

**KWAZULU-NATAL**  
**DEPARTMENT OF EDUCATION**



**POLICY ON**  
**SUPPLY CHAIN**  
**MANAGEMENT**

## 1. TABLE OF CONTENTS

<b>ITEM NO.</b>	<b>DESCRIPTION</b>	<b>PAGE</b>
<b>1</b>	<b>TABLE OF CONTENTS</b>	<b>1 – 2</b>
<b>2</b>	<b>ABBREVIATIONS EXPLANATION</b>	<b>2 – 3</b>
<b>3</b>	<b>DEFINITIONS</b>	<b>3 – 5</b>
<b>4</b>	<b>INTRODUCTION</b>	<b>5 – 6</b>
<b>5</b>	<b>PURPOSE</b>	<b>6</b>
<b>6</b>	<b>OBJECTIVES</b>	<b>6</b>
<b>7</b>	<b>LEGISLATIVE PRESCRIPTS AND GUIDELINES</b>	<b>6 – 7</b>
<b>8</b>	<b>ADMINISTRATIVE APPLICATION OF STATUTE</b>	<b>7 – 9</b>
<b>9</b>	<b>APPLICABILITY OF THIS POLICY</b>	<b>9</b>
<b>10</b>	<b>SUPPLY CHAIN MANAGEMENT DELEGATIONS</b>	<b>9</b>
<b>11</b>	<b>PREFERENTIAL PROCUREMENT POLICY</b>	<b>10</b>
<b>12</b>	<b>APPLICABILITY OF THE FUNCTIONALITY CRITERIA</b>	<b>10</b>
<b>13</b>	<b>APPLICATION OF PROCUREMENT PREFERENTIAL POINTS SYSTEM</b>	<b>10 – 14</b>
<b>14</b>	<b>CRITERIA FOR BREAKING DEADLOCK IN SCORING</b>	<b>14</b>
<b>15</b>	<b>REASONABLENESS OF PRICES AND NEGOTIATION WITH BIDDER</b>	<b>14 – 15</b>
<b>16</b>	<b>DECLARATION OF INTEREST</b>	<b>15 – 16</b>
<b>17</b>	<b>CANCELLATION OF A BID</b>	<b>16</b>

<b>18</b>	<b>STANDARD BIDDING DOCUMENT</b>	<b>16</b>
<b>19</b>	<b>FIVE PILLARS OF PROCUREMENT APPLICABLE</b>	<b>16 – 17</b>
<b>20</b>	<b>GENERAL PROCUREMENT RULES</b>	<b>18 – 20</b>
<b>21</b>	<b>THE SUPPLY CHAIN MANAGEMENT SYSTEM</b>	<b>20 – 25</b>
<b>22</b>	<b>RISK MANAGEMENT</b>	<b>25</b>
<b>23</b>	<b>STANDARD PROCUREMENT PROCEDURES &amp; PROCESSES</b>	<b>25 – 28</b>
<b>24</b>	<b>ADMINISTERING THE PROCUREMENT OF GOODS AND SERVICES IN THE DEPARTMENT</b>	<b>28 – 31</b>
<b>25</b>	<b>ADMINISTERING THE PROCUREMENT OF GOODS AND SERVICES UP TO R1 MILLION INCLUDING ALL TAXES</b>	<b>32 – 35</b>
<b>26</b>	<b>ADMINISTERING THE PROCUREMENT OF GOODS AND SERVICES UNDER THE OPEN COMPETITIVE BIDDING PROCESS</b>	<b>35 – 38</b>
<b>27</b>	<b>BID APPEALS</b>	<b>38</b>
<b>28</b>	<b>ORDERS AND PAYMENTS</b>	<b>38</b>
<b>29</b>	<b>CONTRACT MANAGEMENT</b>	<b>38</b>
<b>30</b>	<b>CESSION OF CONTRACT</b>	<b>38 - 39</b>
<b>31</b>	<b>PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE</b>	<b>39</b>
<b>32</b>	<b>PROCUREMENT OF GOODS AND SERVICES BY MEANS OTHER THAN INVITATION OF COMPETITIVE BIDS (DEVIATIONS)</b>	<b>39 – 43</b>
<b>33</b>	<b>INFORMATION SYSTEMS</b>	<b>43</b>
<b>34</b>	<b>SUPPLY CHAIN MANAGEMENT GOVERNANCE</b>	<b>44 – 45</b>

<b>35</b>	<b>IMPLICATIONS OF NON-COMPLIANCE</b>	<b>45</b>
<b>36</b>	<b>POLICY ON EFFECTIVE DATE AND REVIEW INTERVALS</b>	<b>45</b>
<b>37</b>	<b>REPEAL</b>	<b>45</b>

## **2. ABBREVIATIONS EXPLANATION**

<b>AA</b>	<b>Accounting Authority</b>
<b>AGSA</b>	<b>Auditor General of South Africa</b>
<b>AO</b>	<b>Accounting Officer</b>
<b>BAC</b>	<b>Bid Adjudication Committee</b>
<b>BEC</b>	<b>Bid Evaluation Committee</b>
<b>BSC</b>	<b>Bid Specification Committee</b>
<b>CFO</b>	<b>Chief Financial Officer</b>
<b>CSD</b>	<b>Central Supplier Database</b>
<b>GCC</b>	<b>General Conditions of Contract</b>
<b>HOD</b>	<b>Head of Department</b>
<b>IT</b>	<b>Information Technology</b>
<b>KZNDOE</b>	<b>KwaZulu-Natal Department of Education</b>
<b>KZNDPT</b>	<b>KwaZulu-Natal Provincial Treasury</b>
<b>NT</b>	<b>National Treasury</b>
<b>PFMA</b>	<b>Public Finance Management Act, 1999 (Act No.1 of 1999)</b>
<b>PPPFA</b>	<b>Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000)</b>



### **3. DEFINITIONS**

3.1 In this policy, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the Act bears the same meaning and –

	<b>DEFINITION</b>
<b>PAIA</b>	Promotion of Access to Information Act, 2000 (Act No.2 of 2000)
<b>PAJA</b>	Promotion of Administrative Justice Act, 2000 (Act No.3 of 2000)
<b>POPIA</b>	Protection of Personal Information Act, 2013 (Act No.4 of 2013)
<b>PPPFA</b>	The Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000)
<b>Competitive Bid</b>	A written offer in response of an invitation of competitive bid/quotation process for the provision of goods and/or services.
<b>Bid</b>	A written offer in a prescribed or stipulated form in response to an invitation by the Department for the provision of services, works or goods with specifications and conditions set out in the Bid document.
<b>Bid Document</b>	The documentation distributed to prospective bidders during the solicitation of Bids containing information that Bidders would use to submit their Bids.
<b>Bidder</b>	Business entity or person that submitted an offer to the Department.
<b>Cession</b>	When a contract is ceded to another business entity.
<b>Comparative Price</b>	A comparative price means the price after the factors of a is a non-firm price and all unconditional discounts that can be utilised have been taken into considerations;
<b>Contract</b>	A written agreement resulting from the acceptance of a Bid or quotation which legally binds two or more parties.

<b>Contract Administrator</b>	The official that is responsible for the continuous updating of the contract register and management and control of all documentation relating to the contract.
<b>Contractor/Service Provider/Vendor</b>	The contracted party to deliver goods or services to the KZNDOE.
<b>Deliverable</b>	Any measurable, tangible, verifiable outcome, result or item that must be produced, delivered or constructed to meet the strategic objectives and service delivery targets of an institution.
<b>Department</b>	The KwaZulu-Natal Department of Education.
<b>Disability</b>	A permanent impairment of a physical, intellectual, or sensory function which result in the manner or with the range, considered normal for a human being
<b>Extension</b>	A written consent by contracted parties to increase a contract period.
<b>Emergency Situation</b>	A serious and unexpected situation that poses an immediate risk to health, life, property or environment which calls for urgent action and there is insufficient time to follow a competitive bidding process.
<b>Final Award</b>	A final decision taken by the KZNDOE with regards to the acceptance of a Bid or quotation.
<b>Firm Price</b>	The price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition or abolition of customs or excise duty and any other duty, levy or tax, which, in terms of a law or regulations is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract.
<b>Functionality</b>	The measurement according to predetermined norms as set out in the Bid or quotation document for a service or commodity which is designed to practical or useful taking into account other factors <i>inter alia</i> the quality, reliability and durability of a service including the technical capacity and

	ability of a Bidder.
<b>Goods</b>	Tangible products procured by Department by means of external purchases and contracting done by the KZND OE.
<b>Historical Disadvantaged Person</b>	<p>South African citizen who due to the apartheid policy that had been in place, had no franchise in the national elections prior to the Constitution of the Republic of South Africa, 1993 (Act No.2000 of 1993) ("the Interim Constitution"); and/or</p> <ul style="list-style-type: none"> <li>• Who is a female; and/or</li> <li>• Who is a youth; and/or</li> <li>• People living in rural area; and/or</li> <li>• People living with disability;</li> </ul> <p>Provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not be an HDP.</p>
<b>Institution</b>	Organ of State as defined in the PFMA.
<b>Joint Venture</b>	A business arrangement in which two or more parties agree to join together their resources for the purpose of completing a project.
<b>Non-Firm</b>	The price that appears on the purchase order is affected by price fluctuations due to specific industry price escalations for the duration of the contract.
<b>Operating Lease</b>	A lease other than a finance lease is regarded as a current payment.
<b>Preference Points</b>	The point for preference referred to in this policy.
<b>Project</b>	The description of goods or services required by the KZND OE.
<b>Services</b>	The intangible item procured from the service provider/supplier / vendor by the KZND OE.



<b>Specific Goals</b>	May include:  (i) contracting with persons or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability; and  (ii) implementing the programme of the Reconstruction and Development Programme as published in the Government Gazette No. 16085 dated 23 November 1994.
<b>Sub-Contractor</b>	A person or business entity that enters into a sub-contracting agreement with the service provider / supplier / vendor to execute part of the contract.  Under CIDB Code of conduct, subcontractor is defined as a natural or juristic person or partnership who is contracted by the contractor to assist the latter in the performance of its contract by providing certain supplies, services or engineering and construction works.
<b>Urgent Procurement</b>	Procurement where early delivery is critical and the invitation of competitive bid is either impossible or impractical, not due to improper planning.

#### **4. INTRODUCTION**

- 4.1 In terms of the Constitution of the Republic of South Africa (Act No.108 of 1996), the procurement of goods and services must be done in accordance with a system that is fair, equitable, transparent, competitive, and cost-effective.
- 4.2 Section 38 of the Public Finance Management Act, 1991 (Act No.1 of 1991) (PFMA) denotes the general responsibilities of the Accounting Officer. In accordance with the prescribed legislation, the Accounting Officer for a Department, Trading Entity or Constitutional Institution must ensure that the Department, Trading Entity or Constitutional Institution has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive, and cost-effective.

- 4.3 The Preferential Procurement Policy Framework Act, 2000 directed that an organ of state must determine its preferential procurement policy. The Procurement Regulations, 2017 remained valid until 15<sup>th</sup> January 2023. On 4<sup>th</sup> November 2022, the Minister of Finance gazetted revised the Preferential Procurement Regulations, 2022 that was effective as of 16<sup>th</sup> January 2023.
- 4.4 This policy establishes the KZNDOE's Policy for Supply Chain Management (hereinafter "SCM"). It seeks to implement provisions of Section 2(1) of the Preferential Procurement Policy Framework Act 2000, which requires each organ of the state to determine and implement its own preferential procurement policy within the framework set by the Act.

## **5. PURPOSE**

- 5.1 The purpose of this policy is to provide a structured, ethical, and compliant framework for acquiring goods and services, ensuring best value for money, risk mitigation, and operational efficiency. It aims to control costs, manage risks, ensure quality and maintain consistency while supporting KZNDOE's overall goals and public policy. It formalises the Department's Supply Chain Management processes that must be followed in the procurement of goods, services or both goods and services in line with the Preferential Procurement Regulations, 2022 and other relevant SCM Prescripts. The Policy aims to ensure that SCM activities of KZNDOE meet the following key objectives:
- 5.1.1 To give effect to Section 217 of the Constitution of the Republic of South Africa as well as Section 51(1)(a)(iii) of the PFMA by implementing a SCM system that gives due consideration to the principles of just administrative action, fairness, equity, transparency, competitiveness and cost-effectiveness.
- 5.1.2 To promote transformation, empowerment and economic development in South Africa.
- 5.1.3 To define value for money in the context of KZNDOE.
- 5.1.4 To ensure business continuity and support operational efficiency and reliability improvements.
- 5.1.5 To abide by all KZNDOE policies relevant to SCM Activities, including, but not limited to, the Code of Ethics, Anti-Fraud and Anti-Corruption Policy, the Whistleblowing Policy, and Related Individuals Policy, and National Treasury norms and standards.

