offer. W_1 is the maximum possible number of tender evaluation points awarded for the financial offer as stated in the Tender Data. A is a number calculated using the formula and option described in Table F.1 as stated in the Tender Data. <p>Table F.1: Formulae for calculating the value of A</p> <table border="1"> <thead> <tr> <th>Formula</th> <th>Comparison aimed at achieving</th> <th>Option 1^a</th> <th>Option 2^a</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Highest price or discount</td> <td>$A = \frac{1 + (P - P_m)}{P_m}$</td> <td>$A = P / P_m$</td> </tr> <tr> <td>2</td> <td>Lowest price or percentage commission / fee</td> <td>$A = \frac{1 - (P - P_m)}{P_m}$</td> <td>$A = P_m / P$</td> </tr> </tbody> </table> <p>^a P_m is the comparative offer of the most favourable comparative offer, (Where P_m is the definition of a realistic tender comparative to the estimate. P is the comparative offer of the tender offer under consideration</p> <p>Functionality (Quality)</p> $N_q = W_2 \times S_o / M_s$ <p>Where</p> <ul style="list-style-type: none"> N_q = The score obtained for functionality for the bid under consideration W_2 = The maximum score given to functionality S_o = The score for functionality allocated to the submission under consideration M_s = The maximum possible score for functionality in respect of a submission <p>Preference Points:</p> $NEP = \frac{NOP \times EP}{100}$ <p>Where:</p> <ul style="list-style-type: none"> NEP= Points awarded for equity ownership by targeted group NOP= The maximum number of points awarded for equity ownership EP= The percentage of equity ownership by targeted group within the enterprise or business 	Formula	Comparison aimed at achieving	Option 1 ^a	Option 2 ^a	1	Highest price or discount	$A = \frac{1 + (P - P_m)}{P_m}$	$A = P / P_m$	2	Lowest price or percentage commission / fee	$A = \frac{1 - (P - P_m)}{P_m}$	$A = P_m / P$
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26 . BID APPROVALS

26.1 The Approval of Bids of value exceeding R500 000 (Vat Inclusive) shall be conducted by the Three Bid Committees (BSC, BEC and BAC)

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- 26.1.1 The BEC shall ensure that the evaluation of bids complies with the criteria that was approved by the BSC and specified in the bid document.
- 26.1.3 The financial and technical risk shall be assessed from the highest scoring bidders.
- 26.1.4 The tenderer that scores the highest points will be recommended.
- 26.1.5 If there is a justifiable reason not to award to the highest scoring bidder, the second highest scoring bidder will be recommended.
- 26.1.6 The Bid Evaluation Committee will prepare a report detailing the evaluation process, ranking of suppliers including details of risks associated with the offer received from each supplier or any other related matter.
- 26.1.7 The BAC shall either approve or disapprove the BEC recommendation. If disapproved the recommendation will be referred back to the BEC for consideration.
- 26.1.8 The BEC shall either re – consider their initial recommendation or hold their initial recommendation. If the BEC chooses the latter the matter will be referred back to the BAC, the BAC will either re – consider their decision or refer the matter to the AO for consideration. The AO’s decision will be final.
- 26.1.9 On receipt of the BAC resolution the following will be undertaken;
 - 26.1.9.1 The successful bidder will be notified as per form of offer and acceptance or by means of a notification letter of award where applicable as per DOA.
 - 26.1.9.2 The buyer must wait for acknowledgement by the successful bidder prior to notifying the unsuccessful bidders through letters of regret
 - 26.1.9.3 After notifying the unsuccessful bidders, a cooling off period of five (5) days must be allowed for any objections or challenges to the award of the bid, before the successful supplier may be engaged.
 - 26.1.9.4 The issuing of purchase order and/or signing of the contract where applicable will take place.

27. DIRECT PREFERENCE POINT SYSTEM

- 27.1 Preference point system shall be used for the procurement of goods and services with an estimated value exceeding R30 000 (Vat Inclusive)
- 27.2 HDI shall be allocated the highest number of points but limited to a minimum of 50% preference points and must be a compulsory criteria.
- 27.3 The following Preference consideration shall be used depending on circumstances for promotion of specific goals including, but not limited to:
 - 27.3.1 South African owned Enterprises
 - 27.3.2 SMMEs
 - 27.3.4 Specific location
 - 27.3.5 Rural Areas
 - 27.3.6 Upliftment of communities
 - 27.3.7 Co-operatives
 - 27.3.8 Youth
 - 27.3.9 Labour Intensive Projects

27.2 80 /20 Principle

- 27.2.1 For values not exceeding R500 000 (Vat Inclusive), 20 points shall be allocated for empowerment goals.

