



Supply Chain Management Standard Operating Procedure Manual



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Submission for Adoption and Implementation

- The Accounting Officer must ensure that this draft SCM Standard Operating Procedure Manual is submitted for approval to the relevant bodies. On submission for perusal, consideration, approval and adoption by the Executive Management of Elundini LM, the manual will in-turn be forwarded to its Mayoral Committee and Council for final approval.
- Should the Accounting Officer submit an SCM Standard Operating Procedure Manual to its Council that differs from the model policy, the Accounting Officer must ensure that such a manual complies with the MFMA Regulations.
- The Accounting Officer must report any deviation from the model policy to both the National Treasury and the Eastern Cape Provincial Treasury.



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Abbreviations

AO	Accounting Officer
B-BBEEA	Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2000).
BEE	Black Economic Empowerment
BSC	Bid Specifications Committee
BEC	Bid Evaluation Committee
BAC	Bid Adjudication and Award Committee
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CPIC	Companies and Intellectual Property Commission
DTI	Department of Trade and Industry
ELM	Elundini Local Municipality
EM	End User Department
GCC	General Conditions of Contract
IDP	Integrated Development Plan
MBD	Municipal Bidding Document
MRP	Materials Replacement Plan
MFMA	The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).
PPPFA	Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
SARS	South African Revenue Services
SCM	Supply Chain Management
SCMU	Supply Chain Management Unit
SDBIP	Service Delivery and Budget Implementation Plan
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprise
UD	User Department
VAT	Value Added Tax

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1. CHAPTER 1: PURPOSE OF THE STANDARD OPERATING PROCEDURE MANUAL

The purpose of this standard operating procedures is to foster a culture of responsibility and accountability for Supply Chain Management (SCM) at Elundini Local Municipality (ELM) and aims to achieve uniformity in its application. The procedure manual should be used by Managers and SCM Practitioners in their day-to-day operations.

2. CHAPTER 2: OBJECTIVES AND SCOPE OF THE STANDARD OPERATING PROCEDURE MANUAL

2.1. Objectives of the SCM Standard Operating Procedures

- 1) This SCM Standard Operating Procedure Manual is aimed at introducing accepted best practices in respect of SCM processes and procedures at Elundini LM whilst ensuring:
 - a) Efficient, effective and uniform planning for, and procurement of, all goods, services and works, required for the proper functioning of Elundini Local Municipality, as well as the sale and letting of assets conforming to constitutional and legislative principles, whilst developing, supporting and promoting historically disadvantaged individuals, Black Economic Empowerment (BEE), Small, Medium and Micro Enterprises (SMMEs), and preferential goals (socio-economic objectives).
 - b) Efficient, effective and uniform management of logistics and disposal of goods and assets through the SCM process.
 - c) Good governance through Elundini LM's supply chain processes.
- 2) Its primary focus is on determining and introducing processes and procedures that should guide Elundini LM on how to undertake its procurement activities, the various activities to be undertaken, in a logical sequence and the supporting documents that should be used to execute transactions in the process of undertaking procurement.



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- 3) Relevant process flowcharts, diagrams and matrices will be designed and incorporated to this document.
- 4) Thus the SCM Standard Operating Procedure Manual, in its existing format and through the process flowcharts, diagrams and matrices shall determine processes and procedures for the following procurement activities, in a logical sequence;
 - a) Origin of the procurement need.
 - b) Description of the procurement need.
 - c) Determining the availability of goods and services and their prices.
 - d) Supplier selection.
 - e) Order processing.
 - f) Expediting orders.
 - g) Receiving of goods and services.
 - h) Handling and inspection of goods.
 - i) Processing of invoices.
 - j) Maintaining of files, records and supporting documents.



3. CHAPTER 3: LEGISLATIVE FRAMEWORK

ELM will comply with the following legislative requirements and circulars which the SCM Unit of the Institution is bound and guided by:-

ACT	APPLICABILITY	SCM IMPLICATIONS
Constitution of the RSA,1996 (Act No: 108 of 1996)	All organs of state	Provides procurement objectives and establishes government's policy for preferential procurement.
Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)	All organs of state	Establishes a manner in which preferential procurement policies are to be implemented
Local Government Municipal Finance management Act, 2003 (Act No. 56 of 2003)	Municipality and Municipal entities	Establishes a detailed regulatory framework for Supply Chain Management
Local Govt. Municipal Systems Act, 2000 (Act No. 32 of 2000; and Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)	Local Sphere of Government	Establishes a framework for the establishment of service delivery agreements involving competitive bidding processes
Construction Industry Development Board Act. 2000 (Act 38 of 2000)	All organs of state involved in procurement relating to the construction industry	Establishes a means by which a Board can promote and Board can promote and implement policies aimed at procurement reform, standardization and uniformity in procurement documentation, practice and procedures within the framework of the procurement policy with



		govt. Establishes a national register of contractors (and if so required, consultants and suppliers) to manage the public sector procurement risk.
Broad-Based Black Economic Empowerment Act, 2003 (Act. No. 53 of 2003)	Procurement provisions apply to all organs of state	Establishes a code of good practice to inform the a) development of qualification criteria for the issuing of licenses or concessions, the sale of state owned enterprises and for entering into partnerships with the private sector; and b) development and implementation of a preferential procurement policy
Auditor- General Act (Act 12 of 1995)	All organs of state	One of the functions of the AG is to reasonably satisfy himself or herself that satisfactory management measures have been taken to ensure that resources are procured economically and utilized efficiently and effectively. The AG has wide powers to investigate and is obligated to report his findings either to Parliament or a provincial legislative, as relevant.
Competitions Act (89 of 1998)	The state and all persons	This Act prohibits between parties: a) Restrictive horizontal practices which have the effect of substantially preventing or lessening competition in a market or involves directly or indirectly fixing a purchase or selling price or any other trading condition; dividing markets by allocating customers, suppliers, territories or specific types of goods or



		services; or collusive tendering. b) Restrictive vertical practice which have the effect of substantially preventing or lessening competition in a market or establish a minimum resale price.
Promotion of Equality and Unfair Discrimination Act (Act 4 of 2000)	The state and all persons	The Act prohibits the state or any person from discriminating unfairly from any person and in particular on the grounds of race such as the denial of access to opportunities, including access to services or contractual opportunities for rendering services, or failing to take steps to reasonably accommodate the needs of such persons.

- a) The highest standards of probity are required of all Municipal officials involved in the Supply Chain Management, award and management of Municipality contracts.
- b) Officials are reminded of their responsibilities in relation to gifts and hospitality and should ensure that they comply with the obligations.
- c) It is advisable that the procurement/SCM process be undertaken by trained SCM practitioners in accordance with National Guidelines.
- d) Failure to comply with any of the provisions of these Standard Operating Procedures by Officials may result in disciplinary action.

3.1. Relevant Circulars

In addition to the various pieces of legislation referred to above, the SCM SOP's will also be guided by the following MFMA Circulars:-

- 1) MFMA Circular No.2 - Supply Chain Management.
- 2) MFMA Circular No.6- Workshops, Supply Chain Management.
- 3) MFMA Circular No.16- Supply Chain Management Training.
- 4) MFMA Circular No.22- Model Policy Supply Chain Management.
- 5) MFMA Circular No.25- Supply Chain Management Guide and Bid Documents.
- 6) MFMA Circular No.29- Supply Chain Management Issues.
- 7) MFMA Circular No.33- Supply Chain Management Issues.
- 8) MFMA Circular No.34- Supply Chain Management Issues.
- 9) MFMA Circular No.40- Supply Chain Management Implementation Checklist.
- 10) MFMA Circular No.43- Supply Chain Management: Restriction of Suppliers.
- 11) MFMA Circular No.46- Supply Chain Management: Checking the prohibition status of recommended bidders.
- 12) MFMA Circular No.56- Implementation guide: Preferential Procurement Regulations, 2011 pertaining to the Preferential Procurement Policy Framework Act, Act no 5 of 2000.
- 13) MFMA Circular No.62- SCM enhancing compliance and accountability.
- 14) MFMA Circular No.68- Unauthorized, irregular, fruitless and wasteful expenditure.
- 15) MFMA Circular No.69- SCM on local production and content.
- 16) MFMA Circular No.77- Model SCM policy for infrastructure, procurement and delivery management.
- 17) MFMA Circular No.80- Municipal Financial Systems and Processes requirements in support of the Municipal Standard Chart of Accounts (mSCOA).
- 18) MFMA Circular No.81- Web Based Central Supplier Database (CSD).
- 19) MFMA Circular No.82- Cost Containment Measures.
- 20) MFMA Circular No.83- e-Tender Portal.
- 21) MFMA Circular No.87- Standard Operating Procedures.
- 22) MFMA Circular No.90- Tax Compliance Status.



3.2. Supporting Municipal Policies

At institutional level, the procurement and supply chain management processes and activities are supported by the following policies:-

POLICY	APPLICABILITY	SCM IMPLICATIONS
Supply Chain Management Policy	Provide guidelines to all municipal employees about processes & procedures to follow in the procurement of goods and services in line with all applicable legislation as indicated herein.	All supply chain management and procurement activities shall be undertaken in line with this policy.
Contract Management Policy	Provide guidelines to all municipal employees about processes & procedures to follow in the negotiation and conclusion of different types of contracts	All activities relating to initiation and conclusion of contracts
Catering and Transport Policy	Provides guidelines to all municipal employees about processes and procedures to follow in procuring catering and transport services from local SMME's	All activities relating to procurement of catering and transport services
SCM Policy For Infrastructure, Procurement And Delivery Management	Provides guidelines to all municipal employees about processes and procedures as well as underlying legislation applied in the procurement of infrastructure development services	All activities relating to procurement of infrastructure related services.
Local Economic Development Strategy	Develops a shared model and framework for understanding enterprise & SMME development within Elundini Local Municipality. Sets targets and create awareness for effective and efficient implementation of enterprise/SMME development. Monitor and evaluate performance on enterprise/SMME development and achievement of targets.	The municipality shall determine procurement opportunities it will use to develop local small and medium enterprises.



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Appointment of Consultants	Provides guidelines and the procedures for selecting, contracting, and monitoring consultants required for projects.	All activities relating to appointment of consultants.
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3.3. Exclusions

- 1) The SCM Standard Operating Procedure Manual **does not apply** in respect of the procurement of goods and services contemplated in section 110 (2) of the Act, including;
 - a) Water from the Department of Water Affairs, or a Public Entity, another Municipality, or a Municipal Entity; and
 - b) Electricity from Eskom or another Public Entity, another Municipality or a Municipal Entity.
- 2) In cases where Elundini LM procures goods and services in-line with section 110 (2) of the Act, the following must be disclosed:
 - a) Publicly disclose the procurement of such goods and services;
 - b) Disclose the description of the goods and services; and
 - c) Disclose the name of the provider.

3.4. Transitional Arrangements

Any SCM process implemented prior to the enactment of this SCM SOP Manual must be executed as if this Manual was in operation at the time of its initiation.

4. CHAPTER 3: SCOPE AND APPLICATION OF THE SCM STANDARD OPERATING PROCEDURE MANUAL

- 1) This SCM Standard Operating Procedure Manual provides for uniform SCM processes, and is applicable to:
 - a) The acquisition of goods and services.
 - b) The disposal of goods no longer needed.
 - c) The selection of contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Systems Act applies; or
 - d) The selection of external mechanisms referred to in section 80 (1) (b) of the Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

4.1. Range of Procurement Processes

Summarised in the following table;

Lower Limit	Upper Limit	Range of SCM Process	SCM Strategy	Tender Charge	PPPFA Point System
R 300.00	R2,000.00	Written or verbal quotations	1 Written Quote, Written confirmation from the tenderer	Free of charge	80/20
R2 001	R10 000	Written or verbal quotations	3 Verbal/ written quotes, selected by MUNISOFT (SCM System). Adjudicated and awarded by Chief Buyer	Free of charge	80/20
R10 001	R30 000	Written or verbal quotations	3 formal written quotes, selected by MUNISOFT (SCM System). Adjudicated and awarded by Chief Buyer	Free of charge	80/20
R 30,001.00	R200,000.00	Formal Written Price Quotation	Minimum 3 written proposals, compiled by Buyer/Chief Buyer, verified by Senior Demand Officer & End-user, recommended by SCM Manager, approved by Director – End User Dept. Seven Day (7) advertisement apply.	Free of charge	80/20
R 200,001	R50,000,000.00	Competitive bidding Process	Public Tender	Yes	80/20
>R50,000 000		Competitive bidding Process	Public Tender	Yes	90/10





4.2. Turnaround Times for Implementation of Procurement Processes

The purpose of this section is to outline the expected turnaround times for services rendered by the SCM Unit to user departments. This section provides a general overview of turnaround times. The details and breakdowns of turnaround times are included under each sub-process section. These services have been categorized in the following paragraphs:-

4.2.1. Turnaround Time for Advertisement of RFQ's and Bids.

Activity	Amount including VAT	Procurement Method	Turnaround Time
Receipt of written quotations for procurement of goods and services	R300 – R2,000	1 Written Quotation	2 days
Receipt of written quotations for procurement of goods and services	R2001 – R30,000	3 Written Quotation	2 day
Receipt of written quotations for procurement of goods and services	R30,001 – R200 000	3 Written Quotation	7 days
Procurement of Goods and Services	R200,001 – R50,000,000	Open advertisement	14-30 days
Procurement of Goods and Services	R50,000,001 - above	Open advertisement	30 days
Briefing session for bids	Where applicable	N/A	1 day and 7 days prior closing date of the bid.



4.2.2. Turnaround Time for Administration and Processing of Bids.

Turnaround Times for Administration and Processing of Bids		
Activity	Category	Turnaround Time
Closing of tenders and screening of documents	For tenders	Maximum 90 days
BEC meeting	For tenders	1 day
Preparation of the submission to the BAC	For all quotations and open invitations to tender	Maximum 15 days (prior to the meeting of the BAC)
BAC meeting	For all submissions submitted to the BAC	1 day
Outcome of the BAC meeting in the form of minutes and resolutions	For all submissions submitted to the BAC	2 days
Notify successful service provider of the outcome of the BAC	Upon receipt of the BAC report	1 day
Issue out regret letters	Upon receipt of a letter of acceptance from the successful service provider	1 day
Issue out a Purchase Order or SLA	Upon receipt of a letter of acceptance from the successful service provider	15 days



4.2.3. Turnaround Time for Administration and Processing of RFQ's.

Turnaround Times for Administration and Processing of RFQ's		
#	Activity	Turnaround Time
1	RFQ registration	1 day
2	Draft RFQ documents and approval thereof	2 days
3	Issue out RFQ to suppliers on the database (for only RFQ's from R301.00 up to R2,000.00) and close them	3 days
4	Issue out RFQ to suppliers on the database (for only RFQ's from R2, 001.00 up to R30,000.00) and close them	3 days
5	In the event that service providers selected by Munisoft for submission of quote fail to submit quotations within stipulated timeframes. SCM shall retrieve service provider from ELM database manually and submit quotations to HOD quotation	2 days
6	Approval of Quotes received	1 day
7	Publish RFQ to suppliers (for only RFQ's from R30, 001.00 up to R200,000.00) and close them	7 days
8	Evaluate RFQ, prepare procurement report and issue appointment letter	5 Days

4.2.4. Turnaround Time for Preparation of Service Level Agreements.



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Turnaround Times for Preparation of Service Level Agreements & Order		
#	Activity	Turnaround Time
1	Buyer/Chief Buyer/Bids & Contracts Officer/Senior Demand & Acquisitions Officer prepares Draft SLA/ contract and incorporate Project Manager's comments and supplier comments	5 days
2	SCM Manager/Legal Advisor to review final version of contract	3 days
3	Accounting Officer to co-sign final version of contract	1 day
4	Buyer/Chief Buyer/Bids & Contracts Officer/Senior Demand & Acquisitions Officer send to supplier for initial consideration & signing	2 days
5	Filing of signed SLA , Appointment Letter on Project file and submit to Senior Demand & Acquisitions Officer for reporting and archiving.	1 day
6	Submit copies of signed SLA , Appointment Letter to the HOD/Project Manager to generate requisition	1 Day
7	Order is generated upon receipt of signed requisition	1 day
8	Delivery of good & Services	As per contractual terms

NB: No order is generated without and order, the earlier SCM receives requisition from the End User Department the sooner order is generated.



4.2.5. SCM Financial Delegations.

Activity	Amount including VAT	Delegated Authority	Procurement Method	Procurement Point System
Procurement of Goods and Services	R301 – R2,000	SCM Manager and CFO	1 Written Quotation	80/20
Procurement of Goods and Services	R2001 – R30,000	SCM Manager and CFO	3 Written Quotation	80/20
Procurement of Goods and Services	R30,001 -R200,000	SCM Manager & CFO	7 Days advertisement	80/20
Procurement of Goods and Services	R200,001 – R10,000,000	Bid Adjudication Committee	14-30 Days advertisement	80/20
Procurement of Goods and Services	R10,000,001 (VAT incl) - above and long term contracts	Accounting Officer	30 Days advertisement	80/20 OR 90/10
Procurement of long term contracts	Depends on the above delegation		30 Days advertisement	80/20 OR 90/10



5. CHAPTER 4: DEMAND MANAGEMENT PROCESSES AND PROCEDURES

- 1) Demand Management is the initiation phase of the procurement cycle and is the stage where research and planning take place. The purpose of Demand Management is to ensure that resources are used to fulfil the needs identified in the Institutions Integrated Development Plan (IDP) and are delivered at the correct price, time, place, quantity and quality to satisfy the need.
- 2) Demand for goods and services will be based on the annual approved budget and the approved projects. The Institution will be required to detail the administration budget to the level where the need for goods and services can be determined;
- 3) Demand Management accordingly shall involve the following activities:
 - a) Development and review of Procurement Plan;
 - b) Drafting of specifications;
 - c) Vendor nomination;
 - d) Provision of advice to Responsibility Managers (ED);
 - e) Conducting industry, commodity and market analysis;
 - f) Participation of National and Provincial transversal contracts;
 - g) Provision of secretariat services to the Specification Committee; and
 - h) Reporting requirements, both National and Provincial Treasury (PT).