- 5.1.6 To prevent any SCM related fraud, corruption and/or other economic crimes at KZND OE.
- 5.1.7 To prevent any irregular or fruitless and wasteful expenditure in the procurement process, and
- 5.1.8 To reduce audit findings in Supply Chain Management system.

## **6. OBJECTIVES**

- 6.1 The objectives of this policy are to give effect to:
  - 6.1.1 The legislative requirements of –Section 217 of the Constitution of the RSA, 1996 (Act No.108 of 2006) and Section 38 of the Public Finance Management Act, 1999 (Act No.1 of 1999) by creating an enabling environment to procure goods or services in a manner that is fair, equitable, transparent, competitive, and cost effective.
  - 6.1.2 The Preferential Procurement Policy Framework Act, 2000 by determining the preferential procurement point system and the specific goals that must be followed in the awarding of bids and quotations; and redressing the inequalities of the past and promoting the inclusion of previously marginalized into the economy.
  - 6.1.3 To sets out the minimum standards that shall be adhered to by those involved in KZND OE SCM Activities and is specifically binding on all Employees, including, but not limited to, temporary staff, contractors, sub-contractors, service providers, supplier development partners, enterprise development partners, business partners in local and foreign countries, Agents and any entity and/or consultants doing business with KZND OE.

## **7. LEGISLATION PRESCRIPTS & GUIDELINES**

- 7.1 The Department must implement the SCM Policy in conjunction with the following legislation and SCM guidelines –
  - 7.1.1 The Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996).
  - 7.1.2 Public Finance Management Act, 1999 (Act No.1 of 1999).
  - 7.1.3 Treasury Regulations.
  - 7.1.4 Preferential Procurement Policy Framework Act, 2000, (Act No.5 of 2000).
  - 7.1.5 Preferential Procurement Regulations, 2022.
  - 7.1.6 Public Administration Act, 2014 (Act No.11 of 2014).
  - 7.1.7 Broad-Based Black Economic Empowerment Act, 2003 (Act No.53 of 2003).
  - 7.1.8 National Small Business Act 1996 (Act No.102 of 1996).
  - 7.1.9 Construction Industry Development Board Act, 2000 (Act No.38 of 2000) and

Regulations.

- 7.1.10 State Information Technology Agency Act, 1998 (Act No.88 of 1998).
- 7.1.11 The KwaZulu Natal Supply Chain Management Policy Framework.
- 7.1.12 Companies Act, 2008, (Act No.71 of 2008).
- 7.1.13 Competition Act, 1998, (Act No. 89 of 1998);
- 7.1.14 Protection of Personal Information Act, 2013, (Act No.4 of 2013).
- 7.1.15 Promotion of Access to Information Act, 2000, (Act No.2 of 2000).
- 7.1.16 Promotion of Administrative Justice Act, 2000, (Act No.3 of 2000).
- 7.1.17 Protected Disclosures Act, 2000, (Act No.26 of 2000).
- 7.1.18 National Treasury SCM Instruction, Practice Notes and Circulars; and
- 7.1.19 Provincial Treasury SCM Instructions, Practice Notes and Circulars.

## **8. ADMINISTRATIVE APPLICATION OF STATUTE**

- 8.1 All officials employed by the KZND OE must comply with the following applicable legislative requirements in the procurement of goods, services or both goods and services:
  - 8.2 **Constitution of the RSA, 108 (Act 108 of 1996): Section 217**
    - 8.2.1 Requires that all procurement for goods or services must be done in a manner that is fair, equitable, transparent, competitive and cost-effective.
  - 8.3 **Public Finance Management Act, 1999 (Act No.1 of 1999)**
    - 8.3.1 Requires an Accounting Officer of a Department to ensure that the Department has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent competitive and cost-effective.
  - 8.4 **Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000) (PPPFA)**
    - 8.4.1 Provides for the granting of preferences by organs of the state to previously disadvantaged individuals and to promote Black Economic Empowerment (BEE) and Small, Medium and Micro Enterprise (SMME) development.
    - 8.4.2 Section 2 of the PPPFA, 2000 (Act No.5 of 2000) states that an organ of the state must determine its preferential procurement policy and implement it on the basis of a preference point system for price and specific goals.
    - 8.4.3 Tenders or quotations must be awarded in line with the preference points system as stipulated in the PPPFA, 2000.

8.4.4 Tenders or quotations must be evaluated and awarded within the specific goals issued with the invitation of offers.

**8.5 Prevention and Combating of Corrupt Activities Act, 2004 (Act No.12 of 2004)**

8.5.1 The KZNDOE is committed to conducting all its business activities with the highest ethical standards and in strict compliance with all applicable laws and regulations, including the Prevention and Combating of Corrupt Activities Act 12 of 2004 ( PRECCA). This policy clause apply to all employees (including board temporary and contractual employees), consultants, vendors, contractors, and any other parties with a business relationship with the organization, in both the public and private sectors, within South Africa and internationally.

**8.6 General Offences of Corruption**

8.6.1 Any person to whom this policy applies is prohibited, directly or indirectly, from engaging in any form of corrupt activity. This includes, but not limited to:

8.6.1.1 Offering or accepting "gratification": Offering, giving, agree to give, accepting, or agreeing to accept any unauthorized or improper gratification (which includes money, gifts, loans, fees, rewards, valuable securities, or any other similar advantage) to or from any person.

8.6.1.2 Improper Inducement: Acting in a manner that amounts to an illegal, dishonest, unauthorized, or biased execution of a duty or function, designed, to achieve an unjustified result, or as an improper inducement to do or not to do anything.

8.6.1.3 Abuse of authority: The abuse of position of authority, a breach of trust, or the violation of legal duty or a set of rules for personal gain or to benefit another person or entity.

**8.7 Duty to report Corrupt Transactions (Sec 34 of PRECCA) PRECCA:** imposes a duty to report certain corrupt activities. Persons in a position of authority within KZNDOE who know, reasonable ought to have known, or suspect that another person has committed a corruption offence (such as theft, fraud, extortion, or forgery) involving R100 000 or more must report to the South African Police Services (SAPS). Failing to report is a criminal offence with potential penalties. Reports can be made through KZNDOE's whistleblowing channels or directly to the SAPS, and the whistleblowing policy protects those who make a protected disclosure.

## **8.8 Compliance with Promotion of Access to Information Act, 2000 (Act No.2 of 2000) (PAIA).**

### **8.8.1 Commitment to Transparency**

8.8.1.1 KZNDOE is committed to upholding the Constitutional Right of access to Information as enshrined in Section 32 of the Constitution and given effect by the Promotion of access to Information Act 2 of 2000 (PAIA). Our Supply Chain Management (SCM) processes, including tender invitations, bid evaluations, and award decisions, are conducted in a manner that is fair, equitable, transparent, competitive, and cost-effective. This commitment to transparency helps foster public accountability and good governance.

### **8.8.2 Availability of Information**

8.8.2.1 Automatic Availability: Certain SCM records are automatically available to public without a need for a formal PAIA request. These typically include:

8.8.2.1.1 The SCM Policy itself.

8.8.2.1.2 General tender invitations and bid conditions.

8.8.2.1.3 Lists of successful bidders and contract award notices.

8.8.2.1.4 KZNDOE's official PAIA Manual, which details the types of records held and procedure for requesting access.

8.8.2.1.5 General supplier databases (excluding confidential supplier information).

8.8.2.2 Formal Requests: Access to records not listed as automatically available must be requested formally in accordance with the procedures outlines in our PAIA Manual. Requests must be submitted on the prescribed form (Form 2 for public bodies) to designated Information Officer.

### **8.8.3 Grounds for Refusal of Access**

8.8.3.1 While promoting transparency, the organization reserves the right to refuse access to certain information based on the justifiable limitations specified in PAIA. These grounds for refusal may be invoked to protect:

8.8.3.1.1 Commercial Confidentiality: Commercially sensitive information, trade secrets, or confidential financial, technical, or scientific information provided by a third party (e.g., a bidder's proprietary pricing strategy or unique methodology).

8.8.3.1.2 Third- Party Personal Information: The unreasonable disclosure of personal information about a third party (e.g, an individual employee's salary or contact details not in the public domain).

8.8.3.1.3 Legal Proceedings: information relating to ongoing legal proceedings or internal investigations (e.g., police dockets in criminal cases).

### 8.8.3.2 **Handling of Requests**

8.8.3.2.1 Upon receiving a formal request for SCM- related information, the Information Officer will process the request in accordance with PAIA's prescribed timeframes and procedures, which may involve consulting with the third parties if their information is involved. Requesters will be notified of a decision (granting or refusal of access) and any available for decisions to refuse access.

## 8.9 **Promotion of Administrative Justice Act, 2000 (Act No.3 of 2000)**

8.9.1 The purpose of the Act is to give effect to the right to administrative action that is lawful, reasonable, and procedurally fair and to the right to receive written reasons for administrative action taken.

8.9.2 The Department must maintain its records to enable it to provide reasons for decisions taken in respect of bids and quotations.

## 8.10 **SCM units must comply with the following in terms of PAJA:**

### 8.10.1 **Lawfulness**

8.10.1.1 All procurement decisions must be made under proper legal authority (Treasury Regulations, PFMA, MFMA, SCM policies).

8.10.1.2 Contracts, tenders, and awards must follow prescribed procedures.

### 8.10.2 **Reasonableness**

8.10.2.1 Decisions must be rational and proportionate to the objectives (e.g., awarding tenders based on clear evaluation criteria).

8.10.2.2 Avoid arbitrary or biased decision-making.

### 8.10.3 **Procedural Fairness**

8.10.3.1 Bidders must be given equal opportunity to compete.

8.10.3.2 SCM processes must be transparent (advertising tenders, publishing results).

8.10.3.3 Affected parties must be informed of decisions and reasons for them.

#### **8.10.4 Duty to Give Reasons (Section 5 of PAJA)**

8.10.4.1 SCM officials must provide written reasons for decisions (e.g., why a bid was unsuccessful).

8.10.4.2 This ensures accountability and allows suppliers to challenge unfair treatment.

#### **8.10.5 Reviewability**

8.10.5.1 Under PAJA, procurement decisions can be reviewed by courts if they are unlawful, unreasonable, or procedurally unfair.

8.10.5.2 SCM units must document processes carefully to withstand scrutiny

#### **8.11 Protection of Personal Information Act, 2013 (Act No.4 of 2013)**

8.11.1 The purpose of the Act is to promote the protection of personal information processed by public bodies in accordance with the eight (8) grounds of processing referred to in this act.

8.11.2 The information of all suppliers must be maintained in accordance with the prescripts of this act, and all attempts must be made to treat personal information of bidders and suppliers with confidentiality and in accordance with the requirements of this act.

#### **8.12 Competition Act, 1998 (Act No.89 of 1998)**

8.12.1 The purpose of the Act is to provide for the establishment of a Competition Commission responsible for the investigation, control and evaluation of restrictive practices, abuse of dominant positions, mergers and for the establishment of a Competition Tribunal responsible for adjudicating such matters and for the establishment of a Competition Appeal Court and related matters.

#### **8.13 The Protected Disclosures Act, 2000 (Act No.26 of 2000)**

8.13.1 The intention of the Act is to encourage officials to disclose information about unlawful and irregular behavior in the Department. It offers protection from victimization for whistle-blowers if they comply with the requirements of this Act.

#### **8.14 State Information Technology Act, 1998 (Act No.88 of 1998)**

8.14.1 Requires that SITA must act as the procurement agency for the Departments information requirements. The SCMU must ensure that all information technology software, hardware, and its related services are provided in line with the Service Level Agreement signed with SITA.

