TABLE OF CONTENTS

Policy document
1. Purpose of the policy
2. Approach followed in the policy
3. Most important aspects of the policy and accompanying procedures manual
4. Application by prospective suppliers to be placed on the approved list of suppliers
5. Quotations
6. Tender policy and procedures
7. Abridged tender document
8. Tender document
9. Requests for information relating to procurement and tenders
10. Unsolicited bids or proposals
11. Sale, use and letting of assets
12. Purchasing cut-off values

Procedures manual
Purchases, tender policy and procedures

Tender evaluation criteria

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POLICY DOCUMENT

1. PURPOSE OF THE POLICY

The purpose of this document on purchasing policy, tender procedures and related issues is the creation of a purposeful, comprehensive policy that sets out a transparent, detailed, practical, fair (equitable) and legal method to regulate purchases and tender procedures at RAU.

2. APPROACH FOLLOWED IN PREPARING THE POLICY

In order to ensure proper governance over procurement transactions and transactions related to the sale, use or letting of assets, the principles of openness, integrity and accountability underpins the process.

Openness refers to the ease with which stakeholders is able to make meaningful analysis of the financial and non-financial actions of RAU to ensure that stakeholders have confidence in the decision-making processes and actions of RAU, in the management of activities and in the individuals within RAU. Openness encompasses meaningful consultation with stakeholders and the communication of full, accurate and clear information within the relevant frameworks, policy and legislation.

Integrity refers to straightforward dealing and completeness, honesty and objectivity. Having high standards of propriety and probity in the stewardship of public funds and resources, high personal standards, professionalism of the individuals within RAU, avoiding potential conflicts of interest, not allowing for undue influence and disclosing related party transactions.

Accountability refers to the process whereby RAU and the individuals within it, are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance including appropriate internal and external scrutiny of actions taken.

The results of the implementation of the policy and procedures will be that:

- A transparent purchasing process is maintained at RAU.
- The correct item will be negotiated at the right time, in the right quantities, with the right quality and at the right price, to the best benefit of RAU.
- A uniform purchasing policy, purchasing cut-off values, tender procedures and related documents will be applied by RAU.
- Decisions are taken within a framework of financial efficiency and the need for economic redress.

The purchasing policy, procedures manual, tender evaluation criteria and related documentation will apply to the purchases of goods and services, service contracts, year contracts, computer hardware purchases, repairs and maintenance, construction and tenders, the sale of assets, the use of assets, the letting of assets, requests for proposals, requests for information and unsolicited bids or proposals.
In terms of this policy, Central Purchasing is responsible for the purchase of goods and services, including the purchase of computers and printing. Decentralized purchases sections are responsible for the purchases of goods and services in the case of section- or department-specific purchases. All tenders irrespective of how it is classified are administered by Central Purchasing.

The point of departure of this policy document is that a formal partnership relationship must be created between suppliers, prospective suppliers and RAU. In terms of this approach, prospective suppliers apply to be placed on an approved list of suppliers. Suppliers on the approved list of suppliers are then selectively invited to quote for goods and services or tender on the basis of an abridged tender document, and “open” or “public” tenders are avoided as far as possible.

Some of the benefits of this partnership approach are:

• The purchasing process is “open” at the beginning so that any prospective supplier can apply to be placed on the list of approved suppliers. Criticism against closed tender procedures or the exclusion of suppliers from the procurement process is therefore substantially reduced.

• The administrative burden of both parties is reduced, e.g. basic information about a tenderer is not required or checked every time a tender is submitted, since it is already on record at RAU.

• The activities of the purchasing function are rationalized since fewer suppliers are used. Furthermore, pressure on the creditors division is relieved and better cash control is ensured, since suppliers are placed on terms and, as a rule, not paid on a COD basis.

• Long-term associations between suppliers and RAU are created.

• Exchange of information is ensured, and communication between suppliers and RAU is improved.

• Exclusive partnership associations offer an opportunity for the suppliers to give RAU material discounts due to purchases in volume, long-term agreements and sole supplier benefits.

• The inclusivity of different categories of suppliers on the list of approved suppliers can be monitored.

• Effective reporting can be put in place in relation to the extent that quotes are obtained from suppliers across all categories of suppliers on the approved supplier list.

3. **MOST IMPORTANT ASPECTS OF THE POLICY AND ACCOMPANYING PROCEDURES MANUAL**

• The approval of expenses within and outside the budget occurs in accordance with the document entitled: “Council: decision-making powers/delegation”.