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5.1. Sub-Process 1: Compilation of Annual Procurement Plans

Process Owner: Senior Demand & Acquisitions Officer

Process Trigger:

Action	Input	Output	Responsible Person	Accountable Person
5.1.1. Perform Needs Assessment				
a) Needs assessment is the identification of goods/services that will be required to be purchased. b) As part of this process the Strategic Objectives, Strategic Activities, Project Overheads and Operational Activities should be completed in the Procurement Plan.	a) IDP b) Draft budget c) Institution overheads and operational activities d) Contract register e) Historical spend	✓ Goods/services that have been identified to be procured	✓ End User Department	✓ End User Department
Procedure: ➤ Executive Manager/Director(EM) must use the flowing information to determine what goods/services will be procured: ✓ IDP; ✓ Draft budget; ✓ Institution overheads and operational activities; ✓ Contract register; and ✓ Historical Spend.				
➤ Needs Analysis must be communicated through Specification Master Template				End User Department
5.1.2. Conduct Market Assessment				
a) A Market Assessment entails identifying which targeted groups will supply required goods or services up to R200 000 and above R200 000, where they are located and their availability.	a) Research and Analysis b) Historical spend	✓ Market assessment and industry analysis	✓ Chief Buyer/Senior & Contracts Officer	✓ SCM Manager



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Action	Input	Output	Responsible Person	Accountable Person
<p>The estimated price for the goods and/or services is also established through market analysis.</p> <p>b) Market assessment further looks at market dynamics, behavior and fragmentation. An analysis of past expenditure would also assist in determining the way the Institution fulfilled the need in the past.</p>	<p>c) NT CSD</p>			
<p>Procedures:</p> <ul style="list-style-type: none"> ➤ The Chief Buyer & Senior Demand and Acquisition officer will perform the following steps when conducting a market analyses: <ul style="list-style-type: none"> ✓ Conduct a market analysis to estimate the financial implications of acquiring these goods and/or services; ✓ Analyze NT CSD to establish availability of suppliers in each industrial sector/commodity and municipal area. If not available, the Institution should go out on an expression of interest in consultation with NT; and ✓ The Demand Management Section will identify a list of items required by the Institution that are not available from existing service providers on the NT CSD and facilitate registration of service providers for these requirements. ➤ The appointed Pr.Technologist shall assist with drafting the Bills of Quantities for infrastructure related projects. <p>Note: A completed market analyses will contribute towards obtaining the correct sourcing strategy as a complete analysis of the specified market area would have been analyzed.</p>				
5.1.3. Obtain the standard Procurement Plan Template				
<p>a) The Procurement Plan template must be aligned with provisions of National Treasury Circular 62, Annexure A.</p>	<p>➤ National/Provincial Treasury formats</p>	<p>➤ Procurement Planning Template</p>	<p>➤ Senior Demand and Acquisition Officer</p>	<p>➤ SCM Manager</p>



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Action	Input	Output	Responsible Person	Accountable Person
5.1.4. Issuing of circular and Procurement Plan Template				
<p>a) The SCMU will draft the circular pertaining to Procurement Plans.</p> <p>b) The SCMU will issue the circular before the new financial year to notify all End User's to compile their Procurement Plans and will further highlight the submission date of all Procurement Plans to SCM.</p>	<p>➤ Draft Circular</p> <p>➤ Procurement Plan Template</p>	<p>➤ Communicated Circular</p> <p>➤ Approved Procurement Planning Template</p>	<p>➤ Senior Demand and Acquisition Officer</p> <p>➤ Senior Demand and Acquisition Officer</p>	<p>➤ SCM Manager</p>
<p>Procedure:</p> <p>➤ The Senior Demand and Acquisition Officer must compile a circular that includes the standard template for compiling Procurement Plans which must be signed off by the SCM Manager and the CFO</p> <p>➤ The Procurement Plan circular must include submission dates for EM's to submit to the SCMU.</p> <p>➤ The approved Procurement Plan template and circular pertaining to Procurement Plans is distributed to EM's for population.</p> <p>➤ A record of circulars and communication to End Users must be filed.</p>				
5.1.5. Provide support to End User 's and compile Procurement Plan				
<p>➤ Provide support to End User's and assist in the correct population and completion of the Procurement Plans.</p>	<p>➤ Approved Procurement Plan template</p>	<p>➤ Draft Procurement Plan</p>	<p>➤ Senior Demand and Acquisition Officer</p>	<p>➤ SCM Manager</p>
<p>Procedure:</p> <p>➤ Senior Demand and Acquisition Officer to schedule date and time for support meetings with EM's to provide guidance on completing the Procurement Plan.</p> <p>➤ EM's must ensure that all doubts and queries that they have are addressed and they are able to compile the department/votes Procurement Plan.</p> <p>➤ If the project will be sourced through quotations, the Institution needs to specify the date it plans to award.</p> <p>➤ For contracts which are currently running, the Institution needs to indicate when the expiry date of the contract will be. Also</p>				



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Action	Input	Output	Responsible Person	Accountable Person
<p>incorporated in the Procurement Plan.</p> <ul style="list-style-type: none"> ➤ If a project will be sourced through the bidding process, the Institution needs to specify in the Procurement Plan when it plans to advertise, evaluate and adjudicate the bid. ➤ To compile the Procurement, Plan the End User Departments must analyze the following: <ul style="list-style-type: none"> ✓ Service delivery and budget implementation plan; ✓ IDP; ✓ Calendar dates; and ✓ Contract Register. ➤ The steps to be followed when compiling the Procurement Plan: <ul style="list-style-type: none"> ✓ Identification of goods and services to be procured; and ✓ Identification of timelines for procuring goods and services. ➤ Compiling the Procurement Plan in line with the Service delivery and budget implementation plan. 				
5.1.6. Review and approval of Procurement Plans				
<ul style="list-style-type: none"> ➤ The Procurement Plan must be reviewed to ensure that all Institution objectives are met. ➤ Procurement Plans must be approved by the EM. 	<ul style="list-style-type: none"> ➤ Review of Procurement Plan 	<ul style="list-style-type: none"> ➤ Approved Procurement Plan 	<ul style="list-style-type: none"> ➤ EM's & SCM Manager 	<ul style="list-style-type: none"> ➤ Accounting Officer
<p>Procedure:</p> <ul style="list-style-type: none"> ➤ EM's & SCM Manager must review the Procurement Plan for correctness and ensure it is in line with the IDP. ➤ The EM & SCM Manager to approve the department/votes Procurement Plan. 				
5.1.7. Submit Procurement Plan to the SCMU				
<ul style="list-style-type: none"> ➤ The EM's must submit their finalized Procurement Plan to the SCMU. 	<ul style="list-style-type: none"> ➤ Approved Procurement Plan 	<ul style="list-style-type: none"> ➤ Submitted Approved Procurement Plan 	<ul style="list-style-type: none"> ➤ EM's 	<ul style="list-style-type: none"> ➤ Accounting Officer
Procedure:				



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Action	Input	Output	Responsible Person	Accountable Person
➤ All EM's must ensure that the Procurement Plans are submitted timeously to the SCMU as per the circular sent out by the Senior Demand & Acquisitions Officer.				

5.2. Sub-Process 2: Consolidation of Annual Procurement Plans

Process Owner: Senior Demand & Acquisitions Officer

Process Trigger: IDP, Budget & SDBIP

Action	Input	Output	Responsible Person	Accountable Person
5.2.1. Follow up on outstanding Procurement Plans				
➤ SCMU to follow up on outstanding Procurement Plans.	➤ Reminder/Memo	➤ Received outstanding Procurement Plans	➤ Senior Demand and Acquisition Officer ➤ End user Department (HOD)	SCM Manager
Procedure: ➤ The Senior Demand and Acquisition Officer must contact the End user Departments who have not submitted their Procurement Plans to request these plans to be submitted urgently with a final due date.				
5.2.2. Check for completeness and accuracy of Procurement Plans				
➤ The Procurement Plan must be checked for completeness and accuracy.	➤ Signed Procurement Plans	➤ Checked, Corrected and Updated Procurement Plan	➤ Senior Demand and Acquisition Officer	➤ SCM Manager
Procedure: ➤ Senior Demand and Acquisition Officer must: <ul style="list-style-type: none"> ✓ Organize and keep all Procurement Plans in a logical manner; ✓ Review each department/vote Procurement Plan to ensure the Procurement Plan is correctly completed; ✓ Reconcile the Procurement Plans to the draft budget/cash flows; ✓ If the information is incorrect, return the Procurement Plan to the department/vote, with recommendations for amendment; 				



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Action	Input	Output	Responsible Person	Accountable Person
<p>and</p> <ul style="list-style-type: none"> ✓ Once the amended Procurement Plans have been received by Demand Management, the Procurement Plans will be consolidated. ✓ Ensure that all HOD's have signed the procurement plans to acknowledge the planning for the financial year. 				
5.2.3. Consolidate, review and approve all Procurement Plans				
<ul style="list-style-type: none"> ➤ Procurement Plans are consolidated to form the Institutions consolidated Procurement Plan. ➤ A submission requesting the Accounting Officer to approve the consolidated Procurement Plan is drafted by Demand Management section for submission to the Accounting Officer, via the Chief Financial Officer (CFO). 	<ul style="list-style-type: none"> ➤ Procurement Plans 	<ul style="list-style-type: none"> ➤ Consolidated Procurement Plan ➤ Approved Consolidated Institution Procurement Plan 	<ul style="list-style-type: none"> ➤ SCM Manager 	<ul style="list-style-type: none"> ➤ CFO



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Action	Input	Output	Responsible Person	Accountable Person
Procedure: <ul style="list-style-type: none"> ➤ The Senior Demand and Acquisition Officer will consolidate the Procurement Plans and submit to the SCM Manager for review. ➤ Procurement Plans received by each department/vote must be consolidated into a single Procurement Plan for the Institution. ➤ The SCM Manager will check if all department/votes Procurement Plans have been included on the consolidated Procurement Plan. ➤ The SCM Manager will review the Consolidated Procurement Plan for completeness and accuracy and sign the Procurement Plan to indicate verification thereon. ➤ The SCM Manager will then forward the signed consolidated procurement plan to the CFO for consideration and recommendation. ➤ The CFO will review the consolidated Procurement Plan and if satisfied, will recommend for approval. ➤ The Accounting Officer signs the approval of the consolidated Procurement Plan. 				
5.2.4. Distribution of Procurement Plans				
➤ The Procurement Plan is distributed to the necessary stakeholders and Provincial Treasury (PT).	➤ Consolidated Procurement Plan	➤ Approved consolidated Procurement Plan	➤ Senior Demand & Acquisitions Officer	➤ SCM Manager
Procedure: <ul style="list-style-type: none"> ➤ The approved Procurement Plan is distributed by the Demand Management Section to all EM's. ➤ A copy of the approved consolidated Procurement Plan is submitted to PT for review and monitoring. <p>Note: Procurement Plans should be monitored monthly and reported quarterly at management meetings.</p>				



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5.3. Sub-Process 3: Product or Service Requisition.

Process Owner: End User

Trigger: Annual Procurement Plan

Action	Input	Output	Responsible Person	Accountable Person
5.3.1. EM identifies the need				
<ul style="list-style-type: none">➤ This need or requirement may have been planned for (according to the Procurement Plan) or may be an ad-hoc or emergency need.➤ If the need is not on the Procurement Plan the EM must re-prioritize projects on the Procurement Plan to allow for the new need.➤ If the need is urgent, the EM will need to motivate the need.➤ If the need cannot be motivated the EM will not proceed further.	<ul style="list-style-type: none">➤ Procurement Plan➤ Ad-hoc needs➤ Emergency or urgent needs	<ul style="list-style-type: none">➤ Need requiring satisfaction	<ul style="list-style-type: none">➤ Administrators, Executive Secretaries	<ul style="list-style-type: none">➤ Executive Manager
Procedure: <ul style="list-style-type: none">➤ The EM must ensure that the identified goods/service is on the Procurement Plan.➤ The EM must ensure that funds are available for the purchase of the required good or service.➤ If (No) not on Procurement Plan and it has not been budgeted for go to Section 5.3.2 (motivate for need).➤ If (Yes) on the Procurement Plan and it has been budgeted for go to Section 5.4.1 (compile a requisition).				
5.3.2. Motivate for need				
<ul style="list-style-type: none">➤ If the need has not been planned for in terms of the Procurement Plan and is, ad-hoc or unplanned for or urgent, the need will have to be justified for and written motivation should be provided.	<ul style="list-style-type: none">➤ Procurement Plan➤ Budgets➤ Declined Requests	<ul style="list-style-type: none">➤ Letter of motivation➤ Confirmation of budget availability	<ul style="list-style-type: none">➤ EM	<ul style="list-style-type: none">➤ Accounting Officer



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Action	Input	Output	Responsible Person	Accountable Person
<ul style="list-style-type: none"> ➤ EM will have to look at the possibility of re-prioritizing the Procurement Plan and budget. ➤ Adjust funds and revise Procurement Plan. 				
Procedure: <ul style="list-style-type: none"> ➤ The EM must check and confirm the budget availability to procure the necessary good or service. ➤ The EM to indicate whether a reprioritization has taken place. 				
5.3.4. Obtain Approval in terms of Delegations				
<ul style="list-style-type: none"> ➤ The EM approves the motivation. 	<ul style="list-style-type: none"> ➤ Budget ➤ Letter of motivation ➤ Delegation Framework 	<ul style="list-style-type: none"> ➤ Approved motivation letter 	<ul style="list-style-type: none"> ➤ EM 	<ul style="list-style-type: none"> ➤ Accounting Officer
Procedure: <ul style="list-style-type: none"> ➤ EM must approve the identification of the need. 				
5.3.5. Amend and Submit Procurement Plan				
<ul style="list-style-type: none"> ➤ The EM should amend the Procurement Plan. To include the urgent, ad-hoc or unplanned for procurement of a good or service. ➤ EM to submit the Procurement Plan to the SCM Unit, and other relevant stakeholders. 	<ul style="list-style-type: none"> ➤ Amended Procurement Plan 	<ul style="list-style-type: none"> ➤ Approved Amended Procurement Plan 	<ul style="list-style-type: none"> ➤ CFO ➤ EM 	<ul style="list-style-type: none"> ➤ Accounting Officer
Procedure: <ul style="list-style-type: none"> ➤ EM must ensure that the Procurement Plan is updated. ➤ EM must ensure the updated Procurement Plan is submitted to the SCMU. ➤ The amended Procurement Plan must be recommended by the CFO and approved by the Accounting Officer. 				



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5.4. Sub-Process 4: Compilation of Purchase Requisitions.

Process Owner: End User

Process Trigger: Annual Procurement Plan

Action	Input	Output	Responsible Person	Accountable Person
5.4.1. Compile Requisition				
<ul style="list-style-type: none"> ➤ The EM will complete a Requisition form and submit the specifications for the required good or service. ➤ The EM must ensure that product specifications and functionality is clear, concise and understandable to prevent any confusion during the processing of the order and to eliminate future queries that may delay the process. 	<ul style="list-style-type: none"> ➤ Requisition Form ➤ Procurement Plan ➤ Budget ➤ Delegations 	<ul style="list-style-type: none"> ➤ Completed requisition form 	<ul style="list-style-type: none"> ➤ Administrators, Executive Secretaries 	<ul style="list-style-type: none"> ➤ Executive Manager
Procedure: <ul style="list-style-type: none"> ➤ EM's must prepare and obtain a submission of approval for goods/services required (if applicable). ➤ The EM must ensure that product Specifications/TOR are clear and concise and understandable to prevent any confusion during the processing of the order and to eliminate future queries that may delay the process. ➤ Drafting of specifications must be in line with the latest cost cutting measures released by National/Provincial Treasury. ➤ The following needs to be completed on the requisition form: <ul style="list-style-type: none"> ✓ Requisition number; ✓ Item description; ✓ Fund; ✓ Objective; ✓ Responsibility; ✓ mSCOA Item; ✓ Project; ✓ Regional indicator; 				



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Action	Input	Output	Responsible Person	Accountable Person
<ul style="list-style-type: none"> ✓ Available Budget (approved by the Budget Section); ✓ Name of Requesting Official; and ✓ Signature of Requesting Official. 				
5.4.2. Check and Approve Requisition				
<ul style="list-style-type: none"> ➤ The EM checks and approves the requisition. ➤ This includes a quality check to ensure that correct information is entered on the requisition and that funds are available. 	<ul style="list-style-type: none"> ➤ Completed requisition form ➤ Delegation Framework 	<ul style="list-style-type: none"> ➤ Approved requisition form 	<ul style="list-style-type: none"> ➤ EM 	<ul style="list-style-type: none"> ➤ Accounting Officer
Procedure: <ul style="list-style-type: none"> ➤ The EM must verify the specification and conduct a quality check to ensure that correct information is entered on the requisition and that the necessary funds are available. ➤ If correct the EM approves the requisition form by appending his/her signature. 				
5.4.3. Submit original approved requisition to the SCMU				
<ul style="list-style-type: none"> ➤ The original requisition together with supporting documents are submitted to the SCMU. 	<ul style="list-style-type: none"> ➤ Approved requisition form ➤ Approved Supporting Documentation (if applicable) 	<ul style="list-style-type: none"> ➤ Checked Approved Requisition Form ➤ Checked Approved supporting documentation ➤ Requisition Register 	<ul style="list-style-type: none"> ➤ Administrators, Executive Secretaries 	<ul style="list-style-type: none"> ➤ EM
Procedure:				



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Action	Input	Output	Responsible Person	Accountable Person
<ul style="list-style-type: none">➤ The administrators or executive secretaries submit the original approved requisition form with the following supporting documentation:<ul style="list-style-type: none">✓ Approved Procurement Plan;✓ Expenditure report;✓ Approved submission; and✓ Specifications.➤ The Order Clerk receives the requisitions and takes note of the delivery date and time that the good/service is required.➤ The Order Clerk must check whether or not the requisition form is approved by the relevant programme EM as per the financial delegations.➤ The Order Clerk must ensure that the procurement is in line with cost cutting measures as well as the necessary approvals are in attached.➤ The Chief Buyer must ensure detailed specifications are attached and must be aligned to both National and Provincial Treasury cost cutting measures.➤ The Chief Buyer must check all the documentation received to ensure that they are complete and accurate.➤ If all is correct and all relevant documents are attached the Order Clerk registers the requisition onto the requisitions register.➤ The Chief Buyer must sign the Requisitions Compliance Checklist as received and forwards to Senior Demand & Acquisitions Officer for verification and SCM Manager for approval and CFO for authorization.➤ In the event of any documentation being incomplete or inaccurate, the Requisitions Compliance Checklist will be returned to the EM's office via the SCM Manager for correction and resubmission.				