#### **8.15 Other Legislation and Policies**

8.15.1 In addition to the above-mentioned legislative framework the KZNDOE must comply with the provisions of the listed legislation and policies that impacts on the supply chain environment –

8.15.1.1 The National Small Business Act (Act No.102 of 1996).

8.15.1.2 Public Service Act (Act No.23 of 1994).

8.15.1.3 Companies Act of 2008 (Act No.71 of 2008).

8.15.1.4 Construction Industry Development Board Act (Act No.38 of 2000).

8.15.1.5 Broad-Based Black Economic Empowerment Act, 2003 (Act No.53 of 2003).

8.15.1.6 National Small Business Act 1996 (Act No.102 of 1996).

8.15.1.7 National Treasury & KwaZulu-Natal Provincial Treasury Instruction & Practice Notes.

8.15.1.8 All other relevant Acts, as well as the General Legal Environment within which Contracts will be executed.

### **9. APPLICABILITY OF THIS POLICY**

9.1 This policy is applicable to the KZNDOE, and all officials must adhere to the provisions of this policy.

### **10. SUPPLY CHAIN MANAGEMENT DELEGATIONS**

10.1 The AO may delegate some of the responsibilities entrusted to him or her to Departmental officials to execute SCM functions in terms of Section 44 (1) (a) and (b) of the PFMA and the delegation would be effective from the date of signature. The delegations must be reviewed as and when the need arises but not later than twelve (12) months from date of the last review. The delegation does not divest the AO of the power to retract all or any of the delegations if circumstances necessitate such a decision. The Delegation of authority must be communicated to all officials in the Department.

10.2 Should it be found that an official with a delegated function failed to comply with the requirements in exercising the delegations which resulted in irregular, unauthorized, fruitless or wasteful expenditure, the Department may institute inter alia the following action against the official (S86 of the PFMA) –

10.2.1 Recover from the delegate all expenses that the Department has suffered or lost through the exercise of the delegations being exceeded or abused;

10.2.2 Institute the necessary steps in respect of Consequence Management.

10.2.3 Subject official to capacity building or training.

## **11. PREFERENTIAL PROCUREMENT POLICY**

11.1 This policy incorporates preferential procurement as directed in the PPPR, 2022.

## **12. APPLICABILITY OF THE FUNCTIONALITY CRITERIA**

12.1 On a case-by-case basis the specification or terms of reference issued in the invitation for bids may stipulate the functionality criteria including the sub-criterion, where applicable. The functionality criteria must be objective and specify the following:

12.1.1 **Evaluation criteria for measuring functionality:** The evaluation criteria may include experience for the assignment, the quality of methodology, qualifications of key personnel, transfer of knowledge or any other functionality requirement that would yield the required outcomes.

12.1.2 **Points for each criterion:** Points allocated to each criterion should not be generic but should be determined separately for each bid on a case-by-case basis.

12.1.3 **Points for each sub-criterion:** Points that shall be used when scoring each sub-criterion must be objective and the applicable weighting must be stipulated in the bid invitation document.

12.2 The minimum qualifying score for the functionality criteria for a bid must be determined separately for each bid and must not be too low that it jeopardizes the quality of the required goods or services or too high that it may be unreasonably restrictive.

12.3 Any offer that fails to obtain the minimum qualifying score on the functionality criteria shall be considered as non-responsive. Each quotation or bid that obtains the minimum qualifying score for the functionality criteria must be evaluated on price and specific goals or the next applicable step contained in the bid document.

## **13. APPLICATION OF PROCUREMENT PREFERENTIAL POINTS SYSTEM**

- 13.1 The Department must; for all bids and quotations; apply the preferential points and specific goals determined by the Department, the points system is applied by awarding points for price and specific goals, such as promoting historically disadvantaged individuals or specific sectors. The system is divided into two tiers, i.e.
- 13.1.1 80/20 preferential points system for contracts with the Rand value of up to R50 million. The 80/20 also applies to Tenders for income generating contracts with a Rand Value of equal to or below R50 million (all applicable taxes included).
- 13.1.2 90/10 preference points for contracts above 50 million. The same principle applies to tenders with income generating contract with a Rand Value above R50 million (all applicable taxes included).
- 13.2 The applicable preference points system must be stipulated in the bid or quotation invitation document and must be used to evaluate offers received as stipulated in Regulation 3(1) of the Preferential Procurement Regulations, 2022 which reads as follows –
- "3(1) An organ of state must, in the tender documents, stipulate –*
- (a) *the applicable preference point system as envisaged in regulations 4, 5, 6 or 7.*
- (b) *the specific goal in the invitation to submit the tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of the claim for such goal."*
- 13.3 If it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the bid (tender) documents, stipulate in the case of –
- 13.3.1 an invitation for bids for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply. Where the highest acceptable bid is equal to or below R50 million, the 80/20 preference point system must be applied. If the highest acceptable bid is above R50 million the 90/10 preference point system must be applied; and
- 13.3.2 Where invitation of bids for acquisition of goods and services, that either the 80/20 or 90/10 preference point system will apply. Where the lowest acceptable bid is equal to or below R50 million, the 80/20 preference point system must be applied. If the lowest acceptable bid is above R50 million, the 90/10 preference point system must be applied and that the lowest acceptable bid will be used to determine the applicable preference point system.

13.4 The Quotation Specification and Nomination Committee or the (QSNC for 20 points on all Quotations) and the Bid Specification Committee (BSC for 20 or 10 points for all Bids) must determine the allocation of preferential goals for each quotation or bid. One or a combination of the following categories of previously disadvantaged individuals must be considered when allocating the 20 or 10 points for all bids and quotations: points : -

<b>Departmental Specific Goals</b>	<b>Departmental Specific Goals Narrative</b>	<b>Number of Points (90/10 System)</b>	<b>Number of Points (80/20 System)</b>
Race (HDP)	Black Equity Ownership – 100% (Black people) or above 51% Ownership	Points must be determined by the BSC during every bid specification process.	This must be determined by the BSC/QSNC during every bid/quotation specification process.
Gender (HDP)	Equity Ownership – 100% or above 51% Ownership by South African Female	Points must be determined by the BSC during every bid specification process.	This must be determined by the BSC/QSNC during every bid/quotation specification process.
Disability (HDP)	100% and above 50% ownership in respect of a person/s living with impairment of a physical, intellectual, or sensory function.	Points must be determined by the BSC during every bid specification process.	This must be determined by the BSC/QSNC during every bid/quotation specification process.
Youth	100% or above 51% Youth Equity Ownership.	Points must be determined by the BSC during every bid specification process.	This must be determined by the BSC/QSNC during every bid/quotation specification process.



Military Veterans	100% or above 51% ownership by people registered as Military Veterans.	Points must be determined by the BSC during every bid specification process.	This must be determined by the BSC/QSNC during every bid/quotation specification process.
Rural and underdeveloped areas or townships	100% or 51% and above ownership by black people living in rural or underdeveloped areas or townships	Points must be determined by the BSC during every bid specification process.	This must be determined by the BSC/QSNC during every bid/quotation specification process.
Black Cooperatives	a cooperative/s which is at least 100% of above 51% owned by black people;	Points must be determined by the BSC during every bid specification process.	This must be determined by the BSC/QSNC during every bid/quotation specification process.

13.5 A bid must not be disqualified from the bidding process if the bidder does not submit evidence as reflected in the table below for the specific goals applied for by the bidder. In this instance, a bidder will score zero (0) out of a maximum of 10 or 20 points:

Departmental Specific Goals	Means of Verification
Race HDP <i>(Black Equity Ownership HDP)</i>	CSD Printout
Gender HDP <i>(HDP Women Equity Ownership)</i>	CSD Printout
Disability	Medical Certificate
Youth	CSD Printout
Military Veterans	CSD Printout



Rural and underdeveloped areas or townships	Company Address on CSD
Black Cooperatives	CSD Printout

**13.6 Formula to be applied for points out of 80 for price**

13.6.1 The following formula shall be used to calculate the points out of 80 for price in respect of bids with a Rand value equal to or below R50 million (all applicable taxes included):

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

- (a) Where  $P_s$  = Points scored for price of bid under consideration.
- (b)  $P_t$  = Price of bid under consideration; and
- (c)  $P_{min}$  = Price of lowest acceptable bid.

**13.7 Points for Specific Goals: 20 points**

- 13.7.1 A maximum of 20 points may be awarded to a bidder for the specific goal specified in the bids.
- 13.7.2 Points scored for the specific goals must be added to the points scored for price and the total must be rounded off to the nearest two (2) decimal places.
- 13.7.3 The contract must be awarded to the bidder scoring the highest points unless there are objective criteria set in the bid/quotation document.

**13.8 Formula to be applied for points out of 90 for price**

13.8.1 The following formula shall be used to calculate the points out of 90 for price in respect of bids with a Rand value above R50 million (all applicable taxes included):

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

Where  $P_s$  = Points scored for price of bid under consideration  $P_{min}$  = Price

of lowest acceptable bid:

13.8.2 A maximum of 10 points may be awarded to a bidder for goals specified in the bids.

13.8.3 Points score and the total must be rounded off to the nearest two (2) decimal places.

13.8.4 The contract must be allocated to the bidder scoring the highest points unless there is an objective criteria set in the bid document.

13.8.5 The contract must be awarded to the bidder scoring the highest points unless there is an objective criteria set in the bid document.

### 13.9 **80/20 or 90/10 preference point system for income-generating bids**

13.9.1 The following formulas apply for an invitation of bids for income generating contracts:

13.9.1.1 80/20 with a Rand value equal to or below R50 million; and 90/10 with a Rand value above R50 million inclusive of all applicable taxes.

$$\begin{array}{ccc}
 \mathbf{80/20} & \text{or} & \mathbf{90/10} \\
 \mathbf{P_s = 80 \left( 1 + \frac{P_t - P_{ma} P_t - P_{max}}{P_{max}} \right)} & \text{or} & \mathbf{P_s = 90 \left( 1 + \frac{P_t - P_{ma} P_t - P_{max}}{P_{max}} \right)}
 \end{array}$$

13.9.1.2 Where  $P_s$  = Points scored for price of bid under consideration;  $P_t$  = Price of bid under consideration; and  $P_{max}$  = Price of highest acceptable bids:

13.9.1.2.1 A maximum of 20 or 10 points may be awarded to a bidder for the specific goal specified in the bids.

13.9.1.2.2 Points score and the total must be rounded off to the nearest two decimal places.

13.9.1.2.3 The contract must be awarded to the bidder in section 2(1)(f) of PPPFA, 2000.

13.9.1.2.4 Equity claims for a Trust may only be allowed in respect of those persons who are both trustees and beneficiaries and who are the management of the Trust.

13.9.1.2.5 Documentation to substantiate the validity of the credentials of the trustees must be submitted.

### 13.10 **Remedies for False Declaration**

13.10.1 If the Department is of the view that a bidder submitted false information regarding a specific goal the Department must –

13.10.1.1 inform the bidder accordingly;

- 13.10.1.2 give the bidder an opportunity to make representations within 14 days as to why the bid may not be disqualified or if the bid has already been awarded to the bids, the contract should not be terminated in whole or in part;
- 13.10.1.3 consider the representations; and
- 13.10.1.4 If after considering the representations referred to in paragraph 13.9.1 (b) above, the Department must, if it concludes that such information is false-
  - 13.10.1.4.1 Disqualify the bidder or terminate the contract in whole or in part; and
  - 13.10.1.4.2 If applicable claim damages from the bidder.

#### **14. CRITERIA FOR BREAKING DEADLOCK IN SCORING**

- 14.1 If two (2) or more bidders score an equal total number of points, the contract must be awarded to the bidder that scored the highest points for specific goals.
- 14.2 If two (2) or more bidders score equal total points in all aspects, the award must be decided by the drawing of lots.
- 14.3 Preparation of Lots: The process must be to prepare a set of identical items, one for each participant or outcome. One or more of these items will be marked to indicate the chosen result (e.g., one short straw among many long ones, or a piece of paper with a specific number/name).
- 14.4 Concealment: The items must be prepared and concealed in a manner that makes them indistinguishable to the participants before they are drawn (e.g., folding papers pieces identically and placing them in an opaque container or holding straws in a clenched fist so all appear the same length).
- 14.5 Third- Party Involvement (Option but Recommend): To enhance credibility and rule out bias, a neutral third party (not directly involved in or affected by outcome) should typically manage the process and conduct the actual drawing.
- 14.6 The Draw: Each participant, or the third party on their behalf, draws one item from the container. The order of drawing may be predetermined or random.
- 14.7 Revelation and Documentation: The drawn item(s) are revealed. The outcome is determined by which participant drew the marked lot. The entire process and the final results should be documented, often on film or in writing, especially in formal or official settings.