• Suitable purchasing cut-off values are implemented consistently.

• Requests for the purchasing of goods and services must be accompanied by detailed specifications on a requisition that may take the form of a memorandum or e-mail.

• Quotations are, (as far as possible), obtained from the suppliers on the approved list of suppliers.

• Transactions in excess of R100 000 are subjected to the tender policy and procedures and, as far as possible, five tenders are obtained in each case and firstly from the approved supplier list.
Part B
Purchasing policy, tender procedures and related issues

- An extensive tender policy and extensive tender procedures have been compiled to apply to all transactions exceeding R100 000.
- Tenders for purchasing transactions from R100 001 to R250 000 are submitted to the Procurement committee for recommendation to the Management committee. All other tenders are submitted to the Tender committee for recommendation to the Management Committee.
- The procedures manual applies to all procurement tenders, tenders for the sale, use and letting of assets, all requests for proposals and all requests for information.
- Tenders submitted to the Tender committee will be evaluated on the basis set out in the Tender Evaluation Regulations. These Regulations must be communicated to all tenderers who are invited to tender at the time of invitation.
- All tenders are administered by the secretary of the Tender committee and the secretary of the Procurement committee in conjunction with Central Purchasing.
- The activities of the Tender committee were formalized and a charter for the Tender committee was accepted.
- The activities of the Procurement committee were formalized and a charter for the Procurement committee was accepted.
- Central Purchasing will be given sufficient time to obtain tenders.
- Work to be carried out by consultants must be approved in principle in advance by the Management Committee, and the amount to be paid to the consultants must be submitted to the Management Committee for notification.
- Prospective suppliers must use the official application forms to apply for placement on the approved list of suppliers. The application forms must be evaluated on the basis set out in the Evaluation form in a pre-qualification process independent of the placing of orders.
- Suppliers who have been approved for placement on the list of approved suppliers must be categorised based on the definitions for categories presented in this policy document.
- Suppliers who are not approved for placement on the approved supplier list must be provided with the reasons for rejection in writing within a reasonable time.
- Suppliers who have been placed on the list of approved suppliers may be taken off the list if reasonable grounds exist to do so. The fact that the supplier has been removed from the list, together with the reason/reasons for the decision must be communicated to the supplier in writing within a reasonable time.
- Abridged tender documents are used when suppliers on the approved list of suppliers are invited to tender.
- Tender documents are used if an “open” tender process is to be followed.
- Tender documents and abridged tender documents have been prepared in such a manner that they may automatically constitute a contract at the discretion of the RAU.
- Requests from suppliers or tenderers or third parties relating to procurement or other transactions to which this policy applies must be dealt with in accordance with the RAU information policy and policy for the application of the Promotion of Access to Information Act.
- Unsolicited bids or proposals must be dealt with uniformly in accordance with the procedures presented herein.
- Uniformity of procedures, policy and documents is critical to the principle of governance applied in this document.
The success of the application of this policy document will depend largely on whether the process, procedures and policy can easily be used and understood. In order to facilitate this process, the following flow chart has been prepared.
## FLOW CHART

### Approval of expenses

- **Within approved budget**
- **Not in approved budget**

#### Of departments and divisions
- Approved by relevant:
  - Departmental Chairman
  - Divisional Head

#### Under management committee members or chief officers
- Amount: R0 to R100 000
  - Decision: Registrar: Finance
  - Authorized: Management Committee
  - Notified

- Amount: R100 001 to R1 000 000
  - Decision: Management Committee
  - Authorized: Executive Committee
  - Notified: Council

- Amount: In excess of R1 000 000
  - Decision: Executive Committee or Council
  - Authorized: (Council)