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5.5. Sub-Process 5: Determine a Sourcing Strategy.

Process Owner: Senior Bids & Contracts Officer and Chief Buyer

Process Trigger: Procurement Plan and Request for goods Form

Action	Input	Output	Responsible Person	Accountable Person
5.5.1. Procurement Plan and Request for goods Form (Transactions below 200 000)				
➤ The arrival of the Request for goods Form in the Demand Management Section will serve as the trigger for this process.	➤ Request for goods Form ➤ Approved Procurement Plan	➤ Request for goods Form	➤ Senior Bids & Contracts Officer ➤ Chief Buyer	➤ SCM Manager
5.5.2. Determine the Recommended Sourcing Strategy				
➤ Procurement Plan and the Request for goods Form is used to determine the recommended sourcing strategy. ➤ The Sourcing could follow one of the following processes; i.e. <ul style="list-style-type: none"> ✓ Existing contracts; ✓ International Sourcing; ✓ Transversal contract; ✓ Sole supplier; ✓ Single source; ✓ Quotations; and ✓ Competitive Bidding 	➤ Request for goods Form ➤ Approved Procurement Plan	➤ Sourcing Strategy	➤ Chief Buyer ➤ Senior Bids & Contracts Officer	➤ SCM Manager



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Action	Input	Output	Responsible Person	Accountable Person
Process.				
5.5.3. Existing contract				
<ul style="list-style-type: none"> ➤ Term contracts are used to speed up the acquisition of the goods and/or services which are used most often in the Institution. ➤ A register or list of term contracts pre-negotiated by the Institution each year will be provided to the Demand and Acquisitions Management section by the contracts management section. 	<ul style="list-style-type: none"> ➤ Request for goods Form 	<ul style="list-style-type: none"> ➤ Existing Contract ➤ Quotation Process ➤ Competitive Bidding Process 	<ul style="list-style-type: none"> ➤ Bids & Contracts Officer ➤ Buyer 	<ul style="list-style-type: none"> ➤ SCM Manager
Procedure: <ul style="list-style-type: none"> ➤ The item required is checked against the contract register to determine if there is an active contract pertaining to the items requested. ➤ If yes, the requisition goes to logistics for the issuing of an order. ➤ If no, an alternate sourcing strategy must be selected. 				
5.5.4. Institution to Institution Sourcing				
<ul style="list-style-type: none"> ➤ Institution to Institution sourcing is when an Institution has identified the need to procure goods/services using 	<ul style="list-style-type: none"> ➤ Request for goods Form 	<ul style="list-style-type: none"> ➤ Existing Contract ➤ Quotation Process ➤ Competitive Bidding 	<ul style="list-style-type: none"> ➤ Bids & Contracts Officer 	<ul style="list-style-type: none"> ➤ SCM Manager



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Action	Input	Output	Responsible Person	Accountable Person
a current contract in place by another Institution.		Process	➤ Buyer	
Procedure: <ul style="list-style-type: none"> ➤ Sourcing via Institution to Institution. The Institution must first obtain approval from PT to participate on a contract held by another Institution. SCM Regulation 32 ✓ If (Yes), approval is granted than the Institution must request permission from the Institution of which they want to participate on one of their current contract; and ✓ If (No), approval is not granted an alternate sourcing strategy must be selected. 				
5.5.5. Transversal Contracts				
➤ Transversal contract means a centrally facilitated contract arranged by the National/Provincial Treasury for goods or services that are required by one or more institution.	➤ Request for goods Form	➤ Transversal Contract ➤ Quotation Process ➤ Competitive Bidding Process	➤ Bids & Contracts Officer ➤ Buyer	➤ SCM Manager
Procedure: <ul style="list-style-type: none"> ➤ For participation on transversal contracts the Institution must write to PT requesting permission to participate on the specific transversal contract the Institution is interested in. ✓ If (Yes), approval is granted than the municipality can participate on the transversal contract. ✓ If (No), approval is not granted an alternate sourcing strategy must be selected. 				



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Action	Input	Output	Responsible Person	Accountable Person
5.5.6. Sole source				
<ul style="list-style-type: none"> ➤ A sole supplier purchase means that only one supplier in South Africa is available to provide the required goods and services and proof is attached. 	<ul style="list-style-type: none"> ➤ Requisition Form ➤ Requisitions Register 	<ul style="list-style-type: none"> ➤ Quotation Process ➤ Competitive Bidding Process 	<ul style="list-style-type: none"> ➤ EM ➤ SCM Manager 	<ul style="list-style-type: none"> ➤ Accounting Officer
Procedure: <ul style="list-style-type: none"> ➤ Obtain approved memo indicating that the specified product is available by only one supplier in the entire country. ➤ If (Yes), logistics issues an order. ➤ If (No), an alternate sourcing strategy must be selected. 				
5.5.7. Single Source				
<ul style="list-style-type: none"> ➤ Where a bid is invited from a “single source” a thorough analysis must be made of the market and a transparent and equitable pre-selection process must be used. ➤ Single source supplier may be accepted provided it complies with the specification and that the prices 	<ul style="list-style-type: none"> ➤ Request for Goods Form ➤ Approved Procurement Plan 	<ul style="list-style-type: none"> ➤ Quotation Process ➤ Competitive Bidding Process 	<ul style="list-style-type: none"> ➤ EM ➤ SCM Manager 	<ul style="list-style-type: none"> ➤ Accounting Officer



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Action	Input	Output	Responsible Person	Accountable Person
are proved to be and are certified as fair and reasonable.				
Procedure: <ul style="list-style-type: none"> ➤ Obtain approved memo indicating that only one supplier meets the specifications. ➤ If (Yes), logistics issues an order. ➤ If (No), an alternate sourcing strategy must be selected. 				
5.5.8. Quotations Process				
<ul style="list-style-type: none"> ➤ Verbal price quotations should be obtained for values between R2001 up to R30 000 and the receipt of a written quote from the lowest supplier. ➤ Three (3) written price quotation must be obtained for all quotes above R30 001 and below R200 000. ➤ For all procurement above R30 001 to R200 000 the 80/20 preference points system will be used. 	<ul style="list-style-type: none"> ➤ Request for goods Form 	<ul style="list-style-type: none"> ➤ Quotation Process 	<ul style="list-style-type: none"> ➤ Chief Buyer ➤ Buyer 	<ul style="list-style-type: none"> ➤ SCM Manager
Procedure: <ul style="list-style-type: none"> ➤ Refer to section 5.6 				
5.5.9. Competitive Bidding Process				



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Action	Input	Output	Responsible Person	Accountable Person
<ul style="list-style-type: none"> ➤ For all procurement above R200 000 competitive bids must be invited. ➤ For all procurement above R200 000 to R50 million the 80/20 preference points system will be used. ➤ For all procurement above R50 Million the 90/10 preference system will be used. 	<ul style="list-style-type: none"> ➤ Approved Procurement Plan ➤ Request for goods Form 	<ul style="list-style-type: none"> ➤ Competitive Bidding Process 	<ul style="list-style-type: none"> ➤ Chief Buyer 	<ul style="list-style-type: none"> ➤ Senior Demand & Acquisitions Officer ➤ SCM Manager
Procedure: <ul style="list-style-type: none"> ➤ Refer to section 6.2. 				



5.6. Sub-Process 6: Supplier Nomination.

Process Owner: Buyer & Chief Buyer

Process Trigger: RFQ

Action	Input	Output	Responsible Person	Accountable Person
5.6.1. Supplier nomination and approval of nomination				
<ul style="list-style-type: none"> ➤ Service Providers must be sourced from the Municipal Database and NT CSD. ➤ For the procurement of goods and/or services for the value of R301 to R200 000. <ul style="list-style-type: none"> ✓ The Buyer/Chief Buyer will source service providers from the Municipal Database & NT CSD; and ✓ The good/service indicated in the Specification will be selected on the Municipal Dbase & NT CSD and the Service Provider will be sourced from the appropriate listing using local suppliers where possible. ➤ The supplier nomination is approved by Senior Demand & Acquisitions. 	<ul style="list-style-type: none"> ➤ Municipal Database & NT Central Suppliers Database 	<ul style="list-style-type: none"> ➤ Approved supplier nomination listing 	<ul style="list-style-type: none"> ➤ Chief Buyer ➤ Buyer 	<ul style="list-style-type: none"> ➤ Senior Demand & Acquisitions Officer
Procedures:				



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Action	Input	Output	Responsible Person	Accountable Person
<ul style="list-style-type: none"> ➤ Buyer/Chief Buyer to source quotations for the procurement of goods and/or services for the value of R301 to R200 000. ➤ The good/service indicated in the Specification will be selected on Municipal Dbase & NT CSD and the service provider will be sourced from the appropriate listing using local suppliers where possible. ➤ The supplier nomination form is attached to the Requisition Form together with the Procurement Plan and approved memo if applicable. ➤ The supplier nomination is then approved by the Chief Buyer. 				
5.6.2. Submission of requisition to Order Clerk				
<ul style="list-style-type: none"> ➤ The completed Requisition Form and any other approved supporting documentation, with nominated suppliers and approved specifications are then submitted to Order Clerk for processing of Purchase Order. 	<ul style="list-style-type: none"> ➤ Approved requisition ➤ Approved vendor nomination list 	<ul style="list-style-type: none"> ➤ Approved requisition ➤ Approved vendor nomination list 	<ul style="list-style-type: none"> ➤ Order Clerk 	<ul style="list-style-type: none"> ➤ Senior Demand & Acquisitions Officer
Procedures: <ul style="list-style-type: none"> ➤ The End User submits the request with supporting documentation and approved Supplier nominations to the Order Clerk for processing of Purchase Order. 				



5.7. Sub-Process 7: Process for Drafting and Approval of Specifications by Bid Specifications Committee.

Process Owner: Bid Specifications Committee

Process Trigger: Purchase Requisition for Competitive Bid

Action	Input	Output	Responsible Person	Accountable Person
5.7.1. Drafting Specifications				
➤ Approved Procurement Plan, Ad-Hoc Projects and Emergencies for a value greater than R200 000 serves as the trigger for this process.	<ul style="list-style-type: none"> ➤ Approved Procurement Plan ➤ Signed Specification Master Template ➤ Request for Goods/requisition Form 	➤ Approved Procurement Plan	➤ Official delegated by the accounting officer	➤ SCM Manager
Procedure: <ul style="list-style-type: none"> ➤ An approved Procurement Plan, Signed Specification Master Template form and all other relevant supporting documentation is received from the Demand Management section by the official delegated by the accounting officer. ➤ The Official delegated by the accounting officer compiles a schedule/plan of bid committee's meetings for the specific bids co signed by Bid Committee member and is approved by the Accounting Officer ➤ The Signed Specification Master Template pertaining to the bid is distributed to the bid specification committee (BSC) secretariat (Official delegated by the accounting officer) who will check the following: <ul style="list-style-type: none"> ✓ Check if the requisition form is approved by the relevant EM; and ✓ Detailed specification together with the terms of reference is compiled and approved by the EM. ➤ Check all the documentation received to ensure that they are complete and accurate. 				
5.7.2. Schedule BSC meeting				
➤ The BSC secretariat is responsible for all administrative duties pertaining to the BSC.	➤ Invitation to bid BSC meeting	<ul style="list-style-type: none"> ➤ Confirm Attendance ➤ Confirm apologies 	➤ Official delegated by the accounting officer	➤ Accounting Officer



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Action	Input	Output	Responsible Person	Accountable Person
➤ The BSC secretariat will schedule a BSC meeting and will invite all appointed members.	<ul style="list-style-type: none"> ➤ Convene Meeting ➤ Agenda ➤ Minutes 	<ul style="list-style-type: none"> ➤ Approved Agenda ➤ Approved Minutes ➤ Signed declaration of interest by committee members 		
Procedure: <ul style="list-style-type: none"> ➤ The BSC Secretariat will schedule committee meetings with members of the BSC. ➤ Invite EM's to attend in order to present their specification and TOR to the committee. ➤ The BSC Secretariat performs the following function: <ul style="list-style-type: none"> ✓ Convene meetings for the Bid Committees in terms of the pre-approved schedule of dates; ✓ Draft agenda and distributes to members after sourcing an appropriate venue; ✓ Makes photo copies of all documents scheduled for the sitting for each of the members of the committees and distribute at least three (3) days before the scheduled sitting; ✓ Prepare attendance register and declaration of interest to be signed by members in attendance; ✓ Take minutes in a meeting and facilitates the signing of the minutes by each of the members of the committee present and the BSC Chairperson; ✓ Compile the resolution taken by the bid specification committee; ✓ Compile status report for SCM Manager within three (3) working days after the BSC meeting; ✓ On approval of the minutes, draft the advert for public advertisement in newspapers commonly circulating locally, the website of the Institution or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); ✓ Draft the submission for the accounting officer's approval; and ✓ Compile the Institution bidding document. ➤ Upon receiving the Accounting Officer's approval forward the following to Acquisitions Management: <ul style="list-style-type: none"> ✓ Prior to advertisement, submit all the draft advert and bidding document to the SCM Manager to check compliance. 				
5.7.3. Bid Specification Committee Meeting				



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Action	Input	Output	Responsible Person	Accountable Person
<ul style="list-style-type: none"> ➤ The Bid Specification Committee (BEC) is charged with the responsibility to drawing the specification/terms of reference in consultation with the End User. ➤ 	<ul style="list-style-type: none"> ➤ Draft specification/TOR ➤ Bidding Document ➤ Draft Contract 	<ul style="list-style-type: none"> ➤ BSC approved TOR ➤ Approved BSC Minutes 	<ul style="list-style-type: none"> ➤ BSC ➤ EM 	<ul style="list-style-type: none"> ➤ Accounting Officer
Procedure: <ul style="list-style-type: none"> ➤ The Bid Specification Committee performs the following Functions: <ul style="list-style-type: none"> ✓ Assessing and drafting the specification/terms of reference in consultation with the EM; ✓ Considering whether all the required quality assurance standards have been met with regard to the type of goods/services that are requested; ✓ Ensuring that the specification / terms of reference are compiled in an unbiased manner to allow all potential bidders to offer their goods and/or services without favour or prejudice; ✓ Ensuring that the specification does not favour or promote a specific brand; ✓ Ensuring that the specification is clear, precise, and easily understandable; ✓ Considers the special conditions of contract (SCC) that will be applicable to the goods and/or services required; ✓ Considers the inclusion of pre-qualifying criteria and/or compulsory subcontracting for the goods and/or services being procured; ✓ Ensuring that the evaluation criteria determined is the most suitable for the goods/services required; ✓ Ensuring that the preference point system utilized is correct in terms of the value of the bid; ✓ Determining whether pre-qualification criteria are applicable to the bid; ✓ Determining whether compulsory sub-contracting is applicable to the bid; ✓ Determining whether objective criteria are applicable to the bid; ✓ Ensuring that the project requirements/objectives address preferential procurement and the overall IDP of the Institution; ✓ Approving the specification; ✓ The BSC compiles the bid documents and draft advert using approved Institution bidding document; and ✓ If bids are to be advertised for a shorter period, a deviation is to be prepared for approval by the Accounting Officer. ✓ Drafting of Service Level Agreement ✓ Conduct Market analysis. 				



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Action	Input	Output	Responsible Person	Accountable Person
5.7.4. Compilation and review of Institution Bid document advertisement				
➤ This is the process where the BSC prepares the bid document using the Institution bidding document in line with the General Conditions of Contract (GCC) or any other legislated form of contract.	<ul style="list-style-type: none"> ➤ Set Specification/TOR ➤ Set evaluation criteria ➤ Institution bidding document ➤ Draft Advert 	<ul style="list-style-type: none"> ➤ Completed Institution bidding document ➤ Completed draft Advert 	➤ Senior Demand & Acquisitions Officer	➤ SCM Manager
Procedure: <ul style="list-style-type: none"> ➤ Senior Demand & Acquisitions Officer together with the BSC will prepare the bid document and draft advert. ➤ With reference to the Specification/TOR, the Bid document is compiled using the Institution bidding document in line with the GCC. ➤ If there are special conditions, ensure that these are taken into account in line with the SCC. ➤ Determine the Standardized Bid Document taking into account the following: <ul style="list-style-type: none"> ✓ Municipal Bidding Document (MBD) 1- Invitation to bid. ✓ MBD 2- Tax clearance certificate. ✓ MBD 3.1- Pricing schedule firm prices (purchases). ✓ MBD 3.2- Pricing schedule non- firm prices (purchases). ✓ MBD 3.3- Pricing schedule (professional services). ✓ MBD 4- Declaration of interest. ✓ MBD 5- Declaration for procurement above R10 million (all applicable taxes included). ✓ MBD 6.1- Preference points claim in terms of the preferential procurement regulations of 2011 amended 2017. ✓ MBD 6.2- Declaration certificate for local production and content for designated sectors. ✓ MBD 7.1- Contract form- Purchase of goods/works. 				