27.3 90 /10 Principle

- 27.3.1 For values exceeding R500 000 (Vat Inclusive), 10 points shall be allocated for empowerment goals.

28. CONSTRUCTION INDUSTRY DEVELOPMENT BOARD (CIDB)

28.1 For any Construction, Civil and Building related work CIDB prescripts will apply as per the CIDB relevant guidelines.

28.2 . Process

Refer to CIDB Website (www.cidb.org.za)

29. CANCELLATION OF BID PROCESS AND RE-INVITATION OF BIDS

- 29.1 In the event that, in the application of the 80/20 preference point system as stipulated in the bid documents, all bids received exceed the estimated R 500,000.00 (Vat Inclusive) , the bid invitation must be cancelled.
- 29.2 In the event that, in the application of the 90/10 preference point system as stipulated in the bid documents, all bids received are equal to or below R 500,000.00, the bid invitation must be cancelled.
- 29.3 In the event that UW has cancelled a bid invitation as contemplated above, must re-invite bids and must, in the bid documents stipulate the preference points system to be applied.
- 29.4 UW may prior to the award of a bid, cancel the bid process if-
- 29.4.1 Due to changed circumstances, there is no longer a need for the goods or services
 - 29.4.2 Funds are no longer available to cover the total envisaged expenditure
 - 29.4.3 No acceptable bids are received
 - 29.4.4 There are errors in the bid invitation documents
 - 29.4.5 The bid price is certified as being exorbitant
 - 29.4.6 The bid in excess of R 500,000.00 was not advertised in the newspaper
 - 29.4.7 The bids received do not meet the specification as provided for, in the bid invitation

30. APPOINTMENT OF CONSULTANTS

30.1 Consultants shall be appointed when:

- 30.1.1 The necessary expertise, skills and/or resources to perform a project/duty/study are not available within Umgeni Water; and
- 30.1.2 UW cannot be reasonably expected either to train or to recruit people in the time available
- 30.1.3 A complex or highly specialised assignment, for which it is difficult to define the precise scope of work and bidders are expected to demonstrate innovation in their proposals.
- 30.1.4 Enterprise Development shall be encouraged for certain highly specialised projects.
- 30.1.5 Consultants shall be evaluated based on SANS Method 4.

31 CONFLICT OF INTEREST

31.1 A consultant / Supplier cannot be involved in both the design and the construction of the same project except for turnkey projects.

32. SOURCING AND APPOINTMENT OF CONTRACTORS

32.1 All Contractors shall be appointed by UW following 32.2 or 32,3 below.

32.2 Normal Bidding Process by SCM

32.2.1 This will follow the normal bidding process using SCM Bid Committees

32.3 External Bidding Process by Consultants

32.3.1 When UW does not have capacity to source the contractors internally, the consultant will be appointed to source the contractor.

32.3.2 The consultant will be a member of the BEC and participate in the evaluation processes as “expert” as per BEC terms of reference.

32.3.3 The BEC will make recommendations to BAC.

33. SELECTION METHODS FOR THE APPOINTMENT OF CONSULTANTS

33.1 An appropriate approach will be utilised to appoint consultants depending on the various circumstances from the following:

33.1.1 Quality Based Selection:

33.1.2 Selection under a fixed budget

33.1.3 Least cost selection

33.1.4 Single source selection.

33.1.1.1 Quality Based Selection

33.1.1.1(i) Complex or highly specialised assignments for which it is difficult to define precise TOR and the required input from the consultants.

33.1.1.1(ii) Where the consultant is expected to demonstrate innovation in their proposals (e.g. feasibility studies etc)

33.1.1.1(iii) Assignments that have a high downstream impact and in which the objective is to have the best experts

33.1.1.1(iv) Assignments that can be carried out in substantially different ways, such that proposals will not be comparable.

33.1.1.1(a) Quality Cost Based Selection

33.1.1.1(a)(i) An assignment that is not complex or specialized.

33.1.1.2 Selection under a fixed budget

33.1.1.2.(i) This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed.