#### **15. REASONABLENESS OF PRICES AND NEGOTIATION WITH BIDDER**

- 15.1 If the price offered by a bidder scoring the highest points is not market related, the Department may –

- 15.1.1 negotiate a market related price with the bidder scoring the highest points or cancel the bid;
- 15.1.2 should the bidder scoring the highest points not agree to a market-related price, negotiate a market-related price with the bidder scoring the second highest or cancel the bid;
- 15.1.3 should the bidder scoring the second highest points not agree to a market-related price, negotiate a market-related price with the bidder scoring the third highest points or cancel the bid.
- 15.1.4 Should a market-related price not be agreed to by the bidder scoring the third highest points, the Department must cancel the bid.

15.2 The following principles of negotiation must be considered:

- 15.2.1 For Head Office, negotiations must be facilitated by the Chief Director: SCM or his delegate. For District Offices, negotiations must be facilitated by the District Director or his delegate.
- 15.2.2 Negotiating may not allow any preferred bidder a second or unfair opportunity.
- 15.2.3 Negotiation must not be to the detriment of any other bidder.
- 15.2.4 Negotiation does not lead to a higher price than the offer submitted.

## **16. DECLARATION OF INTEREST**

- 16.1 Suppliers are required to declare their interest by completing the SBD4 form when bidding or offering goods or services to the Department.
- 16.2 The National Treasury's Code of Conduct for Supply Chain Management Practitioners must be communicated and adhered to by all officials and other role players involved in Supply Chain Management.
- 16.3 A Supply Chain Management official or other role player must–
  - 16.3.1 recognise and disclose any conflicts of interest that may arise.
  - 16.3.2 treat all suppliers and potential suppliers equitably.
  - 16.3.3 not use their position for private gain or to improperly benefit another person.
  - 16.3.4 ensure that they do not compromise the credibility or integrity of the Department and the Supply Chain Management system through the acceptance of gifts or hospitality or any other act.
  - 16.3.5 not abuse public property which may be at their disposal; and
  - 16.3.6 assist the AO in reporting cases of possible fraud and corruption in the supply chain management system.
- 16.4 Official must declare their interest and recuse themselves in the following cases–
  - 16.4.1 Where suppliers are relatives.

- 16.4.2 Where officials have an interest, either direct or indirect, and
- 16.4.3 Where officials are involved in the Departmental Bid or Quotation Committee.
- 16.5 Paragraph 13(c) of the Public Service Regulations, 2016 prohibits state employees from conducting business with any organ of state or being a director of a public or private company conducting business with an organ of state, unless such employee is in an official capacity a director of a company listed in schedule 2 and 3 of the Public Finance Management Act (PFMA).
- 16.6 To this end, any employee(official) of the Department found to have contravened the above prescript will be subjected to a disciplinary process.
- 16.7 All SCM officials must complete a disclosure of financial interests annually.
- 16.8 Any gift received by an official must be recorded in a gift register maintained by the office of the CFO in accordance with gift receipt policy.
- 16.9 Bid and Quotation Committee members must declare whether they have a conflict of interest during committee meetings.
- 16.10 If a member declares an interest or possible conflict of interest, the member must be recused from the meeting when the relevant item is discussed.
- 16.11 No supplier must be prejudiced because of a declaration of interest. Where interest or a possible interest is declared by a supplier, the committee must determine whether the declaration poses a risk in the SCM Process and decide on the appropriate action to eliminate the risk, or the committee must obtain advice including legal advice where necessary on this issue.

## **17. CANCELLATION OF A BID**

- 17.1 The Department may, before the award of a bids, cancel the invitation if –
  - 17.1.1 due to change in the requirements, circumstances or there is no longer a need for the goods or services specified in the invitation.
  - 17.1.2 funds are no longer available to cover the total envisaged expenditure.
  - 17.1.3 no acceptable bid is received.
  - 17.1.4 there is a material irregularity in the bid process
  - 17.1.5 defective specification or design or TORs issued with the bids; or
  - 17.1.6 where price negotiation is unsuccessful.
- 17.2 The decision to cancel a bid invitation must be approved by the AO or his or her delegate and must be published in the same way the original bid invitation was advertised.

## **18. STANDARD BIDDING DOCUMENT**

- 18.1 The Department must use standard bidding documents as prescribed by the National or Provincial Treasury in the invitation of bids or quotations.
- 18.2 The Department must customise the bids documents by incorporating the details that are applicable to the Department.

## **19. FIVE PILLARS OF PROCUREMENT APPLICABLE**

- 19.1 The procurement system of the Department is based on the under listed good governance principles –

### **19.1.1 Value for Money**

- 19.1.1.1 It is imperative for the procurement system of the Department to yield the desired outcomes that supports its service delivery objectives.
- 19.1.1.2 Price alone is often not a reliable indicator, and the Department will not necessarily obtain the best value for money by accepting the lowest price offer that meets the mandatory requirements.
- 19.1.1.3 Best value for money means the best available outcome when all relevant costs and benefits in the procurement cycle are considered, which includes but is not limited to the following:
  - 19.1.1.3.1 Avoiding any unnecessary costs and delays in the procurement processes.
  - 19.1.1.3.2 Ensuring continuous improvement in the procurement processes.

- 19.1.2 **Open and Effective Competition:** The Department's procurement system must ensure that –

- 19.1.2.1 potential suppliers have reasonable access to procurement opportunities that are available in the Department.
- 19.1.2.2 adequate and timely information is provided to suppliers to enable them to bid.
- 19.1.2.3 bias or favouritism is eliminated.
- 19.1.2.4 the costs of bidding for opportunities do not prevent competent suppliers.

- 19.1.3 **Ethics and Fair Dealing:** SCM practitioners and all parties involved in the procurement process of the Department must –

- 19.1.3.1 deal with each other on a basis of mutual trust and respect.
- 19.1.3.2 conduct their business in a fair and reasonable manner and with integrity.
- 19.1.3.3 uphold ethical standards in their handling of the bidding process.
- 19.1.3.4 refrain from any conflict of interest or the potential thereof; and
- 19.1.3.5 eliminate any conduct of fraud and corruption.

- 19.1.4 **Accountability and Reporting:** Individuals and organisations are responsible for their plans, actions and outcomes.
- 19.1.5 **Equity:** The procurement of goods and service must be conducted in an equitable manner that will achieve the goals of government to redress the socio-economic imbalances of the past.

## **20. GENERAL PROCUREMENT RULES**

- 20.1 The Department must implement a procurement system that is fair, equitable, transparent, competitive and cost-effective by ensuring that –
- 20.1.1 the bid documentation and the general condition of a contract is be drafted in accordance with the directives prescribed by the National or Provincial Treasury.
- 20.1.2 the applicable preference points system and specific goals that is utilised in the evaluation process is communicated to bidders in the bids or quotation invitation stage.
- 20.1.3 All bids must be advertised on the National Treasury e-Tender Publication portal and Kwazulu-Natal Department of Education website, for at least twenty-one (21) days before closure, except in urgent cases where a deviation from the procurement process is approved by the AO.
- 20.1.4 the bid box is opened by at least two (2) officials authorised by the Director: Demand & Acquisitions at Head Office or District Director at District Offices. All offers received must be recorded in the bids/quotations register and both officials must signs the opening certificate or register.
- 20.1.5 the maximum validity period for bids is one hundred and eighty (180) days and the maximum validity period for quotations with transaction value of R1 to R1 million is ninety (90) days. If an extension is sought, KZN-DOE must request bidders in writing to extend their validity period before it expires, and the bidders must agree to extension in writing or by other means as may be specified by the department. Approval of extension must be obtained from the Chief Director: SCM or his delegate for Head Office and by the District Director or his delegate.
- 20.1.6 offers are evaluated in accordance with the evaluation criteria that was issued with the bids or quotation.
- 20.1.7 any offer that does not comply with the criteria or other requirements that were specified in the bid/quotation document is deemed as non-responsive and must be disqualified.
- 20.1.8 where functionality is applied, offers that do not meet the minimum functionality scores must be disqualified.

- 20.1.9 where the Department disqualifies an offer, the reasons for such decision must be clearly documented in the evaluation and award report.
- 20.1.10 all successful bidders must sign the relevant SBD contract forms.
- 20.1.11 the start date of the contract must be negotiated between the Department and the service provider after acceptance of the award. This will be dependent on the nature of goods or services being procured.
- 20.1.12 it publishes the awards of bids in the same publication used for the invitation of bids.
- 20.1.13 it verifies the bidder's registration on CSD and verifies the following key information for the prospective suppliers –
- 20.1.13.1 Business registration including details of directorship and membership.
  - 20.1.13.2 Bank account holder information.
  - 20.1.13.3 In the service of the state status,
  - 20.1.13.4 Tax compliance status.
  - 20.1.13.5 Conflict of interest.
  - 20.1.13.6 Bid defaulting and restriction status.
  - 20.1.13.7 Any additional and supplementary verification information communicated by the National and/or Provincial Treasury.
  - 20.1.13.8 it ensures that the preferred bidders' tax matters are in order and that the names of the preferred bidders and their directors / trustees / shareholders are not listed on the Register for Bid Defaulters and the List of Restricted Suppliers prior to award.
  - 20.1.13.9 the BEC and QEC must verify the bidder's compliance status prior to the awarding of price quotation or competitive bids.
  - 20.1.13.10 Where the recommended bidder's status is Non-Compliant on CSD, the bidder must be notified in writing of their non-compliant status, and the bidder must be requested to submit written proof from SARS of their tax compliance status or proof that they have made arrangements to meet their outstanding tax obligations within 7 working days. The bidder should thereafter provide the accounting officer or accounting authority with proof of tax compliance status which should be verified via Central Supplier Database or e-Filing. This is in line with NT Instruction Note 09 of 2017/2018.
  - 20.1.13.11 Contract variation or expansion are complied with in line with relevant Instruction Notes as follows–
    - 20.1.13.11.1 construction-related goods or services or both, is expanded or varied by more than 20% or R20 million (including all applicable taxes), whichever is lesser.

- 20.1.13.11.2 all other goods or services or both, is expanded or varied by more than 15% or R15 million (including all applicable taxes), whichever is lesser,
- 20.1.13.12 the AO must, in a format determined by the National Treasury, submit a monthly report, including the reasons for the expansion or variation, to the relevant treasury and the AGSA.
- 20.1.13.13 if an expansion or variation in the scope of work requires an extension in the period of the contract, the motivation distinguishes between the change in the scope of work and the period for which the contract is extended.
- 20.1.13.14 the AO records any extension, expansions or variations referred to in the annual report of the Department.
- 20.1.13.15 that additional information pertaining to expansion or variation which may be requested by the relevant Treasury and AGSA is provided.
- 20.1.13.16 the Appeals process followed must be in terms of the Bids Appeals Tribunal Practice Notes No. SCM-07 of 2006 or any new revised practice or instruction notes issued by Provincial Treasury; and
- 20.1.13.17 may participate in transversal term contracts facilitated by Provincial or National Treasury or any organ of state provided such bid was awarded following an open bid process.

## **21. THE SUPPLY CHAIN MANAGEMENT SYSTEM**

- 21.1 The HOD must establish a SCM Unit, under the Office of the CFO to implement the Department SCM system.
- 21.2 The HOD must prescribe in writing the SCM Delegated Powers applicable to the procurement of goods and services in the Department.
- 21.3 The SCM System must –
- 21.3.1 maintain the principles of fairness, equity, transparency, competitiveness, and cost-effectiveness.
- 21.3.2 ensure compliance with the PPPFA imperatives.
- 21.3.3 conduct regular assessment of SCM Performance; and
- 21.3.4 ensure that the officials within the SCM unit are trained on new developments.
- 21.4 The Department must develop and implement an effective and efficient Supply Chain Management System for –
- 21.4.1 **Demand Management**

- 21.4.1.1 The purpose of Demand Management is to ensure that the procurement needs identified in the strategic plan are delivered at the correct price, time, place, quantity, and quality to satisfy the needs. The HOD must establish through operational procedures, an effective system of Demand Management in order to ensure that the goods and services required supports the strategic and operational objectives of the Department and are delivered at the correct time, the right price, the right location and at a quality that satisfies the needs.
- 21.4.1.2 In line with SCM Instruction Note No.02 of 2016/2017 or other relevant Instruction or circulars: **Procurement Plans – Submission and Reporting to Provincial Treasury**, the Department must ensure that its Procurement plan is aligned with its strategic plan and operational plans. Demand for goods and services must be based on the annual approved budget and procurement plan. The Department must unpack the budget to the level where the need for goods and services can be determined. Demand Management accordingly must involve the following activities –
- 21.4.1.2.1 Procurement planning must be aligned to strategic and operational plans of the Department.
  - 21.4.1.2.2 The SCM Unit must lead the process in compiling the Departmental Annual Procurement Plan.
  - 21.4.1.2.3 Identifying critical delivery dates.
  - 21.4.1.2.4 Identifying the frequency of the need.
  - 21.4.1.2.5 Linking the requirement to the budget.
  - 21.4.1.2.6 ensuring that all goods and services to be procured are budgeted for.
  - 21.4.1.2.7 Determining sourcing strategy.
  - 21.4.1.2.8 Determining applicable preference points system.
  - 21.4.1.2.9 Determining if the functionality criteria is required and is objective.
  - 21.4.1.2.10 Confirmation of budget.
  - 21.4.1.2.11 Reviewing specifications.
  - 21.4.1.2.12 Monitoring and avoiding splitting of orders.
  - 21.4.1.2.13 Developing the procurement plan.
  - 21.4.1.2.14 Tabling specifications to BSC.
  - 21.4.1.2.15 Ensuring the approval of specification by the AO.
  - 21.4.1.2.16 Providing secretariat support to BSC.