### PURCHASES, TENDER POLICY AND PROCEDURES

<table>
<thead>
<tr>
<th>AMOUNTS IN RAND</th>
<th>PROCEDURE ⚫️</th>
<th>WITHIN BUDGET ⚫️</th>
<th>OUTSIDE BUDGET ⚫️</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 5 000</td>
<td>⚫️</td>
<td>Departmental chairperson, section head or chief officers or their proxies</td>
<td>Director: Operational Finance or Chief Director Finance</td>
</tr>
<tr>
<td>5 001 to 20 000</td>
<td>⚫️</td>
<td>Member of management committee / proxies (tenders and contracts)</td>
<td>Registrar: (Finance)</td>
</tr>
<tr>
<td>20 001 to 100 000</td>
<td>⚫️</td>
<td>Manage - ment committee</td>
<td>Management Commit - tee</td>
</tr>
<tr>
<td>100 001 to 250 000</td>
<td>⚫️</td>
<td>Tender committee</td>
<td>Registrar: (Finance)</td>
</tr>
<tr>
<td>250 001 to 500 000</td>
<td>⚫️</td>
<td>Management committee</td>
<td>Manage - ment Commit - tee</td>
</tr>
<tr>
<td>500 001 to 1 000 000</td>
<td>⚫️</td>
<td>-</td>
<td>Execu - tive Commit - tee</td>
</tr>
<tr>
<td>1 000 001 and over</td>
<td>⚫️</td>
<td>-</td>
<td>Council</td>
</tr>
<tr>
<td>Work by consultants &gt; R50 000</td>
<td>⚫️</td>
<td>-</td>
<td>(Council)</td>
</tr>
</tbody>
</table>

### Approval of expenses

- **Within approved budget**
  - Departmental Chairman
  - Divisional Head

- **Not in approved budget**
  - Management Committee
  - Executive Committee
  - Council
KEY TO THE FLOW CHART:

1. Purchasing cut-off values dictate procedures. One verbal quotation.
2. Purchasing cut-off values dictate procedures. At least one written quotation.
3. Purchasing cut-off values dictate procedures. At least three written quotations, as far as possible from the list of approved suppliers.
4. Purchasing cut-off values dictate procedures. Selective tenders to approved suppliers, otherwise open tenders.
5. For work to be performed by a consultant, quotations should first be obtained if possible from consultants that were approached. If no consultant has been identified, open tender procedures.
6. The procedures to be followed to obtain quotations or tenders are dictated by the purchasing cut-off values.
7. The decision, authorization and notification requirements are dictated by the decision-making powers and delegation document of the council.
8. The recommendations are dictated by the purchasing cut-off values.

* Work carried out by consultants also includes work carried out by project team members not associated with the RAU and all RAU employees. In all cases permission must be obtained from the management committee before consultants are appointed. Consultants must complete and sign the document entitled “Appointment of Consultant”.

4. APPLICATION BY PROSPECTIVE SUPPLIERS TO BE PLACED ON THE APPROVED LIST OF SUPPLIERS

The partnership approach in the purchasing sector is based on the fact that a company or institution such as RAU develops a much more closer association with prospective suppliers. Although an open tender system is not to be used (in general), the process to be placed on an approved list of suppliers is indeed open for all prospective suppliers.

Any institution that approaches RAU to supply RAU with goods or services is given the opportunity to apply to be placed on an “approved list of suppliers”. The application forms must be easily accessible and widely available, including:

Every application is measured against approved evaluation criteria and successful applicants are placed on the list of approved suppliers and requested on an invitation basis to quote and/or tender for goods and services appearing on their list of products and services.

The approved supplier list must be comprehensive in terms of suppliers who may provide most of the goods and services often purchased by RAU.

The approved supplier must be categorised on the approved supplier list.

There are ten categories of suppliers to be included on the approved supplier list. These categories are:
Part B
Purchasing policy, tender procedures and related issues

Category A
Black company
- 50,1% owned and managed by black people;
- Ownership refers to economic interest;
- Management refers to executive directors.

Category B
Black empowered company
- At least 25,1% owned and managed by black people;
- Ownership refers to economic interest;
- Management refers to executive directors;
- Irrespective of whether the black company has control or not.

Category C
Black influenced company
- 5% to 25% owned and managed by black people;
- Ownership refers to economic interest;
- Management refers to executive directors;
- Irrespective of whether the black company has control or not.

Category D
Engendered black company
- 30% representation of black women within the black equity and management portion of 50,1%.

Category E
Engendered black empowered company
- 30% representation of black women within the black equity and management portion of at least 25,1%.

Category F
Engendered black influenced company
- 30% representation of black women within the black equity and management portion of at least between 5% and 251%.

Category G
Company influenced by disabled people
- A company that is at least 5% owned or managed by disabled people;
- Ownership refers to economic interest;
- Management refers to executive directors.