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Action	Input	Output	Responsible Person	Accountable Person
<ul style="list-style-type: none"> ✓ MBD 7.2- Rendering of services. ✓ MBD 7.3- Contract form- Sale of goods/works. ✓ MBD 8- Declaration of bidders past SCM practices. ✓ MBD 9- Certificate of independent bid determination. ✓ Specification and SCC. ✓ GCC. <p>➤ Bid documents must also take into account:</p> <ul style="list-style-type: none"> ✓ the GCC; ✓ any Treasury guidelines on bid documentation; ✓ the requirements of the Construction industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure; ✓ evaluation and adjudication criteria, including any criteria required by other applicable legislation; ✓ compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted; ✓ if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements for the past three years or since their establishment if established during the past three years; ✓ a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards an Institution or other service provider in respect of which payment is overdue for the than 30 days; ✓ particulars of any contracts awarded to the bidder by an 'organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract; ✓ a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the Institution is expected to be transferred out of the Republic; and ✓ Stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or when unsuccessful in a South African court of law. <p>Note: The Institution bidding document and advert must be approved by the Accounting Officer. The BSC Chairperson must present to the Bid Evaluation Committee (BEC) the evaluation criteria set by the BSC.</p>				



6. CHAPTER 5: AQUISITION MANAGEMENT PROCESSES AND PROCEDURES

- 1) The primary objective of Acquisitions Management is to acquire goods/services to fulfil the ELM's needs. Acquisition's Management is thus driven by the ELM'S Procurement Plan and refers to a process of establishing: what will be acquired, when, how and from where it will be acquired, how much is required and at what price, as well as contracting with the supplier. The desired outcome is a well-managed process of acquisition that results in the satisfaction of the need that arose.
- 2) The purpose of Acquisition Management is to ensure that acquisition delegations are in place at ELM, quotations and bid documents are compiled, bids are solicited, responses are received, responses are evaluated, and assessed and awarded by the Bid Adjudication Committees (BAC) or the official with the relevant procurement delegations.
- 3) ELM may solicit bids or quotes using the appropriate standard procurement procedures listed below:-
 - a) **Negotiated procedure:** Bid offers are solicited from a single bidder. There is no competition and only one (1) bidder exists. Considerations and approval must be obtained from the Accounting Officer or his/her delegated authority for this type of Procurement.
 - b) **Nominated procedure:** Bidders that satisfy prescribed criteria are selected from National Treasury (NT) CSD. Bidders are invited to submit bid/quote offers based on search criteria on NT CSD.
 - c) **Open procedure:** Bidders may submit bid offers in response to an advertisement by the organization to do so. The objective of competitive bidding is to provide all prospective bidders with timely and adequate notification of an institutions requirements and an equal opportunity to bid for the required goods, works or services. This allows for unfettered competition.
 - d) **Qualified procedure:** A call for expressions of interest is advertised and thereafter only those bidders, who have expressed interest, satisfy objective criteria and who are selected to submit bid offers, are invited to do so.
 - e) **Proposal procedure using the two-envelope system:** Bidders submit technical and financial proposals in two envelopes. The financial proposal is only opened should the technical proposal be found to be acceptable.



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- f) **Quotation procedure:** Procurement offers are solicited from not less than three quotations either by invitation from selected suppliers listed on the NT CSD or via advertisement in the media. The procedures must be fair, equitable, transparent, competitive and cost-effective.
- g) **Negotiation with recommended bidders:** Negotiation with bidder identified as recommended through a competitive bidding process, may take place provided that such process does not allow the bidder concerned a second (unfair) opportunity to the detriment of other bidders. A record of such negotiation must be kept for record purposes.
- 4) The Institution will use the most appropriate evaluation method listed below:
- a) **Method 1: Written quotes for quotations between (R301 – R10 000).**
- Written or verbal offers are solicited in respect of readily available supplies obtained from three sources.
 - The awarded supplier is obtained from the source providing the lowest quote once it is confirmed in writing.
- b) **Method 2: Financial offer (R10 001 to R30 000).**
- Under R 30 000 no preference points are applied.
 - Offers must be ranked from cheapest to the most expensive offer.
 - The cheapest offer must be recommended unless there are compelling and justifiable reasons not to do so.
- c) **Method 3: Financial offer and preferences (R30 001 to R200 000).**
- Applicable to the purchase of all goods and services estimated to cost more than R30 001 up to R 200 000.
 - Application of pre-qualifying criteria (if applicable).
 - Evaluation points must be scored for financial offer.



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- Once confirmation is obtained that respondents are eligible for the preferences claimed, points for Broad-Based Black Economic Empowerment (BBBEE) must be added.
- Total evaluation points must be calculated.
- Respondent with the highest number of quotation evaluation points must be recommended for the award, unless there are compelling and justifiable reasons not to do so.

d) **Method 4: Financial offer, functionality and preferences (Above R200 000).**

- Applicable to the purchase of goods and services estimated to cost more than R 200 000 and to projects for all values in general, not all bids should be invited based on functionality as a criterion. The need to invite bids based on functionality as a criterion depends on the nature of the required commodity or service considering quality, reliability, viability and durability of a service and the bidder's technical capacity and ability to execute a contract.
- Application of pre-qualifying criteria (if applicable).
- Points for functionality must be scored, disqualifying all offers that are non-compliant.
- Points for price must be scored (financial offer).
- Once confirmation is obtained that bidders are eligible for the preference claimed, points for BBBEE must be added.
- Total bid evaluation points must be calculated.

Bidder with the highest number of bid evaluation points must be recommended for the award of the contract, unless there are compelling and justifiable reasons not to do so.



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6.1. Sub-Process 1: Process for Quotations

Process Owner: Order Clerk

Process Trigger: Purchase Requisition & Specification

Action	Input	Output	Responsible Person	Accountable Person
6.1.1. Receipt of requisition from Demand Management				
➤ The approved requisition /Request for goods and specification is received by the Acquisition Section. These documents have been checked by the Buyer.	➤ Approved Requisition Form/ Request for goods Form ➤ Approved Supporting Documentation	➤ Approved Requisition Form/ Request for goods Form ➤ Approved Supporting Documentation ➤ Allocated requests for processing	➤ Buyer	➤ Chief Buyer
Procedure: ➤ The Buyer will check the following documents for completeness and approval: <ul style="list-style-type: none"> ✓ Check that approved requisition is attached; ✓ Check that approved CSD vendor selection list is attached, and the vendor listing is aligned with the goods/services required; ✓ Check the specification provided; and ✓ Verify the sourcing strategy selected ✓ Request suppliers from the system that will automatically rotates the suppliers. ➤ The Buyer will prepare an invite for quotations for nominated service providers (Usually selected by the system).				
6.1.2. Compilation of Invitation to Quote Form				
➤ The Buyer compiles an Invitation to Quote form for each service provider nominated, as per	➤ Invitation to Quotation Form	➤ Completed Invitation to Quotation Form	➤ Buyer ➤ Chief Buyer	➤ Senior Demand & Acquisitions Officer



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Action		Input	Output	Responsible Person	Accountable Person
the attached supplier nomination list or compiling the advert used for advertising on the Institution notice board and Institution website.					
Procedure: <ul style="list-style-type: none"> ➤ The Buyer to complete the following information onto the Quotation Form. ➤ The closing date and time to return quotes: <ul style="list-style-type: none"> ✓ Contact person, contact number, delivery address, time of delivery, signed and dated; ✓ The specification detailing either physical and or functional properties of the required goods or services; ✓ Price quotation breakdown form; ✓ The MBD 4 – Declaration of Interest must be attached to the Invitation to Quote Form; ✓ The MBD 8 – Declaration of bidders past SCM practices; ✓ The MBD 9 – Certificate of independent bid determination; and ✓ The MBD 6.2 – Declaration Certificate for Local Production and Content for Designated Sectors (if applicable). ➤ The Buyers will sign the Invitation to Quote when completed and either fax and/or email to the nominated service providers. 					
6.1.3. Invitation to Quote					
➤ This process entails the requesting of quotations from nominated service providers.	<ul style="list-style-type: none"> ➤ Completed Invitation to Quote ➤ Price quotation 	➤ Record of Quotation on closing form	<ul style="list-style-type: none"> ➤ Buyer ➤ Chief Buyer 	➤ Senior Demand & Acquisitions Officer	



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Action		Input	Output	Responsible Person	Accountable Person
<div><div>➤</div><div>Invite quotes by sending the Request for Quotation Form to the selected Suppliers.</div></div> <div><div>➤</div><div>The Suppliers will be invited via fax/email with the relevant request for quotation form.</div></div> <div><div>➤</div><div>Based on the Institutions delegations and the value of the item, either verbal or written quotations will be requested from Suppliers who are registered on the Central Supplier Database (CSD).</div></div>	breakdown form				
<div>Procedure</div> <div><div>➤</div><div>Procedure for Invitation up to R2, 000 including VAT.</div></div> <div><div>✓</div><div>Buyer must obtain at least one (1) verbal quotation confirmed in writing.</div></div>					



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Action	Input	Output	Responsible Person	Accountable Person
<p>➤ Procedure from R2 001 to R30 000.</p> <ul style="list-style-type: none"> ✓ At least three (3) written quotes must be obtained from suppliers registered on Municipal Dbase & NT CSD; ✓ PPPFA will not apply, and ✓ The quotation form with the specifications and supporting documentation is faxed and/or emailed to the nominated suppliers or an advert is placed on the Institution notice board and Institution website. <p>➤ Invitation for quotations for goods, services and supplies from R30,001 up to R200,000:</p> <ul style="list-style-type: none"> ✓ At least three (3) written quotes must be obtained from suppliers registered on Municipal Dbase & NT CSD; ✓ PPPFA will apply; and ✓ The quotation form with the specifications and supporting documentation is faxed and/or emailed to the nominated suppliers or an advert is placed on the Institution notice board and Institution website. 				
6.1.4. Observe quotation closing period				
<p>➤ The receipt of quotations signifies the response of service providers to the invitation.</p>	<p>➤ Record of Quotation on closing form</p>	<p>➤ Received Quotations</p> <p>➤ Signed Record of Quotation on closing form</p>	<p>➤ Senior Demand & Acquisitions Officer</p>	<p>➤ SCM Manager</p>
<p>Procedure of receiving quotes above R30 000:</p> <ul style="list-style-type: none"> ➤ All quotations are received by the Acquisitions Management Section on the closing date and at the closing time . ➤ There must be at least One person from SCM and One from End user Department. ➤ All received bids are recorded , their names , Amount and BBBEE Points claimed and Local production content if applicable. ➤ A register for bids received is kept and published on the website within 10 days of closing date. <p>Procedure for quotations below 30 000:</p> <ul style="list-style-type: none"> ➤ Emails, fax lines, quotation boxes and hand delivery receiving of quotations must be checked upon the closing date and time. ➤ SCM Manager and Senior Demand & Acquisitions Officer is tasked with the receiving of the quotations ➤ All quotations received are then forwarded to Buyers for processing. <p>Note: No quotations should be accepted after the closing date and time.</p>				



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Action		Input	Output	Responsible Person	Accountable Person
6.1.5. Receiving of quotations					
➤ The Senior Demand & Acquisitions Officer must close quotations and submit to the Buyer for the compilation of the voucher.	➤ Quotations received	➤ Checked Quotations		➤ Senior Demand & Acquisitions Officer	➤ SCM Manager
Procedure: <ul style="list-style-type: none"> ➤ The Senior Demand & Acquisitions Officer must compile the following: <ul style="list-style-type: none"> ✓ Collection and checking for completeness of all quotations received before the closing date and time; ✓ Publish registered bidders in accordance with the register format. ✓ Attach Request form; ✓ Attach Approved specification; ✓ Attach tender opening register ✓ Attach proof that the bid was advertised on website If less than three (3) quotations are received compile a motivation letter detailing the invitation to quotation process; and ✓ Hand over project file/voucher to delegated buyer for evaluation of the bid which must not exceed 5 days. 					
6.1.6. Evaluation of quotations					
➤ Complete Award Checklist for Quotations. ➤ The Chief Buyer will conduct the confirmation of compliance and will recommend to the delegated	➤ Voucher with supporting documents	➤ Checked and verified voucher		➤ Chief Buyer	➤ SCM Manager



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Action		Input	Output	Responsible Person	Accountable Person
official.					
Procedure: <ul style="list-style-type: none"> ➤ The Chief Buyer verifies the award checklist for quotations by doing the following: <ul style="list-style-type: none"> ✓ Verifies the completeness of the procurement report ✓ Verify the completeness of all quotations received before the closing date and time; ✓ Verify the attachment of the quotations register; ✓ Verify the attachment of the approved requisition form; ✓ Verify the attachment of the approved specification; ✓ Verify the attachment of a comparative schedule for quotes above R30 000; ✓ Verify and test accuracy of calculations of Local Production and Content where applicable ✓ Verify and test accuracy of calculations of the points allocated for price and preference for procurement above R30 000; ✓ Validate the reasons for disqualifications of bidder; ✓ Verify whether score sheets are attached to the report; ✓ Verify whether the attendance register of the evaluators with declarations of interest is attached to the report; ✓ Verify correctness of compliance checklist; ✓ Verify whether there are no disclosures in terms of Regulation 45 ; ✓ Verify whether the appointed person is not in the organ of state; ✓ Check whether the price is applicable to VAT; ✓ Verify the Tax matters of the preferred bidder before an award; and ✓ If less than three (3) quotations are received confirm that an approved motivation Memo in terms of Regulation 17 (c) is attached; 					
6.1.7. Adjudication of quotations					
➤ The process involves the consideration of the recommendation by the Senior Demand &	➤ Comparative schedule/Submission for award	➤ Approved Comparative schedule/Submission for award	➤ Senior Demand & Acquisitions Officer	➤ SCM Manager	

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Action		Input	Output	Responsible Person	Accountable Person
Acquisitions Officer. The award will be made by the delegated officials as per the Institutions SCM Delegations.					
Procedure: <ul style="list-style-type: none"> ➤ The submission for award together with the relevant documents are submitted to the relevant SCM delegated official for award. ➤ The award process is done on the basis of the following steps: <ul style="list-style-type: none"> ✓ Verifies the completeness of the procurement report ✓ Verify the completeness of all quotations received before the closing date and time; ✓ Verify the attachment of the quotations register; ✓ Verify the attachment of the approved requisition form; ✓ Verify the attachment of the approved specification; ✓ Verify the attachment of a comparative schedule for quotes above R30 000; ✓ Verify and test accuracy of calculations of Local Production and Content where applicable ✓ Verify and test accuracy of calculations of the points allocated for price and preference for procurement above R30 000; ✓ Validate the reasons for disqualifications of bidder; ✓ Verify whether score sheets are attached to the report; ✓ Verify whether the attendance register of the evaluators with declarations of interest is attached to the report; ✓ Verify correctness of compliance checklist; ✓ Verify whether there are no disclosures in terms of Regulation 45 ; ✓ Verify whether the appointed person is not in the organ of state; ✓ Check whether the price is applicable to VAT; ✓ Verify the Tax matters of the preferred bidder before an award; and ✓ If less than three (3) quotations are received confirm that an approved motivation Memo in terms of Regulation 17 (c) is attached; 					



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6.2. Sub-Process 2: Bidding Process

Process Owner: Officer delegated by the Accounting Officer

Process Trigger: Purchase Requisition for Competitive Bid

Action	Input	Output	Responsible Person	Accountable Person
6.2.1. Receipt of requisitions from Demand Management Section				
➤ The Official delegated by Accounting Officer after approval of the specifications and Advert.	➤ Approved Specifications (Signed Minutes) ➤ Approved Advert ➤ Approved bid document	➤ Approved Requisition Form ➤ Approved Specifications ➤ Allocated requests for processing	➤ Official delegated by Accounting Officer	➤ SCM Manager
Procedure: ➤ The Senior Demand & Acquisitions Officer will do the following: <ul style="list-style-type: none"> ✓ Check all the documentation received to ensure that they are complete and accurate; ✓ Verify approved specifications; and ✓ Verify approved bid document. The SCM Manager will do the following : <ul style="list-style-type: none"> ✓ Confirm compliance, completeness and accuracy of the advert ; ✓ Confirm compliance of the approved specifications; and ✓ Confirm compliance of the approved bid document. ➤ The BSC Secretariat shall liaise with end user department to allocate the requisition for placement of an advert.				
6.2.2. Invitation of Bids				
➤ This is the process of acquiring goods and services via the advertisement in the	➤ Invitation for quotation to place	➤ Advertised bid	➤ Official delegated by	➤ SCM Manager



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Action	Input	Output	Responsible Person	Accountable Person
government gazette, Notice Boards, Websites and newspapers, NT E-Tender Publication Portal.	advert ➤ Approved submission ➤ Approved advert ➤ Approved Institutions bidding document	➤ Issuing of bid documentation ➤ NT E-Tender Publication Portal. ➤ Print Media	Accounting Officer	
Procedure: ➤ Official delegated by Accounting Officer submits approved requisition with all supporting documents to the SCM Manager. ➤ SCM Manager will register, check and verify if all compliance is met from BSC compliance to approval and handover to Chief Buyer. ➤ Official delegated by Accounting Officer will invite government gazette and newspapers for quotations for placing the bid advert. ➤ Bids are advertised as follows: ✓ Bids are advertised on the NT E-Tender portal and Tender bulletin for no less than 30 days if the value is above R10 million or long term in nature and not less than fourteen (14) days for any other bid; ✓ Bids are advertised on the NT E-Tender portal and relevant print media; and ✓ Bid documents are available at a fee determined by the municipality. ➤ The SCM Practitioner (Acquisitions Management) upload the bid details on the NT E-Tender Publication Portal and Institutions website.				
6.2.3. Conduct site or briefing session				
➤ This is a process where interested suppliers are invited to a Site or briefing meeting where details of the bid will be explained and respond to any questions.	➤ Advert ➤ Bid Document	➤ Signed Attendance Register ➤ Signed Official Briefing Session Certificate	➤ EM (Technical Person) ➤ Senior Demand & Acquisitions	➤ SCM Manager



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Action	Input	Output	Responsible Person	Accountable Person
➤ These meetings are held to provide service providers with clarity of the goods and/or services required and/or to view the site/location prior to submitting bids.		➤ Minutes of the site meeting	Officer ➤ Bids & Contracts Officer	
Procedure: <ul style="list-style-type: none"> ➤ The meeting is chaired by the EM. ➤ The meeting should be within 7 days before the closing date. ➤ An advert should specify whether the briefing is compulsory or not. ➤ The briefing must have a start time and an end time. ➤ End User to provide guidance on administration process. ➤ SCM Official provide secretariat services to the briefing meeting. ➤ SCM Official make the necessary logistical arrangements for the site/briefing meeting including booking of the venue. ➤ The EM requiring the relevant goods and/or services must attend the briefing session to respond to technical queries. ➤ An Attendance Register is compiled and completed at the meetings. ➤ Official Briefing session of bid document is signed and stamped for each present bidder (if the briefing session is compulsory). ➤ All proceedings of the meetings are recorded. ➤ Inform the Suppliers of the following aspects: <ul style="list-style-type: none"> ✓ Goods and/or services required; ✓ Conditions regarding the invitation process; and ✓ Closing date. 				