### 21.4.1.3 **Specifications:**

- 21.4.1.3.1 Specifications must be prepared for all goods and services that are required by the

Department. All specifications must be prepared free from interference by bidders and must be based on the principles listed below –

- 21.4.1.3.2 Standards and specifications must promote the broadest possible competition, while the performance requirements must ensure that the critical elements of performance are achieved.
- 21.4.1.3.3 As far as possible standards must originate from credible institutions such as the South African Bureau of Standards (SABS), International Standards Organisation or institutions accredited by the South African National Accreditation System (SANAS).
- 21.4.1.3.4 Specifications must be based on relevant characteristics and performance requirements. Reference to brand names must be avoided. Where brand names are used, it must be accompanied by the words "or equivalent".
- 21.4.1.3.5 Specifications must be precise and avoid duplication of the same service or performance requirements.
- 21.4.1.3.6 A Bid Specification Committee must consider and recommend specifications with a threshold value of above the transaction value of R1 million (inclusive of all applicable taxes).

#### 21.4.1.4 **Registration on Central Supplier Database**

- 21.4.1.4.1 The Accounting Officer must ensure that no award are made for bid or price quotation to bidder(s) not registered on CSD, excluding transactions concluded through petty cash, sundry payments and foreign suppliers with no local registered entity which may be concluded even if the supplier is not registered on CSD. Such activity can only be done in accordance with clause 3.2 and 3.3 of NT Instruction Note 4A of 2016/2017.

#### 21.4.1.5 **Acquisition Management**

- 21.4.1.5.1 The word 'acquire' means to obtain or attain something which, in the government context, may be goods, service or both goods and service that is required to fulfil a need. Acquisitions Management thus refers to the management of the entire process of acquiring that particular good and or service, which satisfies the need. This process covers the acquiring of the goods, service or both goods and services by the implementing and administration of the sourcing strategy.
  - (a) The process of acquisition management includes –
    - (i) Compiling complete and accurate bids documents;
    - (ii) Inviting bids/quotations;

- (iii) Receiving bids and record it in the bid's registers.
- (iv) Advertising the bid closing register on the National Treasury e-Tender Portal and departmental website within ten days of the closing of the bid.
- (v) Conducting the preliminary evaluation report for bids or comparative schedule for quotations.
- (vi) Tabling offers received to the QEC for quotations not exceeding R1 million (Inclusive of all taxes) and tabling offers above R1 million to the BEC.
- (vii) Tabling QEC/ BEC recommendations to QAC/BAC.
- (viii) Providing secretariat functions to QEC/BEC and QAC/BAC.
- (ix) Ensuring that BAC resolutions / recommendations are approved by AO.
- (x) Bids being compiled, solicited and responses received being evaluated and awarded by the authorised person or committee.
- (xi) Advertise award of bids in the same media used for invitation.
- (xii) Monitoring the process of appeals being lodged within a period of five (5) working days after publication of an award and that Practice No. SCM -07 of 2006 is complied with.
- (xiii) Preparing and issuing letters of awards. Letters to unsuccessful bidders must be issued considering the number of bidders who submitted offers.

#### **21.4.1.6 Logistics Management**

- (a) The purpose of Logistics Management is to-
  - (i) place orders against contracts.
  - (ii) receive and distribute goods.
  - (iii) code items.
  - (iv) set inventory levels.
  - (v) manage stores or warehouses where stock is kept (including coding of items and setting of inventory level).
  - (vi) manage transport arrangements.
  - (vii) monitor vendor performance; and
  - (viii) attend to any other related function.
- (b) This policy will regulate Logistics Management in the Department in line with the SCM framework and will ensure –
  - (i) the uniform application of policy directives and standard operating procedures for logistics.



- (ii) that accountability is established with the relevant manager thereby improving the control and reporting function of Logistics Management (particularly with regards to the reporting of misconduct); and
  - (iii) that the control over regular expenditure items is improved.
- (c) When the Department purchases goods, services or both goods and services, the principles listed below must apply –
- (i) A proper acquisition process must have been followed (the supplier has been duly contracted or awarded).
  - (ii) All orders have been captured on BAS and authorised by a supervisor.
  - (iii) The budget must be available, approved and the order must be placed against the relevant budget.
  - (iv) Goods and services must be comprehensively described and must be within the specification of the contract or standard where such uniform standard exists.
  - (v) Goods and services must be received, verified against the specification and payment must be authorised by the relevant responsibility manager in terms of the financial delegations.
  - (vi) Where goods were delivered or services rendered without an order being issued, such expenditure will be deemed irregular unless prior authorisation by the Accounting Officer was granted. Such expenditure must be processed using a sundry payment form instead of an order payment form.
  - (vii) All invoices must be received by the end-users and must be date stamped to indicate date of receipt.
  - (viii) The Responsibility Manager must confirm in writing, by completing the EF73 form that the goods, services or both goods and services were executed as per specification.
  - (ix) The signed invoice, EF73 and EF80 forms and any relevant documentation such as the attendance registers or relevant reports, etc, must be submitted to the SCM unit for the processing of payment.
  - (x) SCM must record the invoice details in the invoice tracking register and process the payment.
  - (xi) Invoices approved by the Responsibility Manager must be captured on the BAS System.

- (xii) SCM must compile schedules for payments and submit to Accounting Services for the authorisation of payment and realising of funds to the supplier.
- (xiii) SCM must assist the Responsibility Managers in the clearing of commitments by liaising with the Responsibility Managers on clearing outstanding commitments.
- (xiv) SCM must receive and distribute goods, setting inventory levels and manage stores where the stock of stationary is kept (including the coding of items and setting of inventory levels).
- (xv) Monitor, record and manage all moveable assets of the Department in compliance with all relevant asset policies and procedures.

#### 21.4.1.7 **Contract Management**

- 21.4.1.7.1 The purpose of Contract Management is to guide the processes relating to management of contracts in the Department. The management of contracts must be done in a manner that upholds the provisions of the Constitution in terms of the Public Sector Procurement Systems which must be fair, equitable, transparent, competitive and cost effective.
- 21.4.1.7.2 The management of contracts must stand the test of public scrutiny in matters of discretion, integrity, accountability and must yield value for money outcomes. Contract Management focuses on activities associated with the operational dynamics post award of contract. It is however, fully acknowledged that successful contract management is significantly dependent on what happens before, during and post the bidding process resulting in the concluding of an award and contract.
- 21.4.1.7.3 The oversight of Contract Management must address the following key issues-
  - (a) Monitor compliance with the terms and conditions of contract.
  - (b) Provide contract administration.
  - (c) Receive regular reports on contract performance.
  - (d) Maintain and complete an accurate Contract Register.
  - (e) Records of payments made in line with the contract agreement must be kept updated.
- 21.4.1.7.4 The management of contracts is conducted to, *inter alia*, inform future procurement activities, selection of service providers to be awarded contracts, as well as to inform the choice of contract types, and the drafting of contracts.

21.4.1.7.5 This section of the policy must be read in conjunction with the Department's Approved Policy on Contract Management and the principles of the Contract Management Policy will apply in all matter relating to contract management.

## **22. RISK MANAGEMENT**

22.1 Activities of SCM must make allowance for better risk management in procurement. The Department's policy is to share risks and assign responsibility for each risk to the Department or the supplier / contractor depending on who is best able to manage that risk.

22.2 Risk Management must include –

- (a) The identification of risks on a case-by-case basis.
- (b) Allocating the risk to the party best suited to manage it.
- (c) Acceptance of the cost of the risk where the cost of transferring it is greater than that of retaining it; and
- (d) Managing the risk in a pro-active manner and the provision of adequate cover for residual risk.

22.3 Risk must be identified in all Supply Chain Management functions and contingency measures must be put in place to address such. In complex or high value procurement, officials will need to adopt a systematic approach to identifying, analysing, evaluating, and monitoring procurement risks. This must be done as part of the overall risk management processes and procedures of the Department.

## **23. STANDARD PROCUREMENT PROCEDURES AND PROCESSES**

23.1 The following standard procurement process and procedures must be utilised to procure the required goods and services –

23.1.1 **Sole Sourcing:** A deviation from a competitive bidding process which may occur when there is evidence that only one supplier possesses the unique and singular available capacity to meet the requirements of KZN-DOE. Bid offers may be solicited from a sole supplier. Sole source procurement may be done when there is evidence that there is only one (1) supplier possessing the unique and singularly available capacity to meet the requirements. In the instance where there is no competition and the required goods, services or both goods and services can only be procured from a Sole Supplier, sole source procurement may be used. The HOD must grant consideration and approval for this procurement as this will be a deviation from the normal procurement processes and

must be recorded and reported as such. This procurement process may only be adopted if it complies with all SCM prescripts such as PPPFA and relevant Regulations, National and Provincial Instruction notes and others.

**23.2.1 Single Source:** In accordance with the relevant South African National Treasury SCM Instruction, single source procurement is defined as a procurement method where a thorough analysis of the market and transparent and equitable pre-selection process is used to decide on one supplier among a few prospective bidders to make a proposal. It is a deviation from a competitive bidding process where a particular supplier is deliberately chosen by KZN-DOE even when other suppliers are available due to justifiable grounds. This option may only be considered in instances of emergency or urgency when it is impossible/impractical to call for open bids.

**23.2.2 Open and Competitive Bidding:** Open and Competitive bidding is a procurement process that consolidates the competitive acquisition of goods, works, and services under a single method designed to foster broad participation. The core principles, often referred to as the "five pillars" as enshrined in Section 217 of the Constitution. The value of such transaction is above a transaction value of R1 million (Inc. all applicable taxes).

**23.2.3 Qualified Procedure:** A call for expressions of interest must be advertised and thereafter only those bidders, who have expressed interest, satisfy objective criteria and who are selected to submit bid offers, must be invited to submit offers.

**23.2.4 Quotation:** Quotations will be invited for goods, services or both goods and services for transaction values up to R1 million (including all applicable taxes). Procurement offers must be solicited from a minimum of three (3) service providers registered on the CSD and at least three (3) written quotations must be received.

**23.2.4.1** If less than three (3) quotations are received and there is sufficient proof that all measures were undertaken to obtain at least three (3) quotations but failed, a deviation submission must be prepared, and this must be approved by the Accounting Officer.

**23.2.4.2** Only a duly appointed Nomination Committee may identify suppliers to be invited to quote. All suppliers must be identified through CSD and documentation confirming

such must be maintained and filed for record purposes. The following must be considered when identifying suppliers on CSD –

- a. The supplier must be registered under the relevant goods, services or both goods and
- b. services category on CSD.
- c. All nominated suppliers must be registered on CSD under the same district the goods, services or both goods and services are to be delivered.
- d. Suppliers and Directors must not be in the register of restricted suppliers.
- e. Suppliers must be registered on CIDB for construction related requests.
- f. Caution must be exercised to avoid the selection/nomination of the same supplier repeatedly.

23.2.4.3 The QNSC may also decide to advertise quotations through the KZNDOE Website to encourage broader participation.

23.2.5 **Proposal procedure using the two-envelope system:** Bidders must submit technical and financial proposals in two separate envelopes. Where the bid includes a functionality criterion, the financial proposal may only be opened if the bidder passes both the technical criteria and the functionality criteria.