Category H
Engendered company
- 50% owned and managed by women;
- Ownership refers to economic interest;
- Management refers to executive directors.
Part B
Purchasing policy, tender procedures and related issues

Category I
Small, medium and micro enterprise
• As determined by the National Small Business Act if the sector in which the enterprise operates is determinable. Refer section 11.2 of this submission;
• Otherwise as defined in the White Paper on small business.

Category J
Other company
• A company that does not fall into any of the categories listed above.

The Executive Director (Finance) must annually report to the Management committee on, among others, the inclusivity of the approved supplier list.

Suppliers who are not approved for placement on the approved supplier list must be provided with the reasons for rejection in writing within a reasonable time.

Suppliers who have been placed on the list of approved suppliers may be taken off the list if reasonable grounds exist to do so. The fact that the supplier has been removed from the list, together with the reason/reasons for the decision must be communicated to the supplier in writing within a reasonable time. Some of the grounds for removal may include:
• A supplier has been placed in liquidation or declared insolvent;
• A supplier operates unethically;
• A supplier earns 80% or more of its turnover from RAU;
• False declarations are given;
• Fronting;
• Quality problems arise;
• Supplier does not quote or tender competitively on a number of occasions;
• Non-performance in terms of contract.

5. QUOTATIONS

Quotations are obtained after receipt of suitably detailed specifications detailed on requisitions that may take the form of a memorandum or e-mail message. Quotations are obtained in accordance with the purchasing cut-off values. Quotations are obtained primarily by the purchasing divisions.

Quotations must, as far as possible, be obtained from suppliers who are on the approved list of suppliers.

6. TENDER POLICY AND PROCEDURES

The tender policy and procedures are based on the approach that all tenders and contracts of specific values are dealt with in the same manner and that all procedures are formalized as far as possible.
The tender procedures apply to all tenders for the procurement of goods and services; the sale, letting or use of assets when either the asset or income derived therefrom exceeds R100 000; and requests for proposals and requests for information.

Tenders relating to procurement with a value above R100 000 and below R250 001 is submitted to the Procurement committee.

All other tenders are submitted to the Tender committee. Tenders submitted to the Tender committee are evaluated on the basis of the Tender Evaluation Regulations and a preference point system will be used in this respect. Tender Evaluation Regulations must be communicated to tenderers at the time of invitation.

The tender policy and procedures are also based on the following principles:

- Approval must be obtained for all expenses before the tender process is initiated.
- Detailed specifications must be compiled beforehand and made available for review by a person appointed by the Registrar (Finance).
- The acceptance, decisions, authorization and notification regarding tenders will take place in accordance with the Council’s policy on decision-making powers and delegation as set out in the flow chart in section 3 of this policy.
- The tender policy and procedures apply to transactions exceeding R100 000, since such transactions are subjected to a tender process in terms of this policy.
- As far as possible, suppliers on the approved list of suppliers must be invited to tender.
- In order to rationalize as far as possible in the purchasing division, the use of open tenders must be limited to a minimum.
- The tender policy and procedures cover work performed by consultants, repeated purchases and exceptions to the policy and procedures.
- Non-compliance with the tender policy and procedures may lead to disciplinary action in terms of the Disciplinary Code of the RAU.
- Uniformity in policy, procedures and documentation is critical.

7. **ABRIDGED TENDER DOCUMENT**

The implementation of an approved list of suppliers creates the opportunity to expedite the tender process and make it cost-effective, since approved prospective tenderers need to supply only the minimum information when they tender, because the basic information on the tenderer has been obtained and evaluated beforehand.

The abridged tender document is used by tenderers who appear on the list of approved suppliers and who are invited to tender.

8. **TENDER DOCUMENT**

In the case of the few transactions for which a public tender is opened, the tender document creates a good balance between the minimum information required, sufficient information to make a thorough evaluation of a tenderer in various aspects, and comprehensive provisions and stipulations according to which the tender will
take place in order to protect RAU and tenderers adequately. The tender document also provides sufficient opportunity for tenderers to supply additional information that should in their opinion be taken into account when a tender is awarded.

The tender document is only meant to be made available to tenderers who do not appear on the list of approved suppliers or if a tender is opened publicly.

9. **REQUESTS FOR INFORMATION RELATING TO PROCUREMENT AND TENDERS**

Requests for information about procurement, tenders and the procedures followed must be dealt with in accordance with the RAU information policy and the policy document relating to the application of the requirements of the Promotion of Access to Information Act. In the latter case, the designated deputy information officer for the Finance section is the only deputy information officer authorised to release information on the basis of the policy document.