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Action	Input	Output	Responsible Person	Accountable Person
➤ Answer any questions and queries.				
6.2.4. Observe bid closing period, Open Bid Box and update the Bid Register				
➤ This is the process where all bids received are open and announced in public where interested service providers are present.	➤ Bids ➤ Bid Closing Register	➤ Received bids ➤ Completed bid closing register	➤ Bids & Contracts Officer ➤ Senior Bids & Acquisitions Officer	➤ SCM Manager
Procedure: <ul style="list-style-type: none"> ➤ At the time for closing, an announcement of having closed is made and no bids are allowed into the box after this time. ➤ The bid box is then opened, and all bids are taken out of the box in the presence of the service providers in attendance. ➤ Any bid submitted after this announcement will be written late across the face of the bid and is to be returned to the owner unopened. In the absence of return address, the bid must be opened to ascertain the return address. ➤ Each bid is opened and recorded in the bid closing register and the amount of the bid is announced. ➤ Each of the bids is given a control number for administrative purposes. ➤ The bid closing register is closed off by drawing a cross line under the last bid to ensure that late bids are not fraudulently enlisted. ➤ All officials participating in the closing must sign the bid closing register. ➤ At least one official from SCM and one from End User Department should be present. ➤ All late bids must be recorded on a separate register and returned unopened. 				
Note: No bids should be accepted after the closing date and time. Bid results are published on the website of the Institution. The bid box				



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Action	Input	Output	Responsible Person	Accountable Person
keys must be stored in a locked room/safe and by the CFO.				
6.2.5. Bids administrative compliance check				
<ul style="list-style-type: none"> ➤ Administrative compliance entails the verification and checking of completeness of all the bids received in response to an invitation. ➤ The purpose is to determine which of the bids received are eligible for evaluation. 	<ul style="list-style-type: none"> ➤ Bid Document 	<ul style="list-style-type: none"> ➤ Checked Bid Document ➤ Administrative compliance List 	<ul style="list-style-type: none"> ➤ BEC Members 	<ul style="list-style-type: none"> ➤ SCM Manager
Procedure: <ul style="list-style-type: none"> ➤ This meeting must be minuted and a compliance check list report be compiled for presentation to the BEC meeting. ➤ The meeting to check that the service provider has submitted the relevant mandatory information as required in the Bid Document. ➤ This meeting will undertake the Administrative compliance verifying the following information on the NT CSD: <ul style="list-style-type: none"> ✓ Check if the supplier is registered on the NT CSD; ✓ Business registration, including details of ownership; ✓ Bank Account holder information; ✓ In the service of the state status; ✓ Tax Compliance Status; ✓ Identity number; ✓ B-BBEE status level; ✓ Tender Defaulting and restriction status; and ✓ Any additional and supplementary verification information communicated by the NT. ➤ Prepare administrative compliance report that will list the compliance areas that are under scrutiny for the BEC. <p>Note: If any of the above documentation required for mandatory requirements have not been submitted the Acquisitions Management Section must verify the information required on CSD.</p>				



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Action	Input	Output	Responsible Person	Accountable Person
6.2.6. Schedule (BEC) Meeting				
<ul style="list-style-type: none"> ➤ A meeting must be scheduled with the Bid Evaluation Committee. ➤ The BEC must quorate for the meeting to continue. 	<ul style="list-style-type: none"> ➤ Invitation ➤ Agenda 	<ul style="list-style-type: none"> ➤ Confirmation of Attendance ➤ Minutes of Meeting ➤ Approved Agenda ➤ Declaration of interest 	<ul style="list-style-type: none"> ➤ Chairperson of the BEC ➤ SCM Official delegated by the Accounting Officer 	<ul style="list-style-type: none"> ➤ Accounting Officer
Procedure: <ul style="list-style-type: none"> ➤ The SCM Official delegated by the Accounting Officer to provide secretariat duties and must perform the following: <ul style="list-style-type: none"> ✓ Prepare an Agenda; ✓ Prepare an attendance register; and ✓ Declaration of interest. ✓ Distribute bid documents and agenda to all members at least three (3) days before meeting date. ✓ Compile status report for SCM Manager within three (3) working days after the BEC meeting; ✓ Prepare copies of the SCM administrative compliance reports per bid; ➤ The quorum is 50% of members plus one (1). ➤ The BEC secretariat organizes the (BEC) meeting including all other logistical arrangements. ➤ In the absence of the BEC Chairperson, available members appoint the residing chairperson. 				
6.2.7. Bid Evaluation Committee				
<ul style="list-style-type: none"> ➤ Bids are evaluated in terms of the criteria stipulated in the bidding documents. Amending the evaluation criteria after closure of the bids should not be allowed, as 	<ul style="list-style-type: none"> ➤ Bid Documents ➤ Bid Register 	<ul style="list-style-type: none"> ➤ Minutes ➤ Completed Scoresheet 	<ul style="list-style-type: none"> ➤ Bid Evaluation Committee ➤ SCM Official 	<ul style="list-style-type: none"> ➤ Accounting Officer



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Action	Input	Output	Responsible Person	Accountable Person
<p>this would jeopardize the fairness of the system.</p> <p>➤ Points scored for price must be added to points scored for goals and the contract is usually awarded to the bidder who scores the highest points.</p>	<p>➤ Minutes</p> <p>➤ SCM administrative compliance report</p> <p>➤ Scoresheet</p>	<p>➤ Disqualified Bids</p> <p>➤ Qualifying Bids</p> <p>➤ BEC Evaluation Report</p>	<p>appointed by the AO</p>	
<p>Procedure:</p> <p>➤ The SCM Official appointed by the AO will give the Chairperson the attendance registers and declaration of interest for appending of signatures by all members.</p> <p>➤ The SCM Official appointed by the AO will record the minutes of the meeting and submit to the Chair of the BEC no later than five (5) working days after the meeting.</p> <p><u>The Bid Evaluation Committee will perform the following Steps when Evaluating a Bid.</u></p> <p><u>Step 1: The Bid Evaluation Committee will review the following documentation:</u></p> <p>➤ The committee verifies the correctness of the SCM administrative compliance report by checking the bid documents against the SCM administrative compliance report;</p> <p>➤ Check for CSD registration and verify the following using the CSD report;</p> <ul style="list-style-type: none"> ✓ Check if the supplier is registered on the NT CSD; ✓ Business registration, including details of ownership; ✓ Bank Account holder information; ✓ In the service of the state status; ✓ Tax Compliance Status; ✓ Identity number; ✓ B-BBEE status level; ✓ Tender Defaulting and restriction status; and ✓ Any additional and supplementary verification information communicated by the NT. 				



Action	Input	Output	Responsible Person	Accountable Person
<ul style="list-style-type: none"> ➤ Evaluate the bid in line with set evaluation criteria in the bid document and advert. ➤ Evaluate the bid in line with SANS 10845, PPPFA, MFMA Regulations and other SCM Legislative framework. ➤ Confirm Bidders who did not meet the minimum pre-qualifying criteria if applicable. <p><u>Step 2: The Bid Evaluation Committee Will Score the functionality criteria for each qualifying Bid by performing the following:</u></p> <ul style="list-style-type: none"> ➤ The BEC will need to evaluate the Bids in terms of the specified criteria and specification as stipulated in the bid document. ➤ Evaluation Scoring must be completed for each bidder by each BEC member independently. ➤ The Score Sheet should contain all the criteria and the weight for each criterion as well as the values to be applied for evaluation as indicated in the Bid Documents. ➤ Each panel member should after thorough evaluation independently award his/ her own value to each individual criterion. ➤ Score Sheets must be signed by panel members. ➤ The BEC secretariat enters each panel members score in the consolidated scoresheet during the evaluation. ➤ The scores of each panel member should be added and divided by the number of panel members to establish the average score obtained by each bidder for functionality. ➤ The BEC secretariat presents the results to the panel members. ➤ A Bid will be considered further if it achieves the prescribed minimum qualifying score for functionality. ➤ Bids that fail to achieve the minimum qualifying score for functionality must be disqualified. <p><u>Step 3: The BEC will calculate Black Economic Empowerment (BEE) and price points by performing the following:</u></p> <ul style="list-style-type: none"> ➤ For bidders that meet the minimum passing score on functionality, the following steps should be taken: <ul style="list-style-type: none"> ✓ The BEC will calculate the price points for each bidder; ✓ Score the Preference Points for each Bid in terms of the PPPFA using the Preference Points Schedule; 				



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Action	Input	Output	Responsible Person	Accountable Person
<ul style="list-style-type: none"> ✓ Combine the score for Price and Preference to obtain bidder with the highest points; and ✓ Bidder with the highest score should be the recommended Service Provider. ➤ The above must be completed by the BEC members and consolidated by the BEC secretariat into a comparative schedule. <p>Step 4: The BEC will compile an Evaluation Report detailing the following:</p> <ul style="list-style-type: none"> ➤ Reasons for disqualification for each bid. ➤ Bid with the highest score in terms of Points and Preference should be recommended. ➤ Where the recommended service provider has a Non-Compliant Tax Status, the bid secretariat must prepare a formal letter to the service provider to request that they submit their tax status within a period of seven (7) working days. This letter must be signed by the Chairperson of the BEC. ➤ If after being notified, the service provider fails to submit their current tax status, the service provider will be disqualified. ➤ The BEC Secretariat must prepare a Submission of recommendation made by the BEC to the BAC. This submission must be signed by the Chairperson of the BEC and submitted to BAC. <p>Note: Information relating to the Evaluation of Bid proceeding and recommendations made by the BEC should not be disclosed to anyone until the award has been made. All bid documents and information must be locked in a safe room. The secretariat must produce the BEC minutes within three (3) working days after the meeting to all members for signing. All BEC minutes must be signed and submitted to the BAC.</p>				
6.2.8. Schedule Bid Adjudication Committee (BAC) meeting				
<ul style="list-style-type: none"> ➤ A meeting must be scheduled with the BAC. ➤ The BAC must quorate for the meeting to continue. ➤ The composition of BAC must be in line with MFMA Regulation 29, and no sitting shall take place where there is less than 4 senior 	<ul style="list-style-type: none"> ➤ Invitation ➤ Agenda 	<ul style="list-style-type: none"> ➤ Confirmation of Attendance ➤ Minutes of Meeting ➤ Approved Agenda ➤ Declaration of 	<ul style="list-style-type: none"> ➤ Senior Bids Administration & Contracts Officer 	<ul style="list-style-type: none"> ➤ SCM Manager



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Action	Input	Output	Responsible Person	Accountable Person
managers, and 1 Senior SCM Practitioner.		interest		
Procedure: <ul style="list-style-type: none"> ➤ The role of the Bids & Contracts Clerk is the following: Schedule the BAC meeting and send meeting invitation to members. ➤ Prepare copies of the minutes of the BSC and BEC. ➤ Prepare an Agenda and send to all BAC member (3) working days before the sitting . ➤ Prepare an attendance register and declaration of interest. ➤ Ensure that the minutes of the BEC are disseminated to the BAC members (3) three days before the sitting. ➤ Compile status report for SCM Manager within three (3) working days after the BAC meeting. ➤ The Bids & Contracts Clerk organizes the BAC meeting including all other logistical arrangements. ➤ The Bids & Contracts Clerk will give the Chairperson the attendance registers and declaration of interest for appending of signatures by all members. ➤ The Bids & Contracts Clerk will record the minutes of the meeting and submit to the Chairperson of the BAC no later than three (3) working days after the meeting. Note: The BEC Chairperson must present the BEC recommendation to the BAC.				
6.2.9. The Bid Adjudication Committee				
<ul style="list-style-type: none"> ➤ The adjudication process is the responsibility of the BAC. ➤ The process involves the consideration of the recommendation by the bid evaluation 	<ul style="list-style-type: none"> ➤ Agenda ➤ Minutes of BSC and BEC meeting ➤ Evaluation Report 	<ul style="list-style-type: none"> ➤ Awarded Bidder ➤ Approved submission of Award ➤ Recommendation to Accounting Officer as per delegation 	<ul style="list-style-type: none"> ➤ BAC Chairperson ➤ BAC Members ➤ BAC Secretariat 	<ul style="list-style-type: none"> ➤ Accounting Officer



Action	Input	Output	Responsible Person	Accountable Person
committee.	<ul style="list-style-type: none"> ➤ BEC recommendation submission ➤ Bid documents 		for minute taking	
Procedure: <ul style="list-style-type: none"> ➤ The committee must review the BEC minutes, individual scorecards, bidder's bid document, review the BEC reasons for disqualified bidders. ➤ Ascertain that the evaluation was done as per the specification and evaluation criteria set in the bid document by the BSC. ➤ Ascertain that the bid specification and evaluation criteria set by the BSC was not changed during the evaluation process. ➤ The committee must ascertain that the recommendation made represents logical thinking and that all relevant factors have been considered in the formulation of the recommendation. ➤ Ensure that the evaluation criteria have been applied consistently throughout the evaluation process. ➤ Ensure that the awarded bidder meets his/her obligations with SARS , and the bidder is tax compliant. ➤ Where the BAC differs with the recommendation made, the bid must be returned to the bid evaluation committee for further scrutiny. ➤ If the BAC is not in agreement with the BEC reporting and recommendations, the bid is referred to the Accounting Officer for his/her decision. Approval of tenders not recommended <ul style="list-style-type: none"> ➤ MFMA Section 114. (1) If a tender other than the one recommended in the normal course of implementing the supply chain management policy of a municipality or municipal entity is approved, the accounting officer of the municipality must, in writing, notify the Auditor-General, the relevant provincial treasury and the National Treasury of the reasons for deviating from such recommendation. 				



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Action	Input	Output	Responsible Person	Accountable Person
➤ (2) Subsection (1) does not apply if a different tender was approved in order to rectify an irregularity.				
6.2.10. Negotiate (if necessary)				
➤ The SCM Manager will enter into negotiations with the successful bidder in order to obtain reasonable price and within budget.	➤ Approval/recommendation made by BAC	➤ Confirmation of negotiation price	➤ SCM Manager ➤ End user	➤ Accounting Officer
Procedure: <ul style="list-style-type: none"> ➤ If the price offered by a bidder scoring the highest points is not reasonable price and within budget, the contract may not be awarded to that bidder. The Institution may: <ul style="list-style-type: none"> ✓ Negotiate a reasonable price and within budget with the bidder scoring the highest points or cancel the bid; and ✓ If the bidder scoring the highest points does not agree to a reasonable price, negotiate a reasonable price with the bidder scoring the second highest points or cancel the bid. ➤ If a reasonable price is not agreed the Institution must cancel the bid. ➤ The following principles of negotiation must be considered: <ul style="list-style-type: none"> ✓ Delegations and threshold values for negotiating by the accounting officer; ✓ Negotiating may not allow any preferred bidder a second or unfair opportunity; and ✓ Is not to the detriment of any other bidder. ➤ Does not lead to higher price than the initial bid offer submitted and does not change the original bid specification. 				
6.2.11. Publish the award				
➤ After approving a bid, the result of the adjudication should be advertised in all the media in which the actual bid was advertised including the Institution website	➤ BAC Approval	➤ Advertisement	➤ Bids & Contracts Officer	➤ SCM Manager



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Action	Input	Output	Responsible Person	Accountable Person
and/or tender boards.				
Procedure: <ul style="list-style-type: none"> ➤ Prepare award report and publish award in the same media used to advertise the bid. ➤ Bids and Contracts Officer must capture the award information on the NT online tender publication portal. 				
6.2.12. Observe Appeals Period and Implement Recommendation (if applicable)				
<ul style="list-style-type: none"> ➤ The Institution must observe the Appeals period of fourteen (14) days. ➤ If there is any disputes, objections, complaints, and queries will be handled by the Institution and if not resolved within sixty (60) days than the PT will assist in resolving the matter. 	<ul style="list-style-type: none"> ➤ Published award 	<ul style="list-style-type: none"> ➤ Recommendation of Accounting Officer ➤ Award to recommended Bidder or reject all Bids 	<ul style="list-style-type: none"> ➤ Bids Contracts Officer & 	<ul style="list-style-type: none"> ➤ SCM Manager
Procedure: <ul style="list-style-type: none"> ➤ Letter of award is prepared subject to observation period of 14 days for any dispute, objection, complaint or query may arise from bidders who contested for the same bid. ➤ Queries related to reasons for disqualification are addressed by SCM Manager within 5 days of receipt of the query. ➤ If a bidder is still aggrieved by the results of the bid any wished to be furnished with all relevant SCM reports, the accounting officer delegates an impartial person to deal with any disputes, objections, complaints and queries dealing with the Institution. ➤ A dispute, objection, complaint or query may be referred to the relevant PT if the dispute, objection, complaint or query is not resolved within 60 days; or no response is received from the Institution within sixty (60) days. ➤ If no dispute, objection, complaint or queries arise: <ul style="list-style-type: none"> ✓ Bids and Contracts Office facilitates the signing of the SLA. 				