23.2.6 **Pre-selected Panel of Service Providers:** The Department may through a competitive bidding process, put in place a panel of competent and experienced Service Providers for goods, services or both goods and services that are required by the Department. The directives issued by National or Provincial Treasury must be taken into consideration when such panels are put in place and utilised. As indicated in relevant KZN SCM Circular: Once the panel is established, service providers must be rotated in a fair, equitable, and transparent manner. To aid in this, service providers who are party to panel may be listed sequentially, according to CSD registration numbers (MAAA Numbers). Service providers may also be given equal opportunities to bid for work through competitive bids or Quotations invited from the panel. All bids advertised for establishment of panels of service providers must include one or more methods to be utilised in procuring from the panel. A mandatory rotation method must be utilized on a rotational basis to ensure fairness, equitable distribution of work. A transparent process must be implemented to ensure that all qualified bidders are given opportunity to secure work, prevent collusion, and ensure efficient service delivery

**23.2.7 Advertisements for Specific Audience:** Specific media for targeted audience shall be used to communicate, publicise and market the Department's activities. The selected media for such advertisement must be relevant to the targeted audience. Quotations must be requested from relevant media suppliers that would reach the targeted audience. The Head of Department must grant consideration and approval for this procurement as this will be a deviation from the normal procurement processes and must be recorded as such.

**23.2.8 Conference, Meetings, or Training Venues:** Only government venues must be used for Department functions unless otherwise justifiable reasons are approved by the AO based on the motivation submitted by the relevant Programme and Responsibility Manager. This must be treated as a deviation and reported accordingly.

**23.2.9 Artists:** Musicians or performing artists must be sourced from a database administered by the Department of Sports, Arts and Culture and the rate charged by the musicians and performing artists should be reasonable and in line with the Provincial Government's Honoraria guidelines.

**23.2.10 IT Requirements:** IT requirements must be procured in line with the Service Level Agreement signed with the State Information Technology Agency. Such procurement must be undertaken in terms of the Sita Act and all National and Provincial Instructions and Practice Notes. Procurement of ICT Resource and other services directly supporting curriculum delivery at schools (e-LTSM) shall be done through a valid LTSM contract. The Accounting Officer may direct the use of other alternative sources strategies from time to time.

## **24 ADMINISTERING PROCUREMENT OF GOODS AND SERVICES IN THE DEPARTMENT**

### **24.1 Appointment of Bid Committees**

24.1.1 The AO must in line with Regulation 16A.6.2 (b) of the Treasury Regulations, appoint in writing the BSC, BEC and BAC members for a period of one year.

24.1.2 Bid Committee members must be trained and should understand and comply with ethical standards.

- 24.1.3 A Bid Committee meeting is properly constituted if 50% plus one of its members are present.
- 24.1.4 The AO may appoint alternate members to bids committees to ensure the availability of a quorum.
- 24.1.5 The End-user or co-opted specialist in the field may draft a specification or Terms of Reference. The co-opted member may be a person from outside the Department. The co-opted member or the end-user should not sit in the evaluation process for the same specification. The End-user or the co-opted specialist may be required to provide technical assistance during the evaluation process.
- 24.1.6 Decisions shall be taken by a majority of the members present at the meeting voting in favour or against a particular award.
- 24.1.7 SCM unit must provide the secretariat function during all meetings.
- 24.1.8 All proceedings at meetings must be minuted and copies of the committee meeting minutes must be signed by members present in the meeting and kept safe for future reference and audit purposes.

#### **24.2 Bid Specification Committee (BSC)**

- 24.2.1 The BSC is responsible for the compilation of bid specifications which captures clear and concise description of the requirements, TORs, evaluation criteria, functionality, etc. The BSC must ensure that specifications are written in an unbiased manner and are not ambiguous. The allocation of Preferential specific goals must be included in the specification/evaluation criteria of the bid.
- 24.2.2 The specification committee may be comprised of officials from various components within the Department.
- 24.2.3 The end-users must be invited to a sitting of the BSC to give technical information and provide clarity on the specifications/ terms of reference. A minimum of five (5) members is recommended.
- 24.2.4 It is recommended that committee members be representatives of appropriate operational discipline within a department and that members be appointed for a period of one year. The BSC members are subjected to the SCM code of conduct.
- 24.2.5 A Deputy Chairperson must be appointed and must have the same powers and duties as those of the members and in addition, in the absence of the chairperson, must preside as chairperson over the meeting.

#### **24.3 Bid Technical Evaluation Committee (BTEC) or Co-Opted Specialists**

- 24.3.1 Bid Evaluation Committee may request the Chief Director: SCM to liaise with the AO to appoint any official subject to there being no conflict of interest, to participate in BTEC on an ad-hoc basis, due to his or her or their expertise on a relevant topic related to a bid considered.
- 24.3.2 The BTEC's or Co-opted Specialists primary responsibility is to conduct a fair, impartial, and expert assessment of bids to determine how well they align with the specified technical requirements and quality standards of a project.
- 24.3.3 BTEC-Evaluate Technical Compliance: The main function is to analyse the technical proposals specification based on criteria outlined in the bid documentation, ensuring that each bidder has the technical capacity and ability to execute the contract successfully.
- 24.3.4 Co-opted Specialists participate in deliberations and provide expert opinions but do not have voting powers in the final decision-making process of BEC. They are subject of the code of conduct and conflict-of-interest declarations as permanent committee members.

#### 24.4 **Bid Evaluation Committee (BEC)**

- (a) The BEC is responsible for the evaluation of bids received by *inter alia* –
- (i) confirming administrative checks performed by SCM.
  - (ii) ensuring bids are still valid.
  - (iii) scoring functionality criteria or any evaluation criteria specified in the bid including applicable Preference Point System.
  - (iv) ensuring the budget is confirmed.
  - (v) compiling a report of all bids evaluated; and
  - (vi) making a recommendation to the Bid Adjudication Committee.
- (b) The Bid Evaluation Committee must be cross functional and must comprise of Supply Chain Practitioners and officials from other components.
- (c) The BEC should consist of a minimum of five (5) members.
- (d) It is recommended that committee members be appointed for a period of one (1) year.
- (e) The BEC may request various forms of presentations from a bidder, primarily to gain deeper understanding of bid, verify claims, assess functionality, and evaluate the



proposed team methodology. These presentations serve to evaluate aspects that are difficult to assess solely from written proposal.

- (f) Presentation that BEC might request include:
- (i) Pitch Presentations: Shortlisted bidders are often invited to deliver formal “pitch” detailing their proposed solution, understanding of the project’s scope, challenges, target market analysis, and overall strategy.
  - (ii) Product/solution Demonstrations: For bids involving the supply of goods, software, or technology, the BEC may require a live demonstration (virtual or in-person) of the product or working model to verify compliance with technical specifications and assess functionality.
  - (iii) Interviews: The BEC may interview key personnel proposed for project to assess their expertise, experience, skills, and availability.
  - (iv) Submission of samples: The request for “presentation “can also include the submission of physical samples for virtual or functional evaluation, particularly for items like publications, promotional materials, or other commodities.
- (g) The specific form and content of presentation must always be outlined in the tender documents and are directly linked to the evaluation criteria to ensure fairness and transparency in the process.
- (h) The service provider may be requested to provide clarity on their submission, however, this must not be used as an opportunity to put any bidder at an advantage over others or to submit additional information.
- (i) The BEC members are subjected to the SCM code of conduct.
- (j) A Deputy Chairperson must be appointed and must have the same powers and duties as the members. In addition, in the absence of the Chairperson, the Deputy Chairperson must preside over the meeting as the Chairperson.

#### **24.5 Bid Adjudication Committee (BAC)**

- (a) The BAC should consider the report and recommendations made by the BEC. The BAC must consider whether the recommendation made by the BEC sufficiently indicates that all relevant factors have been considered, and that the recommendation made represents a logical, justifiable conclusion based on all relevant information at the evaluation committee’s disposal.



- (b) The BAC should be cross functional in order to ensure that collectively, the committee members possess sufficient expertise to ensure sound adjudication of each bid it has to consider. It is recommended that committee members be representative of appropriate operational disciplines within the Department and that members be appointed for a period of one (1) year.
- (c) At least one (1) member should be a Senior Supply Chain Practitioner. The committee should be comprised of at least five (5) members at senior level. The chairperson of the committee should be the CFO or his or her delegate.
- (d) The BAC members are subject to the SCM Code of Conduct.
- (e) A deputy chairperson must be appointed and must have the same powers and duties as those of the members. In addition, in the absence of the chairperson, the deputy chairperson must preside over the meeting as chairperson.

#### **24.6 Operational Requirements of Committees**

- (a) In order for committee members to meet their obligations, members must be trained and be familiar with all applicable SCM legislation, Policies, Instruction and Practice Notes and Circulars.
- (b) All members of committees must sign a Code of Conduct defining their conduct in the execution of the function they are appointed to.
- (c) The quorum for all meetings will be 50% plus one (1) member present.
- (d) At every meeting, all members of the committees must declare their interest. If a member does have an interest, the member must recuse himself or herself from the meeting when the item concerned is discussed.
- (e) Members of the committee should be independent in applying their minds and allocating scores and must promote the common goal of the committee. There should be no lobbying of votes.
- (f) All bids' proceedings and decisions taken in all meeting must be properly recorded, signed and filed appropriately in a bid file for audit/future reference.
- (g) Information or documentation relating to bids is strictly confidential and must be treated as such.

- (h) All information must be handled in accordance with the prescripts of the POPIA.

## **24.7 Rules of Conduct of the Bid Committees and Secretariat**

24.7.1 The Bid Committee Members and Secretariat must –

- (a) have the required knowledge and adhere to correct procedures.
- (b) demonstrate courteous behaviour.
- (c) never allow their integrity to be compromised and must maintain a high level of professional competence.
- (d) treat all discussions as confidential unless officially authorised to discuss such matters.
- (e) declare financial interests annually; and
- (f) not intentionally favour or prejudice any bidder.
- (g) conduct meetings in an orderly manner, observe meeting protocols and protect the rights of every member and the secretariat.

## **24.8 Departmental Quotation Committees**

- 24.8.1 The AO must appoint in writing the Quotation Specification Nomination Committee (QSNC), Quotation Evaluations Committee (QEC) and Quotation Adjudication Committee (QAC) members for a period of one (1) year.
- 24.8.2 The committee members must be adequately trained and must understand and comply with ethical standards.
- 24.8.3 Quotation committee meeting is properly constituted if 50% plus one of its members are present.
- 24.8.4 The End-user specialist in the field may draft a specification or Terms of Reference.
- 24.8.5 The End-user may be required to provide technical assistance during the drafting of specification or evaluation of quotations but may not score or form part of the final decision making process of the committee.



- 24.8.6 Minutes must be signed by all members present in a meeting confirming that the minutes are a true reflection of the meeting.
- 24.8.7 The QSNC is responsible for identifying potential service providers from CSD or other authorised means.
- 24.8.8 The QSNC may also decide that quotations must be advertised on the department's website to encourage broader participation.
- 24.8.9 The QEC is responsible for the evaluation of quotations received and making recommendations to the QAC. The QEC must consist of a minimum of four (4) members and be appointed for a period of one (1) year. The QEC members are subject to the SCM Code of Conduct and must declare interest at all sittings of the committee.
- 24.8.10 The QAC is responsible for checking recommendations of the QEC and must ensure that correct processes were followed and award quotations in line with the Departmental policy, delegations, and other applicable prescripts.
- 24.8.10 Members must be appointed for a period of one (1) year. The committee should be comprised of at least four (4) members. The QAC members are subject to the SCM Code of Conduct and declaration of interest at all committee meetings.

## **25. ADMINISTERING PROCUREMENT OF GOODS, SERVICES OR BOTH GOODS AND SERVICES UP TO R1, 000 000.00 INCLUDING ALL TAXES**

### **25.1 Request for Goods, Services or both goods and Service**

- 25.1.1 Acquisition management is the process of acquiring goods, services or both goods and services which satisfy the needs in the Department. If a valid contract does not exist, the acquisition process will be engaged to source required good/services.
- 25.1.2 Invitation and acceptance of quotations for goods, services or both goods and services from R1 up to R1 000 000.00 shall be processed through a quotation process.