10. **UNSOLICITED BIDS OR PROPOSALS**

Unsolicited bids/proposals must be investigated thoroughly, but particularly in respect of financial and business risk aspects. Depending on the nature of the bid/proposal, a multidisciplinary approach may be required.

The rector, vice-rector or registrar to who the targeted section or department reports, should be made aware of the unsolicited bid/proposal as soon as it is received.

The section or department in question should then document the bid, the circumstances in which it was received and any other relevant information. No further negotiations should be entertained at that time between RAU and the party making the bid or offer.

The particular member of the Management committee should then, in consultation with the Registrar (Finance), have the risks, financial implications, feasibility of the bid/project, effect thereof and possible intellectual property rights examined. Thereafter, a report on the matter should be submitted to the Management committee for a decision to be made.

Should there be merit in the project, specifications should be written for a tender/request for proposal/request for information, whilst taking cognisance of intellectual property rights inherent in the bid (if any exists). The relevant sections of the procedures manual will then be followed for tenders/requests for proposals/requests for information.

Unsolicited bids should only be entertained if a genuine innovative proposal is received.

11. **SALE, USE AND LETTING OF ASSETS**

From time to time, the assets of RAU may be sold, used or let out in order to earn income for the institution.
Where the value of the asset sold, used or let, or the income arising from such transactions exceed R100 000, the transactions must be subjected to tender procedures in that same way as procurement transactions are subjected to tender procedures.

In other words, in respect of transactions where the value of the asset sold, used or let, or the income arising from such transactions exceed R100 000, the transactions must be submitted to the Tender committee. In respect of transactions where the value of the asset sold, used or let, or the income arising from such transactions exceed R250 000, the Tender Evaluation Regulations will be applied in the adjudication of a tender.

All transactions so governed must be submitted to Council for final approval.
12. PURCHASING CUT-OFF VALUES

<table>
<thead>
<tr>
<th>AMOUNTS IN RAND</th>
<th>POLICY ON PURCHASES</th>
<th>PROCEDURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 5 000</td>
<td>One oral quotation from the approved supplier list</td>
<td>Follow present procedure. Not affected by tender procedures</td>
</tr>
<tr>
<td>5 001 to 20 000</td>
<td>At least one written quotation from the approved supplier list</td>
<td></td>
</tr>
<tr>
<td>20 001 to 100 000</td>
<td>At least three written quotations, form the approved supplier list</td>
<td></td>
</tr>
<tr>
<td>100 001 to 250 000</td>
<td>Selective tenders to suppliers on approved list of suppliers, as far as possible, otherwise open tenders</td>
<td>The prescribed tender procedures must be followed</td>
</tr>
<tr>
<td>250 001 to 500 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>500 001 to 1 000 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 000 001 and over</td>
<td>Prior approval of appointment of consultant. Otherwise, obtain quotations, if possible, from consultants. If no consultant has been identified, open tender procedures.</td>
<td>If tenders are opened, follow prescribed tender procedures.</td>
</tr>
</tbody>
</table>
**PURCHASES, TENDER POLICY AND PROCEDURES**

<table>
<thead>
<tr>
<th>1.</th>
<th>ESTABLISHMENT OF RESPONSIBILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>All tenders are administered by the secretary of the Procurement committee and the Tender committee in consultation with Central Purchasing.</td>
</tr>
<tr>
<td>1.2</td>
<td>Central Purchasing is responsible for the administration of the procurement of goods and services, including the purchasing of computers (in consultation with the section: Information Technology) and printing. Decentralized purchasing divisions are responsible for the purchasing of some goods and services in the case of specific needs of divisions and departments.</td>
</tr>
</tbody>
</table>
| 1.3 | The responsibilities of Central Purchasing include:  
  - Undertaking market research in order to negotiate the right item at the right time, in the right quantities, with the right quality and at the right price, to the best benefit of RAU.  
  - Obtaining quotations.  
  - Maintaining an approved list of suppliers.  
  - The administration of the tender process.  
  - Monitoring overall purchases. |
| 1.4 | The purchases function is specifications driven. |