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Action	Input	Output	Responsible Person	Accountable Person
6.2.13. Bid Award				
➤ Award the Bid to the successful service provider.	➤ Confirmation letter from Accounting Officer	➤ Letters to successful and unsuccessful Bidders	➤ BAC ➤ Accounting Officer	➤ Accounting Officer
Procedure: ➤ Letter of award should be forwarded to the successful bidder Letter and is subjected to observation period of 14 days for any dispute, objection, complaint or query may arise from bidders who contested for the same bid. ➤ This letter should be signed by the by the Accounting Officer. ➤ All the unsuccessful bidders should also be notified in writing . ➤ Acquisitions Management must hand over all bid documentation and letter of award to Logistics and Contract Management to issue the order and facilitate the drafting and signing of the contract.				

7. CHAPTER 6: LOGISTICS MANAGEMENT PROCESSES AND PROCEDURES

- 1) The purpose of Logistics Management is to capture orders for goods/services acquired, receive and distribute goods, setting of inventory levels and management of stores where stock is kept. The process also activates the financial system that generates payments.
- 2) The logistic process must cater to activate the financial system to generate payments against orders placed/received. When the logistics section issues orders, the logistics management principles must be applied.
- 3) Activities in Logistics Management include:



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a) Orders:

- Issue of orders; and
- Capturing of orders onto the financial system used.

b) Stores:

- Stores receiving process;
- Stock issue process;
- User receiving process;
- Stock count process; and
- Stock replenishment.

7.1. Sub-Process 1: Process for Orders

Process Owner: Chief Buyer, Buyer, Bids & Contracts Officer

Process Trigger: Supplier Quote & Bid Documents

Action	Input	Output	Responsible Person	Accountable Person
7.1.1. Checking of documentation				
➤ On receipt of Requisition , Quotation voucher and Bid documents to ensure that all supporting documents are attached; award and funding have been approved.	➤ Approved Requisition ➤ Quotation voucher ➤ Bid documents ➤ SCM Logistics Checklist	➤ Verified documentation ➤ Completed Awards Checklist	➤ Chief Buyer ➤ Buyer ➤ Bids & Contracts Officer	➤ SCM Manager
Procedure: ➤ The Buyer completes the logistics checklist and the Senior Demand & Acquisitions Officer verifies the following:				



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Action	Input	Output	Responsible Person	Accountable Person
<ul style="list-style-type: none"> ✓ All documentation received to ensure that they are complete and accurate; ✓ That all documentation has been properly approved/ authorised by the delegated officials; and ✓ That the awarded Supplier is per the attached comparative schedule for items above R30 000. ➤ If it's a bid the documentation is forwarded to contract management to facilitate the drawing and signing of the contract. 				
7.1.2. Issuing of an Order				
➤ All orders must be issued using the electronic system used by Institutions.	<ul style="list-style-type: none"> ➤ Quotation voucher ➤ Bid document 	➤ Order issued	➤ Order Clerk	➤ SCM Manager
Procedure: <ul style="list-style-type: none"> ➤ The Order Clerk will do the following: <ul style="list-style-type: none"> ✓ Complete orders using the electronic system used by Institutions; ✓ Ensure that orders are completed correctly by inserting the correct date, amount and supplier; ✓ Send a copy of the order to the successful service provider by email or fax; ✓ Obtain proof of fax to confirm if the order did go through and attach it to the purchase order document; ✓ Follow up with a phone call to the service provider to confirm receipt of the purchase order and the expected delivery date; and ✓ Copying the EM when issuing an order. 				
7.1.3. Capture and Authorize Orders onto the System				
<ul style="list-style-type: none"> ➤ Ensure that signatures on the order forms are according to the delegations. ➤ Check if awarded Service Provider is on the Institutions database. ➤ Capture and authorize the orders onto the system. 	<ul style="list-style-type: none"> ➤ Approved Order Form ➤ Quotation voucher ➤ Bid document 	➤ Captured and authorize orders in the System	➤ Order Clerk	➤ SCM Manager
Procedure: <ul style="list-style-type: none"> ➤ Order Clerk to ensure that signatures on the order forms are according to the delegations. ➤ Order Clerk capture orders into the financial management system. 				



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Action	Input	Output	Responsible Person	Accountable Person
<ul style="list-style-type: none"> ➤ SCM Manager must capture and authorize the order on the financial management system as per delegations. ➤ The SCM Manager must check the accuracy and correctness of the captured information into financial management system against the quotation voucher/bid document and order copy. ➤ SCM Manager must ensure that the following information is correctly captured: <ul style="list-style-type: none"> ✓ The correct amount; ✓ The correct Service provider; ✓ The correct mSCOA allocations as per mSCOA codes; and ✓ Authorise captured order on financial management system. <p>Note: All payments must be made to banking details that are approved on NT CSD. Therefore, the Municipal Financial Management system must make sure that NT CSD and Municipal Financial Systems are interlinked.</p>				

7.2. Sub-Process 2: Process for Stores Receiving

Process Owner: Inventory Officer

Process Trigger: Delivery Note

Action	Input	Output	Responsible Person	Accountable Official
7.2.1. Items delivered and check if the Items have been Ordered				
<ul style="list-style-type: none"> ➤ Deliveries by Suppliers to the Store will serve as the trigger for this process. ➤ Before accepting a delivery of goods, ensure that the Items being delivered have been ordered. 	<ul style="list-style-type: none"> ➤ Order ➤ Requisition Form 	<ul style="list-style-type: none"> ➤ Acceptance or Rejection of the Delivery 	<ul style="list-style-type: none"> ➤ Buyer ➤ End User ➤ Inventory Officer 	<ul style="list-style-type: none"> ➤ Asset Manager
Procedure:				



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Action	Input	Output	Responsible Person	Accountable Official
➤ Items delivered by the service provider directly to the stores are received by the Inventory Officer.				
7.2.2. Item Inspection				
➤ Ensure that the items or goods being delivery are not damaged and have not been tampered with.	➤ Goods Received ➤ Delivery Note	➤ Inventory Receiving Checklist	➤ Buyer ➤ End user ➤ Inventory officer	➤ Asset Manager
Procedure: ➤ The Inventory Officer compares the information in their copy of the Order/specification to the Delivery Note, provided by the Service Provider: ✓ Order Number; ✓ Item Description; ✓ Quantity; and ✓ Amount. ➤ The Inventory Officer must: ✓ Check the items and ensure that the goods being delivered are not damaged and have not been tampered with; ✓ If the goods are damaged or have been tampered with, do not accept the delivery; and Unpack the item.				
7.2.3. Check if item is according to the Order				
➤ Ensure that the quality and the quantity are according to the Order.	➤ Order ➤ Requisition ➤ Delivery Note	➤ Items ordered as per the Requisition and order	➤ Buyer ➤ End user ➤ Inventory officer	➤ Asset Manager
Procedure:				



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Action	Input	Output	Responsible Person	Accountable Official
<ul style="list-style-type: none"> ➤ The Inventory Officer must compare the Order/Requisition to the Delivery Note and ensure that the quantity and quality is according to the specifications. ➤ The Inventory Officer must ensure that the delivery date is according to the expected delivery date. 				
7.2.4. Sign delivery note/invoice				
<ul style="list-style-type: none"> ➤ If the item being delivered is according to the Order/Requisition, accept the delivery and sign the delivery note and update the Delivery Register. 	<ul style="list-style-type: none"> ➤ Order ➤ Requisition form ➤ Delivery Note / Invoice ➤ Goods Delivery Register 	<ul style="list-style-type: none"> ➤ Signed Delivery Note /Invoice ➤ Update Goods Delivery Register 	<ul style="list-style-type: none"> ➤ Inventory Officer 	<ul style="list-style-type: none"> ➤ Asset Manager
Procedure: <ul style="list-style-type: none"> ➤ On acceptance of the goods delivered from the service provider, the Inventory Officer signs and dates the Delivery Note to confirm receiving the goods. ➤ Ensure that the information on the delivery note is correct and compare it with the order. ➤ If the item being delivered is according to the Order/Requisition, accept the delivery and sign the delivery note and update the Goods Delivery Register. ➤ Ensure that you receive a Delivery Note for the delivery. ➤ The signed Delivery Note is attached to the copy of the Order/specification by the Inventory Officer. 				
7.2.5. Capture item and Supplier Performance Information				
<ul style="list-style-type: none"> ➤ Supplier Performance Information must be 	<ul style="list-style-type: none"> ➤ Goods Delivery 	<ul style="list-style-type: none"> ➤ Updated Goods Delivery 	<ul style="list-style-type: none"> ➤ Senior Demand & Acquisitions 	<ul style="list-style-type: none"> ➤ SCM Manager



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Action	Input	Output	Responsible Person	Accountable Official
captured in the Goods Delivery Register and signed by the person accepting the delivery.	Register	Register	Officer ➤ Bids & Contracts Officer	
Procedure: ➤ The Senior Bids & Acquisitions Officer will record the following information into the inventory register: <ul style="list-style-type: none"> ✓ Date; ✓ Order Number; ✓ Suppliers Name; ✓ Item description; and ✓ Quantity Received. 				
7.2.6. Update Order Receipts Register				
➤ Update the Order Register with the delivery information. This will assist in monitoring all orders that have been fulfilled.	➤ Purchase Order	➤ Updated Purchase Order	➤ Order Clerk	➤ Senior Demand & Acquisitions Officer
Procedure: ➤ Update the Order Receipts Register with the delivery information. This will assist in monitoring all orders that have been fulfilled. ➤ Capture the delivery information in the Order Receipts Register and highlight that the Order has been fulfilled.				
7.2.7. Update Inventory Register				
➤ Update the inventory register with information relating to the stock that has	➤ Inventory Register	➤ Updated Inventory Register	➤ Inventory Officer	➤ Asset Manager



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Action	Input	Output	Responsible Person	Accountable Official
been received.				
Procedure: ➤ The Inventory Officer must update the Inventory Register with the stock that has been received.				
7.2.8. Pack item into Stock				
➤ Pack the stock that has been received into a categorized location for that type of stock delivered.	➤ Stock Item	➤ Updated inventory register ➤ Categorization of item	➤ Inventory Officer	➤ Asset Manager
Procedure: ➤ Pack the stock that has been received into a categorized location for the stock of its type				
7.2.9. Send Invoice/delivery note to the Finance Section for Payment				
➤ Consolidate the Invoice and the Delivery Note, attach the Order Form and send to the Accounts Payable Section for payment. You may complete the Payment Advice and ensure that it is signed according to your delegations.	➤ Receiving Office ➤ Requester	➤ Delivery Note ➤ Invoice ➤ Payment Advice	➤ Buyer ➤ Chief buyer ➤ User dept.	➤ SCM Manager
Procedure: ➤ Ensure that the Delivery Note/Invoice has been signed. ➤ Attach the Delivery Note/Invoice to the Requisition Form and the Order Form. ➤ Complete the Payment Advice Form (if applicable). ➤ Record the Payment Voucher in the Payments Register.				

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Action	Input	Output	Responsible Person	Accountable Official
➤ Send the Payment Voucher to Accounts Payable for payment.				
7.2.10. Preparation for stock count and conduct physical stock count				
<ul style="list-style-type: none"> ➤ The quarterly compulsory stock count will serve as the trigger for the Stock Count Process. ➤ Ensure that the physical stock count does not impact the operations of the Stores. It is recommended that the physical stock count be conducted in the afternoons or after hours or during the off-peak period. 	➤ Stock Issue Register	➤ Stock Count Register	➤ Inventory Officer	➤ Asset Manager
Procedure: <ul style="list-style-type: none"> ➤ The Inventory Officer will send an email send to staff and internal control section that on a certain date a stock count will be conducted. ➤ The Asset Manager will identify two (2) officials to assist Inventory Officer in the Stock Count Process. ➤ The Asset Manager prints a Stock Count Register. ➤ The Asset Manager must: <ul style="list-style-type: none"> ✓ Ensure that the physical stock count does not impact on the operations of the Stores; and ✓ It is recommended that the physical stock count be conducted in the afternoons or after hours or during the off-peak period. ➤ The Stock Count Team must: <ul style="list-style-type: none"> ✓ Physically counts the items held in the stores; ✓ Records the quantity under the count balance on the Stock Count Register; 				



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Action	Input	Output	Responsible Person	Accountable Official
<ul style="list-style-type: none"> ✓ Approves the Stock Count Register by recording his/her name and rank in addition to signing and dating the document; ✓ Comments relating to the condition of the items counted are recorded on the Stock Count Register; and ✓ Ensure that the condition and expiry dates of all items are also recorded. 				

7.3. Sub-Process 3: Process for Stock Issuing

Process Owner: Inventory Officer

Process Trigger: Stock/Inventory Requisition

Action	Input	Output	Responsible Person	Accountable Official
7.3.1. Authorized in-Store Requisitions				
➤ Authorized Stores Purchase Requisitions from the End User will serve as the input or trigger for this process.	➤ Authorized Stores Purchase Requisitions	➤ N/A	➤ Inventory Officer	➤ Asset Manager
Procedure: <ul style="list-style-type: none"> ➤ The Inventory Officer will check the stores requisition for the following: <ul style="list-style-type: none"> ✓ Approved by the delegated official of the Section; ✓ Checks all the documentation received to ensure that they are complete and accurate; and ✓ Checks that all documentation has been properly approved/ authorised by the delegated officials. 				
7.3.2. Consolidate Authorized Requisitions				
➤ Authorized requisitions submitted to the stores must be consolidated and categorized according	➤ Authorized Stores Purchase	➤ Consolidated Stores Purchase	➤ Inventory Officer	➤ Asset Manager



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Action	Input	Output	Responsible Person	Accountable Official
items.	Requisitions	Requisitions ➤ Distribution requirements		
Procedure: ➤ Authorized requisitions submitted to the stores must be consolidated and categorized according to items. ➤ Ensure that all Requisitions are authorized before they are processed. ➤ Group all requisitions according to item and distribution requirements e.g. stationary items.				
7.3.3. Is stock available?				
➤ A decision must be made on whether the required stock is available or not. <u>If Yes refer to Step 7.3.5, if No refer to Step 7.3.4</u>	➤ N/A	➤ N/A	➤ Inventory Officer	➤ Asset Manager
Procedure: ➤ Ensure that the requested item is a valid inventory item. ➤ Ensure that the requested item is currently available in stock.				
7.3.4. Refer to Inventory Management replenishment process flow				
➤ If there is no stock available, the Stores Office will initiate the Stock Replenishment Process. For more details on the replenishment process, please refer to the Inventory Management Process Flow .	➤ N/A	➤ N/A	➤ Inventory Officer	➤ Asset Manager
Procedure: ➤ Refer to section 7.6 .				



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Action	Input	Output	Responsible Person	Accountable Official
7.3.5. Partial or Full availability?				
<p>➤ A decision must be made on whether the stock is available in full or only partially available.</p> <p><u>If Partially Available refer to Step 7.3.6, if fully Available refer to Step 7.3.8</u></p>	<p>➤ Inventory Register</p>	<p>➤ Decision on availability of stock</p>	<p>➤ Inventory Officer</p>	<p>➤ Asset Manager</p>
7.3.6. Determine how much stock is available				
<p>➤ If stock is only partially available, the stores clerk needs to determine how much stock (quantity) is available to fulfil the request.</p>	<p>➤ Inventory Register</p>	<p>➤ Decision of availability of stock</p>	<p>➤ Inventory Officer</p>	<p>➤ Asset Manager</p>
<p>Procedure:</p> <p>➤ Refer to section 7.5.</p>				
7.3.7. Confirm how much stock is to be ordered				
<p>➤ If there is a partial delivery of stock, the Stores Offices must ensure that the necessary procedures are followed to replenish stock.</p>	<p>➤ Inventory Register</p>	<p>➤ Replenishment Decision</p>	<p>➤ Inventory Officer</p>	<p>➤ Asset Manager</p>
<p>Procedure:</p> <p>➤ Refer to section 7.6.</p>				
7.3.8. Confirm Delivery of Partial stock with the requestor				
<p>➤ If the stock is partially available, contact the</p>	<p>➤ Inventory</p>	<p>➤ Confirmation of</p>	<p>➤ Inventory Officer</p>	<p>➤ Asset Manager</p>



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Action	Input	Output	Responsible Person	Accountable Official
Requester and confirm the partial delivery.	Register	Partial Deliveries ➤ Stock Issue Register		
Procedure: ➤ Stores to contact end user and indicate that a portion of the stock requested is available for distribution. ➤ Stores to enter items on the stock issue register.				
7.3.9. Pick items from the Stores.				
➤ Items must be selected from the stores according to the Issue List. If some of the items are not available in store, make a note and follow the necessary procedures to ensure that the stock is replenished.	➤ Stock Issue Register	➤ Selected Stock Items	➤ Inventory Officer	➤ Asset Manager
Procedure: ➤ Select items from the stores according to the Issue List. ➤ Ensure that only the stock that appears on the issue list is selected from stock. ➤ If there are shortages, follow the Stock Replenishment Process.				
7.3.10. Inspect items				
➤ All items must be inspected to ensure that they are not damaged, and they are according to the Requisitions as submitted by the Requesters.	➤ Stock Issue Register	➤ Inspection	➤ Inventory Officer	➤ Asset Manager



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Action	Input	Output	Responsible Person	Accountable Official
Procedure: <ul style="list-style-type: none"> ➤ The Buyer must ensure that the item is not damaged. ➤ The Buyer must ensure that the item is according to the Requisition. 				
7.3.11. Update Stock Issue Register				
<ul style="list-style-type: none"> ➤ Ensure that all items are recorded in the Stock Issue Register and the register must be signed by the relevant person within the Stores Office. 	Stock Issue Register	<ul style="list-style-type: none"> ➤ Updated Stock Issue Register 	<ul style="list-style-type: none"> ➤ Inventory Officer 	<ul style="list-style-type: none"> ➤ Asset Manager
Procedure: Buyer to ensure the stock issue register is updated.				
7.3.12. Notify the Requester and prepare items for distribution				
<ul style="list-style-type: none"> ➤ Contact the Requester. ➤ Pack all items accordingly. 	<ul style="list-style-type: none"> ➤ Delivery Details 	<ul style="list-style-type: none"> ➤ Delivery Confirmation 	<ul style="list-style-type: none"> ➤ Inventory Officer 	<ul style="list-style-type: none"> ➤ Asset Manager
Procedure: <ul style="list-style-type: none"> ➤ Stores to contact the end user confirming that stock is ready for collection. 				