33.1.1.3 Least Cost selection

33.1.1.3(i) This method is more appropriate to selection of consultants for assignments of a standard or routine nature (audits, engineering design of non-complex works, and so forth) where well-established practices and standards exist.

33.1.1.4 Single Source Selection

33.1.1.4(i) Single-source selection may be appropriate only if it presents a clear advantage over competition:

33.1.1.4(i)(a) For tasks that represent a natural continuation of previous work carried out by the firm;

33.1.1.4(i)(b) Where a rapid selection is essential (for example, in an emergency operation);

33.1.1.4(ii) For very small assignments; or

33.1.1.4(ii)(a) When only one firm is qualified or has experience of exceptional worth for the assignment.

33.1.1.4(ii)(b) Selection based on consultants qualification and references

33.1.1.4(ii)(c) The reasons for a single-source selection should be recorded and approved by the CE or his/her delegate prior to the conclusion of a contract.

34. EXTENSION OF CONTRACTS FOR CONSULTANTS

- 34.1 The originator must prepare a motivation for an extension for approval by The original signatories in accordance with the DOA.

35. VARIATION ORDERS FOR SUPPLIERS

- 35.1 A variation order is an extension or change from an initial order placed due to unforeseen circumstances in the scope of work.
- 35.2 A motivation for variation for amount less than R 500,000.00 should be approved by GM: Corporate Services.
- 35.3 Variations above R 500,000.00 should be approved by the GM: Corporate services and the Accounting Officer.
- 35.4 After approvals are obtained, a variation order should be generated and filed with the initial order.

36. CONTRACTING

- 36.1 For values exceeding R 150.00. (VAT included) but less than R 30 000.00 (VAT included), an order number will be provided, generated from the JDE system and forwarded to the relevant supplier. The order number represents the contract.
- 36.2 The bid number allocated to the bid will automatically be the same as a contract number.
- 36.3 For values exceeding R 30,000.00 (VAT included), but less than R 200 000.00 (VAT included) the general conditions of purchase and or special conditions of purchase will be attached and form bases of the contract.
- 36.4 For values exceeding R200 00.00(VAT included) as well as when negotiations have been concluded where applicable, a contract and or a service level agreement (SLA) will be established as per form of offer and acceptance and where applicable, a notification letter of award will be forwarded and acknowledged.
- 36.5 Depending on the foreseen risk of the product/service required a contract and a service level agreement can also be established for values less than R200 000.00(VAT included).
- 36.6 All contracts will be signed by the CE or his delegee as per the Delegations of Authority. Before the contract is forwarded for signature, the project manager or the end user must satisfy him/herself with the technical conditions, thereafter the buyer must satisfy him/herself with commercial conditions of contract.

37. PENALTIES

- 37.1 Penalties will be applicable as per conditions of contract.
- 37.2 For other goods and services Conditions of contract will apply.

38. TYPES OF CONTRACTS

- 38.1 The buyer with the user or other depending on the threshold value will decide on the type of contract to be entered into depending on the project at hand from the following list:
- 38.1.1 Lump Sum (Fixed Price) Contract:** Lump sum contracts are used mainly for assignments in which the content and the duration of the services and the required output of the consultants are clearly defined. They are widely used or

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simple planning and feasibility studies, environmental studies, detailed design of standard or common structures, preparation of data processing systems, and so forth. Payments are linked to outputs (deliverables), such as reports, drawings, bills of quantities, bidding documents and software programs. Lump sum contracts are easy to administer because payments are due on clearly specified outputs.

38.1.2 Time-Based Contract: This type of contract is appropriate when it is difficult to define the scope and the length of services, either because the services are related to activities by others for which the completion period may vary, or because the input of the consultants required to attain the objectives of the assignment is difficult to assess. This type of contract is widely used for complex studies, supervision of construction, advisory services, and most training assignments. Payments are based on agreed hourly, daily, weekly, or monthly rates for staff (who are normally named in the contract) and on reimbursable items using actual expenses and/or agreed unit prices. The rates for staff include salary, social costs, overheads, fees (or profit), and, where appropriate, special allowances. This type of contract should include a maximum amount of total payments to be made to the consultants. This ceiling amount should include a contingency allowance for unforeseen work and duration and provision for price adjustments, where appropriate. Time-based contracts need to be closely monitored and administered by the client to ensure that the assignment is progressing satisfactorily and payments claimed by the consultants are appropriate. Again the Guidelines on fees for Consultants issued by the Department of Public Service and Administration should be used as a benchmark to establish the appropriate tariffs, or to determine the reasonableness of the tariffs.