<table>
<thead>
<tr>
<th>2.</th>
<th>QUOTATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Quotations must be obtained, as required, in accordance with the purchasing cut-off values.</td>
</tr>
<tr>
<td>2.2</td>
<td>Quotations for goods and services must, as far as possible, be obtained from suppliers on the approved list of suppliers.</td>
</tr>
<tr>
<td>2.3</td>
<td>Quotations are primarily obtained by the purchasing divisions. Although the person requiring the goods or services is free to obtain quotations, the purchasing division is not bound by them, and the purchasing division is free to obtain further quotations, if necessary. Quotations that are obtained by an individual must accompany the specifications sent to the purchasing division.</td>
</tr>
</tbody>
</table>
| 2.4 | Quotations must be obtained after a requisition has been received that has been signed by the relevant person in terms of the document entitled “Council: Decision-making powers and delegation”.  
The requisition must contain the appropriate details on the required goods and services, e.g. quantities, specifications, surface. |
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
</table>
| **Part B**  
**Purchasing policy, tender procedures and related issues** |   |
| Requisitions may take on the form of a memorandum or e-mail message. |   |
| **2.5** | The purchasing division will, in conjunction with the person who must make a recommendation, decide on a successful supplier. If a dispute arises, the quotation will be awarded in consultation with the Registrar (Finance) or Executive Director (Finance). |
| **2.6** | Quotations must provide a detailed description of the specific work to be carried out, the type of material to be used, the surfaces, etc. Quotations submitted must be signed by suppliers. Stamp signatures on quotations are unacceptable. |
| **3.** | **PROCEDURES FOR THE OPENING OF TENDERS** |
| **3.1** | Departments, divisions, professional teams, project leaders and other people must organise the planning of their activities in such a way that sufficient time is available in terms of this document so that Central Purchasing can negotiate the best possible advantage for RAU and to allow for an open, organised and transparent tender process. Before any tender process is initiated, **written approval** must be provided for expenses to be incurred, in accordance with the document entitled “Council: Decision-making powers and delegation”.

- Expenses within approved budgets are approved in terms of 1.7 of the above document.
- Expenses outside the approved budgets are approved in terms of 1.8 of the above document.

Written proof that the expenses were approved beforehand must be made available to the secretary of the Procurement committee or the secretary of the Tender committee. |
| **3.2** | A detailed written document must be prepared at all times to describe the quantities, specifications, description and other information such as drawings, measurements, etc. of the goods and services and assets for which the tender must be initiated. Details about any samples to be submitted by tenderers must also be set out in this document. This document will be referred to as the specifications document. The words “Appendix A” must appear at the top of the first page of the specifications document and must later be annexed to the approved Tender document as “Annexure A”.

The specifications document is compiled in conjunction with the secretary of the Tender committee, secretary of the Procurement committee and Central Purchasing. If necessary, and through consultation with the head of the section, the chairperson of the department, or a management committee member and the Registrar (Finance), a consultant can be recommended to the Management Committee to assist with, or take responsibility for, compiling the specifications document. The recommendation will be made by the secretary of the Procurement committee or the secretary of the Tender committee depending on the case in question. The specifications document may, only in exceptional cases, be compiled by a tenderer or prospective tenderer, with the prior written approval of the
Tender committee or Procurement committee. If necessary, a consultant or his/her associate may compile the specifications document (as described above), but these persons may tender or be involved in a tender only in exceptional cases and with the prior approval of the Tender committee or Procurement committee.

The specifications document must contain sufficient details about the specific goods or services required, especially in the case of repairs, maintenance and computer hardware or the asset to be used, sold or let.

The tender process cannot be initiated if incomplete written specifications are submitted.

The initial cost or income estimate or an indication of the possible cost involved must be put in writing and submitted on a separate page (if possible) together with the detailed specifications document in order to give the secretary of the Tender committee/Procurement committee the opportunity to initiate the correct tender procedures. In addition, this document must detail the budget against which the expenditure will be accounted for and whether the necessary funds are available.

In respect of tender for procurement with a value above R100 000 and below R250 001, the specifications document must be submitted to the secretary of the Procurement committee. In the case of other procurement tenders, requests for proposals, requests for information, and tenders relating to the sale/use/letting of assets, the specifications document must be submitted to the secretary of the Tender committee.

In the case of tenders submitted to the Procurement committee, the specifications document must be scrutinised by a person appointed by the Registrar (Finance) and the necessary written comments provided to the secretary of the Procurement committee in respect of the completeness and accuracy of the specifications document and risks associated with the tender or the process.