7.4. Sub-Process 4: Process for User Receiving

Process Owner: End user

Process Trigger: Stock/Inventory Requisition

Action	Input	Output	Responsible Person	Accountable Official
7.4.1. Items Distributed				
➤ Collection by End Users will serve as the trigger for this process.	➤ N/A	➤ N/A	➤ EM	➤ EM
Procedure: ➤ Distribution of items required by the end user.				
7.4.2. Create Delivery Note				
➤ When items are distributed from the Stores or collected by the end user, a Delivery Note must be created and signed when these items are delivered.	➤ Distribution List	➤ Stores Delivery Note	➤ Inventory Officer	➤ Asset Manager
Procedure: ➤ Check Distribution List and identify items to be delivered. ➤ Ensure that Delivery Notes are created.				
7.4.3. Send a collection notice to the Requester				
➤ If items are collected by the Requester, send a collection notice. This notice can either be sent in writing or through a telephone call.	➤ Distribution Register	➤ Collection Notice to the Requester	➤ Inventory Officer	➤ Asset Manager
Procedures: ➤ Ensure that all collection notices that have been sent to the Requesters are entered into the Distribution Register.				



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Action	Input	Output	Responsible Person	Accountable Official
7.4.4. Compile a Distribution Register				
➤ Compile a Distribution Schedule according to the items to be delivered, obtain approval for the schedule and hand it over to the Driver.	➤ Distribution Register ➤ Stores Delivery Note	➤ Distribution Register	➤ Inventory Officer	➤ Asset Manager
Procedure: ➤ Compile a Distribution Register according to the items to be delivered or collected. ➤ The Distribution Register must include some of the following information: <ul style="list-style-type: none"> ✓ Requester's Details; ✓ Delivery Address; ✓ The name of the Requester (if applicable); ✓ Item details; ✓ Distributor's details; and ✓ Distribution date. ➤ Distribution of items required.				
7.4.5. Inspect Items				
➤ The end user must ensure that the items or goods being delivered are not damaged and have not been tampered with.	➤ Delivery Note ➤ Stores Purchase Requisition form	➤ Inspection reports ➤ Delivery Note	➤ EM	➤ EM
Procedure:				



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Action	Input	Output	Responsible Person	Accountable Official
<ul style="list-style-type: none"> ➤ Unpack the item. ➤ Check if the item is damaged or has been tampered with (if applicable). ➤ If the item is damaged or has been tampered with, do not accept delivery. 				
7.4.6. Check if item is according to the Order/Requisition				
<ul style="list-style-type: none"> ➤ The end user must check the items. 	<ul style="list-style-type: none"> ➤ Order form ➤ Stores Purchase Requisition form ➤ Delivery note 	<ul style="list-style-type: none"> ➤ A decision on whether the items being delivered are according to the order and Requisition 	<ul style="list-style-type: none"> ➤ EM 	<ul style="list-style-type: none"> ➤ EM
Procedure: <ul style="list-style-type: none"> ➤ Ensure that the quality and the quantity are according to the order. ➤ Compare the Order/Requisition to the Delivery Note and ensure that the quantity and quality is according to the specifications. ➤ Ensure that the delivery date is according to the expected delivery date. 				
7.4.7. Manage any variations from the Order				
<ul style="list-style-type: none"> ➤ Any variations from the original order/requisition must be recorded and reported to the Logistics Management Unit. 	<ul style="list-style-type: none"> ➤ Items being delivered ➤ Distribution Schedule ➤ Invoice 	<ul style="list-style-type: none"> ➤ Updated Distribution Schedule 	<ul style="list-style-type: none"> ➤ EM ➤ Buyer 	<ul style="list-style-type: none"> ➤ EM
Procedure: <ul style="list-style-type: none"> ➤ Identify variances and record them in your delivery register. 				



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Action	Input	Output	Responsible Person	Accountable Official
<ul style="list-style-type: none"> ➤ Make a record on whose fault it is, if the Stores or the Requisition was incorrect. ➤ If the Requisition was incorrect, update the Requisitions Register and inform the Stores Office of the discrepancy. 				
7.4.8. Sign delivery note				
<ul style="list-style-type: none"> ➤ If the items being delivered are according to the Requisition, accept the delivery and sign the delivery note and update the Delivery Register. 	<ul style="list-style-type: none"> ➤ Delivery Note ➤ Goods Delivery Register 	<ul style="list-style-type: none"> ➤ Signed Delivery Note ➤ Signed Goods Delivery Register 	<ul style="list-style-type: none"> ➤ EM 	<ul style="list-style-type: none"> ➤ EM
Procedure: <ul style="list-style-type: none"> ➤ Ensure that you receive a Delivery Note for the delivery. ➤ Ensure that the information on the delivery note is correct and compare it with the Requisition. ➤ Sign the Delivery Note. 				
7.4.9. Stores to Update Delivery Register				
<ul style="list-style-type: none"> ➤ Update the Delivery Register with the delivery information. This will assist in monitoring all expected deliveries that have been fulfilled. 	<ul style="list-style-type: none"> ➤ Distribution Register ➤ Order Register 	<ul style="list-style-type: none"> ➤ Updated Distribution Register ➤ Updated Order Register 	<ul style="list-style-type: none"> ➤ Inventory Officer 	<ul style="list-style-type: none"> ➤ Asset Manager
Procedure: <ul style="list-style-type: none"> ➤ Update the Distribution register with information relating to the stock that has been received. ➤ Update the Inventory Register with the stock that has been received. 				



7.5. Sub-Process 5: Stock count Process

Process Owner: Inventory Officer

Process Trigger: Stock Count Memorandum

Action	Input	Output	Responsible Person	Accountable Official
7.5.1. Create Stock Count Register				
➤ Create a Stock Count Register and ensure that all stock items are catered for.	➤ Goods Delivery Register ➤ Stock Issue Register ➤ Inventory Register	➤ Stock Count Register	➤ Inventory Officer	➤ Asset Manager
Procedure: <ul style="list-style-type: none"> ➤ Create a Stock Count Register and ensure that all stock items are catered for. ➤ The Stock Count Register must include the following information: <ul style="list-style-type: none"> ✓ The date and time of the stock count; ✓ A list of all items to be counted; ✓ The names of officials who will conduct the stock count; and ✓ Signatures. 				
7.5.2. Conduct Physical Stock Count				
➤ Ensure that the physical stock count does not impact the operations of the Stores. It is recommended that the physical stock count be conducted in the afternoons or after hours or during the off-peak period.	➤ Stock Count Register	➤ Stock Count Register	➤ Inventory Officer	➤ Asset Manager
Procedure: <ul style="list-style-type: none"> ➤ Ensure that the stock is communicated to the users. 				



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Action	Input	Output	Responsible Person	Accountable Official
<ul style="list-style-type: none"> ➤ Ensure that there and independent person monitoring the physical stock count. ➤ Record all physical items with-in the Stores. ➤ Ensure that the expiry dates of all items are also recorded. 				
7.5.3. Update Stock Count Register				
➤ Perform a physical stock count and sign the Stock Count Register. Prepare the Stock Count Register for reconciliation with the Inventory Register.	<ul style="list-style-type: none"> ➤ Stock Count Register 	<ul style="list-style-type: none"> ➤ Updated Stock Count Register 	<ul style="list-style-type: none"> ➤ Inventory Officer 	<ul style="list-style-type: none"> ➤ Asset Manager
7.5.4. Compare Inventory and Stock Count Registers				
➤ Reconcile both the Stock Count Register and the Inventory Register.	<ul style="list-style-type: none"> ➤ Stock Issue Register ➤ Stock Receipt Register ➤ Inventory Register 	<ul style="list-style-type: none"> ➤ Updated Physical Stock Count Register 	<ul style="list-style-type: none"> ➤ Inventory Officer 	<ul style="list-style-type: none"> ➤ Asset Manager
Procedure: <ul style="list-style-type: none"> ➤ Reconcile both the Stock Count Register and the Inventory Register. ➤ This will help in identifying discrepancies between the two registers. ➤ Ensure that all items identified during the Physical Stock Count are also recorded in the inventories. 				
7.5.5. Identify differences and investigate				
➤ Identify any differences between the Stock Count Register and the Inventory Register, if any differences are identified an investigation should	<ul style="list-style-type: none"> ➤ Stock Issue Register. ➤ Receipt Register ➤ Inventory Register 	<ul style="list-style-type: none"> ➤ Identified differences ➤ Exception Report 	<ul style="list-style-type: none"> ➤ Inventory Officer 	<ul style="list-style-type: none"> ➤ Asset Manager



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Action	Input	Output	Responsible Person	Accountable Official
take place.	➤ Stock Count Register			
Procedure: <ul style="list-style-type: none"> ➤ The Buyer must identify any differences between the Stock Count Register and the Inventory Register. ➤ Buyer must compile a list of all identified difference. ➤ Buyer must investigate any differences between the Stock Count Register and the Inventory Register. 				
7.5.6. Conduct a re-count				
➤ If a difference exists, a recount must be conducted to ensure that there were no errors or mistakes during the initial stock count.	➤ Exception Report	➤ Investigation Report	➤ Inventory Officer	➤ Asset Manager
7.5.7. Log reasons for differences and prepare report				
➤ If the difference still exists after the recount, prepare a difference report. The report must give explanation for all stock excesses and stock shortages.	<ul style="list-style-type: none"> ➤ Stock Re-count Register ➤ Stock Issue Register ➤ Stock Receipt Register ➤ Inventory Register 	➤ Investigation Report	➤ Inventory Officer	➤ Asset Manager
Procedure: <ul style="list-style-type: none"> ➤ The Buyer must conduct a re – count and report on these differences. 				
7.5.8. Prepare and sign the stock count report				
➤ The stock count report must include all the stock count activities and must be signed by the Buyer.	<ul style="list-style-type: none"> ➤ Investigation Report ➤ Stock Count Report 	➤ Stock Count Report	➤ Inventory Officer	➤ Asset Manager



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Action	Input	Output	Responsible Person	Accountable Official
Procedure: ➤ Inventory Officer to compile the stock count report by obtaining figures from the Stock Count Register.				
7.5.9. Identification of expired stock?				
➤ Is there any Expired stock?	➤ Stock Count Report ➤ Stock Count Register	➤ Disposal decision	➤ Inventory Officer	➤ Asset Manager
Procedure: ➤ Identify and compile a list of all expired stock and decide on how the stock will be disposed.				
7.5.10. Prepare expired stock for disposal.				
➤ Select all expired stock from the Stores and prepare it for disposal. The stock must be recorded and approval for the disposal must be obtained.	➤ Stock Count Register ➤ Stock Count Report	➤ Disposal of Expired Stock	➤ Inventory Officer	➤ Asset Manager
Procedure: ➤ Using the Stock Count Register, identify items that require replenishment and follow the necessary procedures to replenish the stock.				

7.6. Sub-Process 6: Process for Stock Replenishment

Process Owner: Inventory Officer

Process Trigger: Stock Count Report



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Action	Input	Output	Responsible Person	Accountable official
7.6.1. Compile a list of all stock shortages				
➤ The stock replenishment list must include all the items requiring replenishment.	➤ Inventory Register ➤ Stock Count Register	➤ Stock Replenishment List	➤ Inventory Officer	➤ Asset Manager
Procedure: ➤ Analyze stock count reports to identify items to be replenished. ➤ Compile requisition and send to Demand Management.				
7.6.2. Determine lead time				
➤ Lead time refers to the length of time taken from when the requisition for an inventory item is placed to the time the goods are physically delivered to the stores.	➤ N/A	➤ Lead time report	➤ Inventory Officer	➤ Asset Manager
Procedure: ➤ The Buyer must calculate the lead time by taking the following into considerations: <ul style="list-style-type: none"> ✓ Proximity of the supplier; ✓ General availability of goods; ✓ General availability of goods elsewhere if the intended supplier does not have these items on hand; ✓ The terms of a contract which might state that a supplier must deliver within a specific time period upon receipt of an order from the Institution; ✓ The time taken to authorize the requisition and order forms; ✓ Whether the inventory item must be manufactured by the supplier before the delivery to the Institution; and ✓ The manufacture of specialized items by the suppliers. 				
7.6.3. Select items to be replenished and determine quantity				
➤ Select all items to be replenished from the Stock Count Register.	➤ Stock Count Register ➤ Lead Time Report	➤ List of items to be replenished ➤ Quantity of items to be replenished	➤ Inventory Officer	➤ Asset Manager



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Action	Input	Output	Responsible Person	Accountable official
Procedure: <ul style="list-style-type: none"> ➤ Analyze the Stock Count Register and lead time report to identify the items to be replenished. ➤ Based on the items required the Buyer must analyse the lead time report to determine the quantity required. 				
7.6.4. Create a replenishment Requisition and obtain Approval				
<ul style="list-style-type: none"> ➤ The compilation of a requisition serves as a trigger to this process. 	<ul style="list-style-type: none"> ➤ Requisition Forms ➤ Requisition Register 	<ul style="list-style-type: none"> ➤ Requisition Forms ➤ Updated Requisitions Register ➤ Approved Requisition form 	<ul style="list-style-type: none"> ➤ Inventory Officer 	<ul style="list-style-type: none"> ➤ Asset Manager
Procedure: <ul style="list-style-type: none"> ➤ The Buyer to compile the Requisition form. ➤ The Buyer to ensure that the Replenishment Requisition is approved by the relevant person according to the departmental delegations. 				
7.6.5. Contract/ Quotations / Bidding Process?				
<ul style="list-style-type: none"> ➤ Check if the items will be purchased through an existing contract or through quotations. <p><u>If there is an Existing Contract, refer to section 7.1, if no existing contract, refer to section 5.6.</u></p>	<ul style="list-style-type: none"> ➤ N/A 	<ul style="list-style-type: none"> ➤ N/A 	<ul style="list-style-type: none"> ➤ Inventory Officer 	<ul style="list-style-type: none"> ➤ Asset Manager



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8. CHAPTER 7: DISPOSAL MANAGEMENT PROCESSES AND PROCEDURES

Disposal Management refers to the disposal of all stock and asset items. The disposal process that follows is to be applied by the Institution within the provisions of the SCM Framework for inventory items only. Section nine (9) of this manual discusses the disposal process in greater detail.