38.1.3 Retainer and/or Contingency (Success) Fee Contract: Retainer and contingency fee contracts are widely used when consultants (banks or financial firms) are preparing companies for sales or mergers of firms, notably in privatisation operations. The remuneration of the consultant includes a retainer and a success fee, the latter being normally expressed as a percentage of the sale price of the assets.

38.1.4 Percentage Contract: These contracts are commonly used for architectural services. They may be also used for procurement and inspection agents. Percentage contracts directly relate the fees paid to the consultant to the estimated or actual project construction cost, or the cost of the goods procured or inspected. The contracts are negotiated on the basis of market norms for the services and/or estimated staff-month costs for the services, or competitive bid. It should be borne in mind that in the case of architectural or engineering services, percentage contracts implicitly lack incentive for economic design and are hence discouraged. Therefore, the use of such a contract for architectural services is recommended only if it is based on a fixed target cost and covers precisely defined services (for example, not works supervision).

38.1.5 Indefinite Delivery Contract (Price Agreement): These contracts are used when UW needs to have "on call" specialised services to provide advice on a

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particular activity, the extent and timing of which cannot be defined in advance. These are commonly used to retain “advisers” for implementation of complex projects (for example, dam panel), expert adjudicators for dispute resolution panels, accounting officer reforms, procurement advice, technical troubleshooting, and so forth, normally for a period of a year or more. UW and the firm agree on the unit rates to be paid for the experts and payments are made on the basis of the time actually used.

39. EXEMPTIONS FROM ACQUISITION PROCESS

39.1 These situations are exempted from following acquisition process, hence cheque requisitions process can be utilised **where suppliers are not registered on the database:**

- 39.1.1 Electricity
- 39.1.2 Telephone
- 39.1.3 Licence fees;
- 39.1.4 Membership fees;
- 39.1.5 **Payments seminars, conferences and further studies through tertiary institutions;**
- 39.1.6 “Working for water projects” as part of the poverty alleviation or other local economic development projects;
- 39.1.7 Hiring of buildings; and
- 39.1.8 Hiring of a stadium and suites.
- 39.1.9 Exhibitions

40. BID COMMITTEES

40.1 A committee system for competitive bids will be established consisting of the following committees:

- 40.1.1 Bid Specification Committee
- 40.1.2 Bid Evaluation Committee
- 40.1.3 Bid Evaluation Panels
- 40.1.4 Bid Adjudication Committee
- 40.1.5 Disposal committee

40.2 The full details of the bid committees responsibilities are as per the Terms of Reference for each committee.

41. GENERAL ADMINISTRATION OF QUOTATIONS AND BIDS

- 41.1 The custodian of quotations, all bid documents and evaluation process is SCM.
- 41.2 Quotations for low value orders will be kept by user department’s clerks as per DOA.
- 41.3 The evaluation of all internal bids will be conducted in venues decided by SCM.
- 41.4 No quotations/ bids shall be taken outside the designated venue for evaluation.
- 41.5 The SCM representative will be responsible for bringing all quotations/ bid documents and relevant information to the selected venue for evaluation.
- 41.6 Evaluation report and recommendations must be submitted by the BEC Secretary to the BEC Chairperson for his signature and for inclusion in the BAC agenda.

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- 41.7 All original contract documents will be kept by Legal services and electronic copies will be kept in the global drive U: as “read-only”.
- 41.8 The SCM: Administration officer will keep the contract register.
- 41.9 The SCM Administration Officer and the SCM department Secretary will keep the Bid Boxes keys
- 41.10 SCM Administration office will be responsible for all SCM filing.