- 25.1.3 End-users must submit requisition form (EF72) to SCM specifying the goods, services or both goods and services required. The requisition form must be accompanied by an approved submission authorising the procurement of goods, services or both goods and services and an approved procurement plan. The EF72 must be signed by the Responsibility Manager, Programme Manager and the CFO.
- 25.1.4 Requirements must under no circumstances be split to circumvent a competitive bid process.
- 25.1.5 All EF72's submitted to SCM for procurement processes must be accompanied by written budget confirmation from the budget office.
- 25.1.5 A requisition must be recorded in the requisitions register, allocated a quotation number and forwarded for the nomination of potential service providers.

## **25.2 Methodology for Identification of Potential Service Providers for Price Quotations**

- 25.2.1 The QSNc must identify supplier to be invited to quote using the Central Suppliers Database's algorithm. This means the QSNc must request CSD to generate a list of a minimum of five (5) service providers based on the following minimum criteria:
  - (a) Selected service providers must be from the district in which good or services are required.
  - (b) Selected service providers must be registered as suppliers of the required goods or services,
  - (c) If there are no suppliers for the required goods or services in the selected districts, the QSNc may request CSD to generate the list from services providers registered in other district or even outside KwaZulu-Natal Province. However, this must be supported by written supporting documents which must be filed for audit purposes.
  - (d) The CSD selection printout page/s must be printed, signed by the nomination committee and kept in case file.
- 25.2.2 To prevent cover-quoting, service providers who share the same information such as (but not limited to) addresses, telephone numbers, emails or name of directors must not be nominated for the same quote.
- 25.2.3 In cases of emergency or urgency, the suppliers may be identified on a quotation or bid register based on past performance and capacity to deliver.

25.2.4 The QEC must verify, inter alia, the following information of prospective suppliers on the CSD prior to making an award –

- (a) Business registration, including details of directorship and membership.
- (b) Whether any of the directors are in the service of the state.
- (c) Tax compliance status.
- (d) Bids defaulting and restriction status.

25.2.5 Identified service providers must be recorded on an EF200 nomination form which must be signed by all members of the QSNK.

25.2.10 The QNSC may elect to invite quotations the department's website. This decision must be based on encouraging broader participation in the quotation.

### **25.3 Invitation for Quotations**

25.3.1 The following prescribed SBD forms must be used for the invitation of quotations:

- (a) Invitation cover letter.
- (b) SBD1 – Invitation to quote.
- (c) SBD 3 – Price Schedule.
- (d) SBD 4 – Bidders Disclosure.
- (e) SBD 6.1 – Preference Points Claim form.
- (f) SBD 7 – Contract form - Purchase of goods and services.
- (g) GCC – General Conditions of Contract.
- (h) Additional forms or letters can be added as required on a case-by-case basis, such as the briefing session SBD form and the invitation letter.

25.3.2 The invitation to quote must allow for a minimum of three (3) working days within which to submit quotations. A shorter period may be approved by the Chief Director: SCM for Head Office or the District Director at the District Offices, whichever is applicable. This approval must be based on sound and justifiable reasons which must be recorded.

- 25.3.3 The invitation to quote must indicate if there would be a briefing session and if it is compulsory or not. If it is compulsory, service providers who fail to attend the briefing session and who submits quotations must be disqualified.
- 25.3.4 The validity period for quotations shall be ninety (90) days from date of closing. An extension of validity must be requested in writing from all bidders before the expiry date. A non-response to the request will be deemed as having accepted the request. Bidders who refuse in writing to accept the extension of validity must have their quotation excluded from evaluation.
- 25.3.5 If the QSNc elects to identify service providers to be invited to quote using the CSD algorithm, invitations must be emailed to service providers and proof of email must be filed for audit purposes. Where invitations are physically issued or collected, a register must be maintained where service providers sign as proof of receipt or collection.
- 25.3.6 Where a briefing session is held, a register must be signed, and minutes of the briefing session must be prepared and signed.

## **25.4 Submission and Closing of Quotations**

- 25.4.1 The invitation to quote must include the method of submission, the closing date and time for the quotation.
- 25.4.2 Quotations may be submitted physically to a prescribed address or to the location of the quotation box or it may be emailed as directed in the invitation to quote.
- 25.4.3 The quotation box must be opened by two (2) officials appointed by the Director: Demand & Acquisitions or the District Director.
- 25.4.4 A register of received quotations must be maintained. The quotation closing register must be date stamped and signed by officials present at the opening.
- 25.4.5 The price page, (SBD 3.1) must be date stamped and signed by officials present at the opening.
- 25.4.6 Quotations received via e-mail before the closing time must be printed and the

cover page showing the date and time received must be attached.

## **25.5 Evaluation of Quotes**

- 25.5.1 A minimum of three (3) quotes must be evaluated. The comparative schedule (EF58) must be utilised for the evaluation of quotes in line with the delegated threshold amounts included in the SCM Delegations.
- 25.5.2 If less than three (3) quotes are received after two (2) attempts, the case must be re-nominated and a new invitation sent out or a motivation to process less than three (3) quotes must be prepared for the AO to consider and authorise. The authorisation by the AO to process less than three (3) quotes will be a deviation and must be reported as such.
- 25.5.3 Quotations will be evaluated and awarded based on price and preference points. In instances where a functionality or technical criteria was included in the request for quotation, the quotation must be evaluated on functionality or technical compliance or both functionality and technical compliance prior to price and preference points evaluation.
- 25.5.4 The 80/20 preference point system is applicable for the acquisition of goods or services with a rand value equal to or below R50 million inclusive of all applicable taxes.
- 25.5.5 No award must be made or order issued to suppliers who are not tax compliant. Where a recommended bidder is not tax compliant, the bidder must be notified in writing of their non-compliant status and be requested to submit proof of tax compliance status within seven (7) days. This must be verified on CSD before a letter of award or order is issued.
- 25.5.6 Should the recommended bidder fail to provide proof of their compliance status, the Department must reject the quotation and consider the second highest or third highest if the second highest tax status is non-compliant and the second highest fails to rectify the tax status. If the third highest's tax status is non-compliant and they fail to rectify, then the quotation process must be cancelled and there must be a re-nomination.

- 25.5.7 Orders must only be issued to suppliers who are tax compliant on CSD. If the supplier's tax status is non-compliant, they must be notified in writing and afforded seven (7) days to rectify the status, failing which the award must be cancelled.
- 25.5.8 No award must be made to suppliers whose directors or owners are government employees or restricted persons on the CSD.
- 25.5.9 In cases of emergency, the AO may utilise and mandate the quotation committees to nominate, evaluate and award transactions above the quotation threshold of R1 million.

## **26. ADMINISTERING PROCUREMENT OF GOODS, SERVICES OR BOTH GOODS AND SERVICES UNDER THE OPEN COMPETITIVE BID PROCESS**

### **26.1 Submission of Requests for Bids**

- (a) Goods, services or both goods and services above R1 million (inclusive of all applicable taxes) must be acquired through an open competitive bidding process. The end-user must submit a request for a bid to be advertised. The request must include specifications, terms of reference or a Bill of Quantities of goods, services or both goods and services required.
- (b) Specifications must be clear and unambiguous and must include functionality, where required. All construction-related projects may require and may specify CIDB grading.
- (c) Availability of budget must be confirmed by the end user, and the request must be approved by the AO and be included in the procurement plan.

### **26.2 Specification Approval**

- (a) SCM shall table all requests for bids before the BSC who will compile a bid specification. The BSC must recommend the specification to the BAC who will support and recommend to the AO to approve the advertisement of the bid. SCM must compile the bid document using the prescribed standard bidding documents.



- (b) The bid document must indicate the closing date, time, submission address, date of briefing session, if applicable, the evaluation and functionality criteria, validity period, contact details for clarification of queries and any other relevant information.
- (c) Bid Specifications and/or Terms of reference for bids for appointment of a Managing Agent for Procurement, Warehousing, Distribution and upkeep of Learner and Teach Support Material (LTSM) must consider Norms and Standard requirements of the LTSM unit and include a requirement (amongst others) under the functionality criteria of the bid to cater for the following requirement:
  - (i) The warehouse or proposed warehouse for erection or repurposing, which serves as the critical infrastructure of the appointed managing agent for LTSM, must be located within a radius of 100 kilometres from either of the following Departmental Offices:
    - a. Ex-Ned Building, 228 Pietermaritz Street, Pietermaritzburg
    - b. Truro House, 17 Margaret Mncadi Avenue (Victoria Embankment), Durban.
- (d) Bid Specifications and/or Terms of reference for bids for procurement of a Complete and New Fully Functional Printing Solution must consider Norms and Standard requirements of the Examination Unit and include a requirement (amongst others) under the functionality criteria of the bid to cater for the following requirement
  - (i) The building housing the back-up printing facility or proposed building to house the back-up printing facility, which serves as the critical back-up infrastructure of the Examination Unit, must be located within a radius of 50 kilometres from location of the main printing facility of the Departmental. The current main printing facility is located at the following Office/Address:
    - a) Malgate Building, 72 Stalwart Simelane Street (Stanger Street), Durban.
- (e) Bids who fail to comply with the minimum score for requirements in (c)(i) and (d)(i) must be disqualified from the bid.

### **26.3 Advertisement of Bids**

- (a) Bids must be advertised in the National Treasury e-Tender portal. The advert may also be posted on the Department's website and where necessary, in other media platforms. Construction-related bids must also be advertised on the CIDB website.
- (b) Bids must be advertised for at least twenty-one (21) days except in urgent cases where a shorter period may be observed following the approval by the AO and this must be treated as deviations and reported as such.
- (c) Where samples are called for, it must be supplied by the bidder at his or her own expense and risk. The Department is not obliged to pay for the samples or compensate for the loss thereof unless specified in the bid document. The Department must reserve the right not to return samples and to dispose of them at its own discretion.
- (d) The extension of a bid closing date must be authorised by Chief Director: SCM. The postponement of the bid closing date must be advertised in the same media that the bid was advertised in.
- (e) Communication with bidders must be in writing and sent to the contact details provided in the bid document.
- (f) Addendums may be sent for clarification, amendment, additional information or any other reason. The addendums must be authorised by the AO. Addendums must be issued to all bidders who attended a briefing session.

### **26.4 Closing of Bids**

- (a) The closing register must be published within ten (10) working days of the closing of the bid. The list with the names of all bidders that submitted bids must be published in the e-bids portal and the Department's website.
- (b) Bids received after the closing date and time are late and must not be considered. The date, time and the names of bids received late must be recorded in the "*bids received late*" register.

- (c) The Department is not obliged to consider unsolicited bids or proposals. The AO may consider an unsolicited bid or proposal if the service provider presenting the bid is prepared to unconditionally allow the department to subject their bid to competitive bidding processes.

## **26.5 Evaluation of Bids**

- (a) SCM must –
  - (i) peruse all bids received and check for SCM compliance and the submission of compulsory returnable documents.
  - (ii) commence with the evaluation report and compile a bid project file.
  - (iii) present all bid documents received and all administrative documents to the Bid Evaluation Committee (BEC).
- (b) The BEC must evaluate bids received and prepare a recommendation report to the BAC.

## **26.6 Awarding of Bids**

- (a) The BAC must review the report from the BEC and must consider whether the recommendation made by the BEC –
  - (i) sufficiently indicates that all relevant factors have been taken into account.
  - (ii) represents a logical, justifiable conclusion based on all relevant information at the evaluation committee's disposal.
- (b) The BAC must then make recommendation for final awarding of contract to the AO by evaluating the bid evaluation committee's recommendations, ensuring transparency, fairness, and compliance with procurement policies.
- (c) In the event the BAC finds in their recommendation that there are issues that the BEC must reconsider, the BAC must refer the bid back to the BEC for consideration. If the BEC and the BAC fail to agree on the final recommendation, the matter must be decided by the AO.

- (d) The AO will grant the final award of a bid. Once awarded by the AO the successful bidder will be published in line with directives from Provincial and National Treasury.
- (e) Relevant CIDB directives must be followed for infrastructure procurement.

## **27. BID APPEALS**

- (a) Awarded bids are subject to an appeal process in terms of the Bid Appeals Tribunal Practice Note No.SCM-07 of 2006 before an order is issued. A period of appeals must be observed. Once confirmation of appeals is received from Provincial Treasury, the process will then be led by the Provincial Treasury Appeals Office. The Department must await the outcome of the appeals process before issuing letters of award.
- (b) If there is confirmation of no appeals being received by the Bid Appeals Tribunal, SCM must draft a letter or letters of award for the HOD's signature and SCM must hand over the letter to the winning bidder. The winning bidder or bidders must accept the award by signing the letter of award and returning it to the Department.
- (c) Regret letters must be drafted and signed by CD: SCM and issued to unsuccessful bidders when the advert is issued.