In the case of tenders submitted to the Tender committee, the specifications document must be scrutinised by the person/s appointed by the Registrar (Finance) in terms of the charter of the Tender committee.

Project leaders must provide the following proposed target dates in writing to the secretary of the Procurement committee or secretary of the Tender committee for consideration by the Procurement committee or Tender committee, whichever is targeted:

- Date on which amended (final) tender documents will be ready
- Date of issue of the tender documents
- Closing date of tender
- Opening of tenders
- Presentation of proposal to Tender committee or Procurement committee
- Submission to Management committee
- Placing of order.
### 3.3 Dates for the meetings of the Procurement committee and Tender committee are set annually in advance and distributed by the relevant secretary.

All the agenda points and the documents stated in 3.2 must be submitted by the relevant project leader to the relevant committee secretary ten days before a meeting of the Procurement committee or Tender committee.

The last date by which the amended documents and the list of potential tenderers must reach the relevant secretary is five working days before the relevant meeting, because the members of the Procurement committee and Tender committee must receive the documents four working days before a meeting. The relevant secretary is responsible for distributing documents, minutes and agendas.

### 3.4 The approved list of suppliers must be consulted by the Senior Purchaser in order to identify a suitable number of potential suppliers who may be recommended to the Procurement committee or Tender committee as potential tenderers (as intended by 3.3). The names of potential tenderers so identified must reach the secretary of the Procurement or Tender committee in writing five working days before the relevant meeting.

Project leaders may also identify suitable potential tenderers. The names of potential tenderers so identified must reach the secretary of the Procurement or Tender committee in writing five working days before the relevant meeting.

In all cases where potential tenderers are not on the approved supplier list, written information must accompany the list referred to above detailing the experience and background of these potential tenderer/s.

The list of potential tenderers must be presented to the Purchasing committee or Tender committee for approval.

For every tender at least five tenders must be obtained, unless fewer than five potential tenderers have been identified in the market.

In the case of tenders submitted to the Procurement committee, the following targets are set for the number of tenderers who have HDI’s in equity ownership and/or executive management:

- Up to five prospective tenderers – 1 HDI organization
- Six to ten prospective tenderers – 2 HDI organizations
- Eleven and more prospective tenderers – 3 HDI organizations

In the case of tenders submitted to the Tender committee, the following targets are set for the number of tenderers who may be awarded preference points for involvement of HDI’s in equity ownership and/or executive management:

- Up to five prospective tenderers – 1 HDI organization
- Six to ten prospective tenderers – 2 HDI organizations
- Eleven and more prospective tenderers – 3 HDI organizations
If there are insufficient or no suppliers on the approved list of suppliers who can deliver the relevant goods and/or services, or if an insufficient number of tenderers is identified, the Senior Purchaser in conjunction with the project leader must decide on a manner of advertising in order to open the tender process if there is indeed more than one potential supplier, and recommend this process to the Tender committee for approval.

3.5 The Procurement committee and Tender committee considers the documents thus distributed and takes a decision on whether or not the tender will be opened.

In conjunction with Central Purchasing and the relevant secretary, the Procurement committee and, the Tender committee sets the target dates for tenders.

During the meeting thus held, the members of the Procurement committee or Tender committee may add more tenderers, consider requests in this regard or give instructions at their discretion.

3.6 The senior purchaser allocates a tender number and description to the tender, and enters this information in the tender register.

Tender numbers must start at number one (1) every year. Every subsequent tender number starts with one figure higher than the previous tender. It is followed by a forward slash (/) and the year (e.g. 12/2000).

3.7 Tenders must be binding for acceptance for at least two calendar weeks after the tender acceptance date.

(Reason: If the successful tenderer cannot deliver the goods or services in terms of the tender, for whatever reason, it creates the possibility of appointing another tenderer as the successful tenderer without necessarily initiating the tender process again.)

3.8 The following information must be filled in by the senior purchaser on the tender document or the abridged tender document that is distributed to the tenderers:

- Tender number.
- Description of the goods to which the tender applies.
- Tender opening date.
- Closing date and closing time of tender.
- Date on which tender must still be binding for acceptance.
- Tender acceptance date.
- Intended date of delivery.
- Specifications document.
- Whether additional preference point criteria will apply in the case of tenders submitted to the Tender committee.
- Whether and how functionality will be evaluated in respect of tenders submitted to the Tender committee.