42. ACQUISITIONS OF IMPORTED GOODS

- 42.1 UW will procure goods or services outside the Republic of South Africa where necessary.
- 42.2 The buyer will receive request from the user and forward it to the General Manager: Finance for approval on forward cover.
- 42.3 UW generally purchases on a CIF (Durban) basis and shall use its own Clearing Agent.
- 42.4 For competitive bidding, Evaluation Method 3 shall apply

43. PERFORMANCE BONDS/ SURETIES

- 43.1 Performance bonds and sureties will normally be required from bidders in the construction/ engineering disciplines, as well as auctioneers as per the conditions of bid document. Performance bonds/ sureties should not be set so high as to discourage bidders.
- 43.2 The project manager/ user will determine in consultation with Risk Management and SCM the need and the value for performance bonds and sureties.
- 43.3 SCM will notify General Manager: Finance to release funds after receiving a signed completion certificate by the relevant stakeholders as well as an instruction letter from the project manager requesting release of performance bonds/ surities.

44. RESOLUTIONS OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES

After the quotation or bid (tender) has been closed and adjudicated, the unsuccessful bidder is then informed after the successful bidder has been informed that the contract has been awarded to it and that an order/s will be placed accordingly.

An aggrieved bidder must deliver a written notice of an intention to appeal, together with a request for written reasons for the award of the quotation or bid (tender), within five (5) working days after being informed that it was unsuccessful. After the letter of appeal has been received from the appellant (aggrieved bidder), CE (for bids) and GM: Corporate Service (for quotations) will then inform the Manager: SCM of the appeal. The SCM Manager will within five (5) working days, deliver written reasons to the CE or GM: Corporate Services, who will then forward these reasons to the aggrieved bidder. The aggrieved bidder must, within five (5) working days, submit written representations to the CE or GM Corporate Services, indicating sufficiently and without unnecessary elaboration, the grounds and basis of the appeal and the nature of the complaint. The CE or GM Corporate Services will then notify the recommended supplier accordingly if necessary, who must then respond within five (5) working days.

The CE or GM: Corporate Services may decide that an appeal is frivolous and without merit, and will not process the appeal further. If the appeal has merit, then CE or GM: Corporate

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Services will convene a hearing. In proceeding with the hearing, the aggrieved bidder, the recommended supplier if necessary, SCM, and the end-user are invited to the hearing to defend their cases for or against the appeal. The recommended bidder is not compelled to attend the hearing, but it is in the bidder's best interest to be present at the hearing to protect its interest in the matter.

After the hearing has been finalised, the CE or GM: Corporate Services may vary or set aside the original contract award decision. The appellant will then be notified of the decision. If the appeal is dismissed, the appellant **may** be required to bear the administrative costs involved in dealing with that appeal. If the appellant is still not satisfied, then the appellant may take the case to a Court of Law.

If the decision is in favour of the appellant, the contract award decision, which was the subject of the appeal, is overturned. Umgeni Water must either compensate the appellant if the contract has been executed before the outcome of the appeal due to nature of contract or re-consider its original contract award. If the originally recommended bidder is not satisfied with the outcome of the appeal, it may institute a case against the Umgeni Water in a Court of Law.

If the Accounting Officer, his/her delegate or the Quotation/ Bid Adjudication Committee of Umgeni Water, has done any of the following, a bidder may lodge an appeal:

- (i) committed misconduct in relation to their duties concerning the award of a contract;
- (ii) committed a gross irregularity;
- (iii) exceeded its/their power;
- (iv) awarded a bid/ quotation in an improper manner; or
- (v) awarded a bid inconsistent with the objectives of the Public Finance Management Act, 1999, Regulations and SCM systems.

44.2 Bid appeals for values not exceeding R500,000.00 (Vat Inclusive), shall be directed to GM: Corporate Services.

44.3 Bid appeals for values exceeding R500,000.00 (Vat Inclusive), shall be directed to AO.

45. REPORTING

47.1 The Head Acquisition must submit quarterly reports on Acquisition section activities.

46. RECORDS

Record Name	Responsibility	Location	Archive Period On-site	Archive Period Off-site
Acquisition Procedure	SCM Manager	SCM Filing Room	2 years	2 years

47. CROSS-REFERENCE TO OTHER POLICIES/PROCEDURES

47.1 All these documents are available on the intranet under Corporate Policies, Procedures and Forms.

47.1.1 Supply Chain Management Policy

47.1.2 Acquisition Procedure



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- 47.1.3 Demand Procedure
- 47.1.4 Inventory Procedure
- 47.1.5 Fixed Asset Policy
- 47.1.6 Delegation of Authority
- 47.1.7 Terms of Reference for the Bid Committees
- 47.1.8 UW Archiving Policy

48. ANNEXES

- Not Applicable