## **28. ORDERS AND PAYMENTS**

28.1 Orders and payments will be processed in line with Logistics Management.

## **29. CONTRACT MANAGEMENT**

29.1 SCM must forward bid documents, letters of award and copies of orders issued to the Contract Management section.

29.2 The start date of a contract will either be a date on which the winning bidder signed confirmation of acceptance or the date agreed upon between the Department and the service provider.

### **30. CESSION OF CONTRACT**

30.1 As a general rule, Cession of contract will not be accepted, however, in exceptional circumstances such as an order of court, the Department may consider allowing the cession of contract.

30.2 A service provider may cede payments due to them from the Department to any registered entity as part of their financing of supply for goods delivered or services rendered to the Department. This must be done in consultation with the CFO and Legal Services of the Department.

### **31. PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE**

31.1 In terms of Regulation 16A.6.5 and 16A.6.6 of the Treasury Regulations, the AO may procure goods or services under a contract secured by Treasury or another organ of state if –

- (a) the contract has been secured by another organ of state by means of a competitive bidding process applicable to that organ of state; and
- (b) the other organ of state and the service provider consented to such procurement in writing.

### **32. PROCUREMENT OF GOODS AND SERVICES BY MEANS OTHER THAN INVITATION OF COMPETITIVE BIDS OR QUOTATIONS (DEVIATIONS)**

32.1 In instances where it is impractical to invite competitive bids or quotations, Treasury Regulations 16A 6.4 provides for such instances where the AO may dispense with the competitive bidding processes and procure goods and services by other means.

32.2 PFMA SCM Instruction Note No.3 of 2021/2022 stipulates that procurement by other means includes limited bidding, written quotations and single source as discussed below-

### **32.2.1 Limited Bidding**

Limited bidding is only to be used if justifiable reasons exist and the necessary approval has been obtained from the AO in terms of the National Treasury Instruction Notes or the Department SCM Process Delegations. The Department may use limited bidding under the following circumstances –

#### **(a) Sole Source**

- (i) Sole Source Procurement may occur when there is no competition in the market and only one (1) supplier is able to provide the goods/services.
- (ii) Where possible, the market must be tested to gather evidence that there is only one supplier who has unique and singularly available capacity to supply required goods/services or has sole distribution rights on behalf of an original equipment manufacturer or rendering of a particular service.
- (iii) The request for sole source procurement must be approved by the AO and be reported as a deviation.
- (iv) The reasonableness of prices must be determined as follows –
  - Comparison of prices given to other clients of the service provider and relative discounts, if any were offered.
  - Profit before tax, based on evidence provided by the bidder.
  - Comparison with previous prices if the service provider has supplied the Department with similar goods/services.

#### **(b) Single Sourcing**

- (i) Single Source is where a thorough analysis of the market and a transparent and equitable pre-selection process is used to decide on

one (1) supplier among a few prospective bidders to make a proposal and such is done in line with the NT Instruction Note 03 of 2021/2022

(ii) This could occur where –

- the need precludes the use of a competitive bidding process and only one bidder is approached to quote for goods, services or both goods and services such as a natural continuation of previous work carried out by a service provider and it is impractical to obtain goods/services from other service providers; or
- the goods, services or both goods and services are produced or available from a single or sole provider only such as the acquisition of special works of art or historical objects where specifications are difficult to compile or where there is a copyright and other similar requirement that is not easily available.

(iii) Necessary checks and assessments must be performed to justify a single source procurement and all relevant information collected during the checks and assessment must be kept on file for audit purposes.

(iv) The Department must ensure that a fair and market related price is obtained.

(v) The request to procure using a single source must be approved by the AO and must be reported as a deviation.

(vi) The AO must within fourteen (14) days after finalisation of the deviation procurement, report the deviation to the Provincial Treasury and AGSA.

(vii) The AO must ensure that the deviation procurement is recorded in the Department's annual report.

### **(c) Multiple Sources**



- (i) Multiple sources is where –
  - a thorough analysis of the market indicates that there is limited competition and only a few prospective bidders are requested to make proposals.
  - the Department applied the competitive (open) bidding process, but the bids received were all non-responsive and the time required to go out on the same process lapsed.
- (ii) Service providers must be sourced preferably from the CSD.
- (iii) The invitation must be done in writing using the prescribed SBD forms.
- (iv) A minimum of three (3) service providers must be invited to quote.
- (v) The invitation for quotations must be open for at least three (3) working days.
- (vi) At least three (3) quotations must be obtained, and a final award must be in line with Departmental SCM Delegations.
- (vii) Service providers who have relevant capacity and proven track record must be utilised.
- (viii) Caution must be exercised in ensuring that one (1) supplier is not repeatedly utilised.

### **32.2.2 Emergency Procurement**

- 32.2.2.1 Emergency Procurement occurs when a serious, unexpected and potentially dangerous situation poses immediate risk to health, life, property or environment and which necessitates immediate action to avoid –
- (a) an interruption of a critical service;
  - (b) a dangerous or risky situation;
  - (c) risk to health, lives, property, environment or misery;

and there is insufficient time to utilize the competitive bidding process and procurement would have to be done by "*other means.*"

- 32.2.2.2 The nature of the emergency and the details of the justifiable procurement process to be followed must be documented by the end user in a written submission to be sent to the AO for approval. The losses or consequences that will follow should action not be taken, must also be recorded in the submission to motivate why it is impractical to invite competitive bids.
- 32.2.2.3 It is the responsibility of the end-user to ensure that the case being submitted as emergency meets the relevant description in order to avoid any adverse findings.
- 32.2.2.4 A quotation process may be instituted instead of a bid process.
- 32.2.2.5 Service providers must be sourced preferably from the CSD.
- 32.2.2.6 A minimum of three (3) service providers must be invited to quote.
- 32.2.2.7 The period of submission of quotes to be determined on a case-by-case basis.
- 32.2.2.8 At least three (3) quotations must be obtained and awarded in line with Departmental delegations.
- 32.2.2.9 Service providers with relevant capacity and proven track record must be utilised.
- 32.2.2.10 Caution must be exercised in ensuring that one (1) supplier is not repeatedly utilised.

### **32.2.3 Urgent Procurement**

- 32.2.3.1 Urgent procurement process will only apply where early delivery is of critical importance and the utilisation of the standard procurement process is either impossible, or impractical.



- 32.2.3.2 It is utilized due to the occurrence of unforeseen circumstances that created the urgency. Lack of planning or negligence on the part of the Department will under no circumstance constitute an urgent situation.
- 32.2.3.3 The nature of the urgency and a justifiable alternative procurement process must be motivated by the end user in a written submission and approved by the AO.
- 32.2.3.4 The end-user requesting the urgent procurement must ensure that it meets the description of an urgent case and will take responsibility for any adverse findings in this regard. The procurement will be a deviation and reported as such.
- 32.2.3.5 Service providers with relevant capacity and proven track record must be utilised.
- 32.2.3.6 The AO must within fourteen (14) days after the finalisation of the procurement by other means (urgent procurement) report the procurement to the relevant treasury and AGSA in a format determined by National Treasury.

#### **32.2.4 Written Price Quotations (under deviation)**

- 32.2.4.1 Written Price Quotations must be utilized in cases where it is not practical to follow the prescribed bidding process and approval to utilize this process has been obtained from the HOD.
- 32.2.4.2 Services providers must be sourced preferably from the CSD.
- 32.2.4.3 Where possible, a minimum of three (3) service providers must be invited to quote.
- 32.2.4.4 The invitation for quotations must be open for at least three (3) working days.
- 32.2.4.5 At least three (3) quotations must be obtained, and a final award must be in line with the SCM Delegations.

32.2.4.6 Service providers with the relevant capacity and proven track record must be utilized.

32.2.4.7 Caution must be exercised in ensuring that one (1) supplier is not repeatedly utilised.

### **33. INFORMATION SYSTEMS**

#### **33.1 Central Suppliers Database**

- a) The Central Supplier Database administers supplier registration and facilitates the verification of supplier information.
- b) It is mandatory for the Department to conduct business with suppliers registered on the CSD for all categories of procurement undertaken.
- c) Deviations to utilise exempted service providers must be approved by the AO.

#### **33.2 e-Bids Publication Portal**

It is mandatory for the Department to publish the following on the e-Bids Portal –

- (a) Advertisement of bid.
- (b) Amendments to advertised bid.
- (c) Bid closing register.
- (d) Cancellations of bids; and
- (e) Award of bids.

#### **33.3 Hard Cat System**

- a) This system is designed to facilitate the controlling of all assets within the Department in accordance with the National Treasury's directive in fulfilling the provisions of the PFMA.
- b) The Department approved Asset Management Policy is applicable.

#### **33.4 Basic Accounting System**

- a) The Department uses the BAS to capture purchase orders issued for goods, services and goods and services and services and services that are not asset related.

### **34. SUPPLY CHAIN MANAGEMENT GOVERNANCE**

**34.1** The Department is committed to the undermentioned SCM good governance principles which all departmental officials must adhere to –

- (a) Any official who becomes aware of a breach of, or failure to comply with any aspect of the SCM, must immediately report in writing the breach or failure to the AO or the corruption hotline;
- (b) All service providers or potential service providers must be treated equally;
- (c) No official must utilize their position for private gain or to improperly benefit another person;
- (d) Officials must be honest in their use of Department's funds and property;
- (e) The AO must take reasonable steps to prevent abuse, corruption and collusion in the SCM system through audits, as well as risk assessments of the Department procurement system;
- (f) The AO must investigate all reported allegations of corruption, improper conduct or non-compliance and implement the recommendations of the investigation;
- (g) The AO must report any conduct that may constitute an offence to the SAPS;
- (h) Department officials must recognize and disclose any conflict of interest that may arise;
- (i) Officials or other role players must take all reasonable steps to ensure that they do not place themselves under any financial or other obligation to individuals or organizations that may seek to influence them in the performance of their official duties.
- (j) No award must be given to a person in terms of this policy who is in the service of the state.
- (k) The SCM unit and particularly the Department officials dealing directly with service providers or prospective service providers are required to:

- (i) provide all assistance in the elimination of fraud and corruption;
  - (ii) be fair and efficient; and
  - (iii) achieve the highest professional standards in the awarding of contracts.
- (l) The AO must reject a proposal for an award if the service provider recommended for the award has engaged in the corrupt or fraudulent activities in competing for the award in question; and
- (m) Combative Practices which include but is not limited to the following is unethical, illegal and must be avoided at all costs –
- (i) suggestions to fictitiously lower quotations;
  - (ii) exploiting errors in bids;
  - (iii) soliciting bids from bidders whose names appear on the list of restricted bids, suppliers or persons; and
  - (iv) fronting practices.

## **34.2 Responsibilities**

### **34.2.1 The Head of Department must –**

- a) establish an Operational SCM System;
- b) develop and implement the Department SCM Policy;
- c) appoint in writing all Committee Members;
- d) promote effective and sound financial management; and
- e) be accountable for all transactions concluded during the SCM processes.

### **34.2.2 The Chief Financial Officer must –**

- a) oversee the implementation of the SCM process in the Department.
- b) ensure that all employees involved in SCM are trained to execute their functions; and
- c) ensure that all SCM officials understand and sign the SCM Code of Conduct.

### **34.2.3 Programme and Responsibility Managers must –**

- a) ensure adherence to SCM prescripts within their respective units when executing SCM related functions.

### **35. IMPLICATIONS OF NON-COMPLIANCE**

Failure to comply with this policy and its provisions may constitute financial misconduct and any official in transgression hereof will be subject to disciplinary measures in terms of the applicable Code of Conduct and legislation governing their employment relationship with the State.

### **36. POLICY ON EFFECTIVE DATE AND REVIEW INTERVALS**

This policy will come into effect on the communicated by Chief Director: SCM at Head Office. and shall be reviewed every two (2) years or as and when the circumstances necessitate an amendment.

### **37. REPEAL**

This Policy repeals the Department Supply Chain Management **Policy of January 2023**.

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**MR GN NGCOBO**  
**HEAD OF DEPARTMENT: EDUCATION,**  
**KWAZULU-NATAL**

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**DATE**