8.1. Sub-Process 1: Process for Stock Disposal

Process Owner: Inventory Officer

Process Trigger: Obsolete Stock Disposal Memo

Action	Input	Output	Responsible Person	Accountable Person
8.1.1. Stock Count				
<ul style="list-style-type: none">➤ Annual stock count is the trigger for the stock disposal process.➤ During the stock count damaged, expired, surplus, obsolete and unusable stock are identified.➤ Refer to the Logistics Procedure for detailed activities.	➤ N/A	➤ N/A	➤ Inventory Officer	➤ Asset Manager
Procedure: <ul style="list-style-type: none">➤ The stock Expiry Report must include the following information:<ul style="list-style-type: none">✓ Stock item name;✓ Stock item description;✓ Stock item expiry date; and✓ Stock item location.				
8.1.2. Stock Expiry Report and approval				
<ul style="list-style-type: none">➤ The Institution should be proactive about identifying obsolete and/or redundant stock items.	➤ List of expired items	➤ Approved Stock Expiry Report	➤ Inventory Officer	➤ Asset Manager
Procedure: <ul style="list-style-type: none">➤ A report must be created that contains all the details of expired stock identified during the stock count process and must be				



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Action	Input	Output	Responsible Person	Accountable Person
approved by the Asset Manager.				
8.1.3. Physical removal of stock items from Stores				
➤ Physically remove all expired items from stock and prepare them for disposal.	➤ Approved Stock Expiry Report.	➤ Collection of physical expired stock items.	➤ Inventory Officer	➤ Asset Manager
Procedure: <ul style="list-style-type: none"> ➤ Select all expired items from stock according to the approved Stock Expiry Report. ➤ The report will indicate what items need to be selected as well as the location/s of those expired stock items. ➤ Verify that only the expired stock items are selected from stock. 				
8.1.4. Update Disposal Plan				
➤ Update the Disposal Plan with all details of the item that is to be disposed. This will include: <ul style="list-style-type: none"> ✓ Item description – Describes the items that will be disposed; ✓ Item specifications – Describes the specifications of the item to be disposed; ✓ Planned disposal date – Lists the proposed/planned disposal date; ✓ Purchase price – Lists the purchase price of the item. This will be used to calculate the estimated revenue lost from the disposal; ✓ Determine what disposal method will be used to dispose of the 	➤ Disposal Plan ➤ Approved Stock Expiry Report	➤ Updated Disposal Plan	➤ Inventory Officer	➤ Asset Manager



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Action	Input	Output	Responsible Person	Accountable Person
<p>stock item; and</p> <ul style="list-style-type: none"> ✓ Determine the estimated revenue loss that will result from the disposal of the stock item. 				
<p>Procedure:</p> <ul style="list-style-type: none"> ➤ Update the Disposal Plan with all details of the item that is to be disposed. This will include: <ul style="list-style-type: none"> ✓ Item Description – Describes the items that will be disposed; ✓ Item Specifications – Describes the specifications of the item to be disposed; ✓ Planned disposal date – Lists the proposed/planned disposal date; ✓ Purchase price – Lists the purchase price of the item. This will be used to calculate the estimated revenue lost from the disposal; ✓ Determine what disposal mode will be used to dispose of the stock item; ✓ Determine the estimated revenue loss that will result from the disposal of the stock item; and ✓ Ensure that there is no further use/benefit can be derived from the stock item by referring to the stock item lifespan. 				
8.1.5. Approval of the Disposal Plan				
<ul style="list-style-type: none"> ➤ Present the Disposal Plan to the Disposal Committee for approval. ➤ Council makes recommendation to the AO for the execution of the disposal. ➤ Asset Manager obtain approval for the disposal of the stock items from the Accounting Officer. 	<ul style="list-style-type: none"> ➤ Updated Disposal Plan 	<ul style="list-style-type: none"> ➤ Disposal Approval 	<ul style="list-style-type: none"> ➤ Council 	<ul style="list-style-type: none"> ➤ Accounting Officer
<p>Procedure:</p> <ul style="list-style-type: none"> ➤ Dispose of stock item in accordance with the Disposal Plan. 				



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Action	Input	Output	Responsible Person	Accountable Person
➤ Confirm disposal.				
8.1.6. Implement recommended disposal method				
➤ Stock items are disposed of in accordance with the Disposal Plan.	➤ Disposal Plan ➤ Stock Register ➤ System Report	➤ Stock Register ➤ System Report	➤ Asset Manager	➤ AO
Procedure: ➤ Physically remove the items from the Institutions premises. ➤ Update the stock register for the disposal. ➤ Action the disposal method as approved by the Disposal Committee. ➤ If items are sold, ensure revenue is received and correctly recorded.				



9. CHAPTER 8: PERFORMANCE MANAGEMENT PROCESSES AND PROCEDURES

9.1. SCM Performance Report

The following key performance reports are required in the indicated frequencies to facilitate effective monitoring and implementation of corrective action.

ACTIVITY	PROCESS DESCRIPTION	FREQUENCY	OUTPUT	RESPONSIBLE PERSON	ACCOUNTABLE PERSON
1. Demand Management	➤ Prepare performance reports per department/vote.	➤ Annually	➤ BBBEE/ PPPFA targets ➤ Procurement Plan	➤ Senior Demand & Acquisitions	➤ SCM Manager
2. Acquisitions Management	➤ Prepare performance reports per department/vote.	➤ Monthly ➤ Quarterly ➤ Annually	➤ Monthly Report ➤ Contract Register ➤ Requisitions Register ➤ Commitment Register ➤ Quoted price exceeds planned price ➤ Duplicated vendors ➤ Payments exceeding orders ➤ Suppliers' tax	➤ Bids & Contracts Officer	➤ SCM Manager



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ACTIVITY	PROCESS DESCRIPTION	FREQUENCY	OUTPUT	RESPONSIBLE PERSON	ACCOUNTABLE PERSON
			clearance certificates expired ➤ Process cycle time ➤ Actual spend by Industrial Sector ➤ Actual spend by mSCOA item/commodity ➤ Actual spend by BBEE/ PPPFA category ➤ Top 10 suppliers ➤ Top 10 mSCOA items		
3. Logistics Management	➤ Prepare performance reports per department/vote.	➤ Monthly	➤ Supplier reconciliation ➤ Payments exceeding 30 days	➤ Chief Buyer	➤ SCM Manager
4. Disposal Management	➤ Prepare performance reports per department/vote.	➤ Monthly	➤ Schedule of approved items for disposal ➤ Revenue from sale of inventory items	➤ Asset Manager	➤ CFO



10. CHAPTER 9: CONTRACT MANAGEMENT PROCESSES AND PROCEDURES

1) The contract management section provides administrative and assistance to the municipality in order to provide high standard service to User Departments and the public to ensure the proper protection of the Municipality's interest and compliance with its obligations, which include inter alia:-

- a) Drafting, amending, negotiating and amending of contracts.
- b) Administration and management of contracts through the contract lifespan.
- c) Assist in the implementation and management of the terms and conditions of the contract for the duration of the contract period
- d) Assist in the performance monitoring and compliance during the contract period.
- e) Verification of payments, sureties, guarantees, insurances, etc.
- f) Extension and termination of contracts
- g) Contract variations and price increases
- h) General advice and legal opinions on contracts.
- i) Filing of contracts and contract related documents
- j) Maintaining a Contracts Register and filing system (Using excel and IMIS)



10.1. Sub-Process 1: Create a Contract and Archiving

Process Owner: Bids & Contracts Officer

Process Trigger: Appointment Letter (**Tender**).

#	Activity	Task Description	Responsible Official	Accountable Official	Input	Output
Step 1	Prepare Draft SLA Incorporate comments from Project Manager	Project Manager to ensure compliance and other service elements are in line with the specifications or terms of reference.	Bids Administration & Contracts Officer Project Manager	Senior Bids Administration & Contracts Officer	Draft SLA	Project Manager's inputs on the Draft SLA
Step 2	Send SLA to Legal Services	Legal advisor to ensure compliance and that the SLA is legal sound	Senior Bids Administration & Contracts Officer Legal Officer	Senior Bids Administration & Contracts Officer	Draft SLA , Legal Advisor's comments	Legal Advisor's comments on the draft SLA
Step 3	Consolidate comments and send to Service Provider for comments	Service provider's comments incorporated into the draft SLA (If acceptable)	Senior Bids Administration & Contracts Officer	Bids & Contracts Officer	Draft SLA, SP's comments	Complete SLA
Step 4	If any comments from the SP , Bids and Contracts Officer must verify with Legal advisor	Consolidation of stakeholders comments and verification by Legal Advisor.	Senior Bids Administration & Contracts Officer and Legal Advisor	Senior Bids Administration & Contracts Officer and Legal	Final SLA	Final SLA



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				Advisor		
Step 5	Submit to MM for signature	MM to signed the SLA for implementation	Bids Administration & Contracts Officer Legal Officer	Bids & Contracts Officer	SLA signed by SP	Signed SLA by both parties
Step 6	Filing of procurement and contractual documents	Contractual documents including tender document of the bidder with all the information required for contract to be carried out is safely archived on IMIS and physical documents at strong room or SCM Office. The information of unsuccessful bidders is also archived.	Bids Administration & Contracts Officer	Bids & Contracts	Scan and use IMIS to archive Contractual documents	Archived Contractual documents

10.2. Sub-Process 2: Register a Contract

Process Owner: Bids & Contracts Officer

Process Trigger: Signed Contract

#	Activity	Task Description	Responsible Official	Accountable Official	Input	Output
Step 1	Register a contract on a contract register	A contract register with details of the contract	Bids Administration & Contracts Officer Legal Officer	Bids & Contracts Officer	Signed contract and Detailed Contract Register	Updated Contract registered on the contract's register
Step 2	Make 3 copies of a contract	Three copies of a contract for the SP, SCM and Legal/Project Manager	Bids Administration & Contracts Officer Legal Officer	Bids & Contracts Officer	Signed contract	Copies prepared



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Step 3	Give original contract to SP	The original contract handed to SP and confirmed in writing	Bids Administration & Contracts Officer Legal Officer	Bids & Contracts Officer	Original signed contract	Original given to SP
Step 4	File copy on the contracts repository	Contract to filed on the repository used for contracts and other documents	Bids Administration & Contracts Officer Legal Officer	Bids & Contracts Officer	Copy of signed contract	Copy of signed contract filed
Step 5	Give copy to SCM Unit	SCM Unit to have a copy for reference and supplier performance monitoring	Bids Administration & Contracts Officer Legal Officer	Bids & Contracts Officer	Copy of signed contract	Copy of signed contract filed

10.3. MONITORING OF CONTRACTS

Managing performance of Vendors

#	Activity	Task Description	Responsible Official	Accountable Official	Official to be Consulted	Official to be Informed	Input	Output
Step 1	Develop Vendor Assessment Sheet	Contract management develops vendor assessment sheet using a criteria which is based on the performance of vendor and allocation of score between 1, 3 & 5 (1 Poor , 3 Average and 5 Exceptional) where the project manager will utilize the Vendor Assessment Sheet to score the service provider's performance and make further comments . This where red	Bids and Contracts Officer	Bids ad Contracts Officer	SCM Manager	Project Manager and SCM Manager	Contracts Register	Updated contracts register

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#	Activity	Task Description	Responsible Official	Accountable Official	Official to be Consulted	Official to be Informed	Input	Output
		flags are raised and any areas of improvement are communicated.						
Step 2	Report vendor performance and Upload scoring on the system	<p>Once the project manager signs the vendor performance and made comments on performance of the contractor feedback is conveyed to the contractor to ensure continuous improvement . Where there's a need to formally issue demand letter for performance or termination , this is done at this stage after receiving feedback from the user department, in a form of VAS or report .</p> <p>The report is transcribed to the quarterly report that is signed by the CFO , MM and Honourable Mayor and all scores are transcribed to IMIS</p>	Bids and Contracts Officer	Bids ad Contracts Officer	SCM Manager and project Manager	Project Manager and Legal Services	The report is transcribed to the quarterly report that is signed by the CFO , MM and Honourable Mayor , tabled to the Standing Committee and Council and . Scores allocated are transcribed to IMIS .	Quarterly report showing that the service provider was assessed in his/her performance and scoring was done

10.4. Process Of Extending A Contract

Process Owner: Bids & Contracts Officer

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Process Trigger: Signed Extension of Contract

#	Activity	Task Description	Responsible Official	Accountable Official	Input	Output
Step 1	Submission of a request for contract extension	A registered contract register may be extended upon receiving a request from the service provider citing events that resulted to works not carried out as assumed in the signed contract / within the set timeframes. The	Project Manager Bids Administration & Contracts Officer	Project Manager	Report submitted to SCM/ Project Manager by service provider for approval of extension	Extension request submitted to SCM/Project Manager
Step 2	Approval of extension by the accounting officer	Reasons are scrutinized and assessed the validity prior to any consideration. Once the request is considered , Project manager / SCM prepare a letter of extension citing the reason for extension and submit to the Accounting Officer for approval.	Project manager / SCM	Project Manager	Draft letter of extension to be signed by the accounting Officer	Signed letter granting the extension
Step 3	Give copy to SCM Unit	SCM Unit to have a copy for extension and report on a monthly report and	Project Manager	Bids & Contracts Officer	Copy of signed extension	Copy of signed extension is



		vendor performance report must be tabled before the council.				filed.
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10.5. Payments verification

#	Activity	Task Description	Responsible Official	Accountable Official	Input	Output
Step 1	Record award amount on the contracts register	When updating a contracts register the amount of award is registered and on framework contracts task order amount is recorded as well to ensure that the municipality does not pay over and above of what the service provider is appointed for.	Bids Administration & Contracts Officer	Bids Administration & Contracts Officer	Update on the contracts register using signed SLA and award letter to balance the appointed figure.	Updated contracts register



Step 2	Receive payment invoice certifying work done from the project manager.	<p>Upon receiving a certified payment invoice, SCM reconcile and check whether the amount is still catered for on the balance of the award amount, verify the tax compliance status of the service provider and record the payment done. Where there are retentions check whether the retention is in line with the signed contract</p> <p>Where the certified invoice has not been submitted to SCM by user department for reconciliation. The balancing of payments is done later when assessing all payments made and this is risky as payment is done without assessment by SCM to prove that there is no irregular expenditure</p>	Project manager / SCM	<p>Project Manager</p> <p>Bids and Contracts Officer</p>	Updated contracts register on “payments made up to date”	Updated and complete contracts register
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10.6. Sub-Process 4 Approve Variation Orders Up to 15% of the Award Value (Other Contracts)

As a General Rule: Variations are not acceptable.

Process Trigger: End User's Determination for Variation of Work up to 15% of the award value.

All variations must be in line with section 56 of the ELM SCM Policy.

#	Activity	Task Description	Responsible Official	Accountable Official	Official to be Consulted	Official to be Informed	Input	Output
Step 1	Prepare contract variation memo	A full motivation from the End User must be compiled with clear indications for the reasons of the variation from the original tender specifications. The motivation must also include a costing of the additional work.	End User	Executive Manager	SCM Manager	Project Steering Committee	Engineer's Report	Contract variation memo – with attachments

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#	Activity	Task Description	Responsible Official	Accountable Official	Official to be Consulted	Official to be Informed	Input	Output
Step 2	Fill in Purchase Requisition Form for contract variation	The standard form used for requisition is completed for the additional costs of the extra scope of work	End User	Executive Manager	SCM Manager	Project Steering Committee	Contract variation memo	Purchase Requisition form and motivation received by Executive Manager
Step 3	Authorise Purchase requisition for contract variation	In authorising the purchase requisition for contract variations, the Executive Manager will review the motivation, ensure that funding exists in the approved budget, and that the variation amount is not more than 15% of the original contract amount	Executive Manager	Municipal Manager	CFO	Project Steering Committee	Purchase Requisition form and motivation received by Executive Manager	Approved Purchase Requisition for contract variation sent to SCM Unit
Step 4	Check value of contract variation amount	The SCM Manager will check the variation amount and refer the contract variation documents to the delegated official for approval	SCM Manager	CFO	End User	Project Steering Committee	Approved Purchase Requisition for contract variation sent to SCM Unit	<ul style="list-style-type: none"> - Contract variation amount less than R50,000.00 sent to CFO for approval - Contract variation amount above R50,000 sent to Municipal Manager for approval
Step 5	Amend SLA to reflect the contract variation	Service Level Agreement amended to reflect additional work	Legal Officer	SCM Manager	Project Manager	Project Engineer	Contract Variation Approval Letter	SLA amended



#	Activity	Task Description	Responsible Official	Accountable Official	Official to be Consulted	Official to be Informed	Input	Output
Step 6	Prepare and Issue a Purchase Order for the contract variation amount	A Purchase Order for additional work as per variation issued to the contractor	Procurement Officer: Tenders	SCM Manager	Project Manager	Project Engineer	SLA amended	Purchase Order issued
Step 7	Submit contract variation report to Bid Adjudication Committee for ratification	For contracts that were originally awarded via public tender, the approved contract variation is tabled at the next Bid Adjudication Committee for ratification	SCM Manager	CFO	Executive Manager (End User)	Bid Adjudication Committee	Approved Contract Variation	Contract variation for public tender ratified by BAC

11. ISSUING OF PACKAGE ORDERS (FRAMEWORK CONTRACTS)

Clause MM92 of the Elundini Municipality Delegation Register tasks the CFO to ensure that the councils SCM Policy is implemented in the prescribed manner.

To give effect to this clause, the following will take place;

1. All package orders on or after 12 May 2021 will have a provision for the CFO's signature which will be signed after checking the following;
 - That the project is budgeted for and the necessary segments loaded
 - That the package order makes provision for completion dates and project plan for ease of contracts office to monitor progress.



- That the description of services is clear and concise to enable to account for the project as either an asset or expense it to the appropriate segments on completion.
2. For package orders issued to a panel of service providers, a package order committee constituted by the following individuals is hereby formed;
- CFO
 - HOD of affected department
 - Project manager
 - SCM manager and other managers like Manager Budget Planning and Reporting, Manager – Assets and other individuals will be coopted on a needs basis.
3. The committee select the service provider to be issued with the packager order having regard to the following;
- Considered quotations received from the service providers
 - Rotational issuing of package orders
 - Volume of work previously issued to service providers
 - Any other factor that will be influential on the issuing of the packager order.



12. CHAPTER 10: ANNEXURES

12.1. Demand Management

- Annexure 1 – Procurement Plan
- Annexure 2 – Requisition Form

12.2. Acquisitions Management

- Annexure 3 – Request for Quotation
- Annexure 4 - Quotation Closing Schedule
- Annexure 5 – Comparative Schedule
- Annexure 6 – Bid Register
- Annexure 7 – Agenda for Bid Committee Meeting
- Annexure 8 – Invitation to Bid Committee Meeting
- Annexure 9 – Declaration of Confidentiality
- Annexure 10 – Minutes of the Bid Committee Meeting

12.3. Logistics Management:

- Annexure 11 – Confirmation of Goods Received
- Annexure 12 – Checklist for Orders
- Annexure 13 – Inventory Receiving Checklist
- Annexure 14 – Goods Delivery Register
- Annexure 15 – Goods Distribution Register
- Annexure 16 – Stock Count Sheet
- Annexure 17 – Issue Stock Register

12.4. Disposal Management

- Annexure 18 - Disposal Plan

12.5. Performance Management

- Annexure 19 – Quarterly Reporting on Procurement Plan
- Annexure 20 - SCM Monthly Reporting -

12.6. Risk Management

- Annexure21 - Risk Register



13. CONCLUSION

The content of these Standard Operating Procedures must be brought to the attention of all officials within the Institution.

These Standard Operating Procedures are effective from 01 April 2018.

Approval

Accounting Officer

Date