3.9 The purchaser telephones the potential suppliers who have been identified to determine whether or not they wish to tender and collect tender documents.

The name of the person to whom the purchaser speaks must be recorded on the list, as opened in 3.10.
### Part B
**Purchasing policy, tender procedures and related issues**

<table>
<thead>
<tr>
<th>3.10</th>
<th>Records must be kept in the tender register of:</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>- The name of the tenderers.</td>
</tr>
<tr>
<td></td>
<td>- The name and signature of the person who collected the tender document or the abridged tender document.</td>
</tr>
</tbody>
</table>

| 3.11 | In the case of suppliers on the approved list of suppliers who accepted an invitation to tender, the abridged tender documents must be issued, unless the Procurement committee or Tender committee decides that the comprehensive tender documents must be issued. |

In the case of suppliers who do not appear on the approved list of suppliers who had accepted an invitation to tender, the comprehensive tender documents must be issued.

In both cases, a copy of the specifications document referred to in 3.2 must be attached to the tender documents as Appendix A.

In the case of tenders submitted to the Tender committee, the Tender Evaluation Regulations must be attached to the tender documents as Appendix B.

### 4. PROCEDURES FOR THE RECEIPT OF TENDERS

<table>
<thead>
<tr>
<th>4.1</th>
<th>Tenders may be received per post or delivered to the office of the senior purchaser.</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Tenders must be placed in the tender box, taking into account the following procedures.</td>
</tr>
</tbody>
</table>

| 4.2 | The tender box must be open between 08:00 and 16:30 daily during weekdays, excluding university holidays and public holidays. |

| 4.3 | The tender box must be placed in the immediate vicinity of the office of the senior purchaser, in such a way that sufficient, continuous security can be maintained over the tender box. |

| 4.4 | The tender box must be made of a suitable material that will ensure the security of the tenders. The tender box must be equipped with locks or other security equipment, and it must be kept locked, except during the opening of the tender box and the tenders. |

| 4.5 | If the tender box is physically taken to another location for the tenders to be removed from the tender box, a notice of reasonable size and prominence must be placed in the place of the tender box so as to provide clear instructions to prospective tenderers on the alternative method of submission. Proper records must be kept of the tenders that are submitted in this period, and the deliverers must sign a document as proof that they submitted the tenders. |

| 4.6 | While the tender box is being opened, new tenders must be accepted over the counter by a person appointed by the senior purchaser. |

| 4.7 | The responsible person appointed in 4.6 must, directly after the tender box is again made available for the submission of tenders, report verbally to the senior purchaser on any tenders that were submitted while the tender box was being opened. Such tenders must immediately be placed in the tender box. |

| 4.8 | If the tender box is opened in its usual location and the tenders are placed in a suitable container before it is opened in the office of the Registrar (Operations), the Registrar (Finance), the Chief Director: Finance, or the
**Part B**  
**Purchasing policy, tender procedures and related issues**

<p>| | |</p>
<table>
<thead>
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<tbody>
<tr>
<td></td>
<td>Senior Director: Finance (depending on the location) (or in another suitable location), the senior purchaser and a staff member of Protection Services must carry out this task.</td>
</tr>
<tr>
<td>4.9</td>
<td>If tenders are received by post, the date on which the tender reaches the office of the senior purchaser must be recorded in the tender register and the tender must immediately be placed in the tender box.</td>
</tr>
<tr>
<td>4.10</td>
<td>If tenders are delivered, the date of delivery and the name of the deliverer must be recorded in the tender register, and the deliverer must sign the tender register. The senior purchaser must then place the tender in the tender box in the presence of the deliverer.</td>
</tr>
<tr>
<td>4.11</td>
<td>No late tender submission may be considered in the tender process. The Tender committee must be notified of late tender submissions.</td>
</tr>
<tr>
<td>5.</td>
<td>PROCEDURES FOR THE OPENING OF THE TENDER BOX AND THE TENDERS</td>
</tr>
</tbody>
</table>
| 5.1 | The opening of the tender box, the opening of the sealed envelopes and the recording of tenders submitted to the Procurement committee will take place in the presence of the following people (or proxies):  
- Chief Director: Finance or Senior Director: Finance  
- Senior Purchaser.  

The opening of the tender box, the opening of sealed envelopes and the recording of tenders submitted to the Tender committee will take place in the presence of the following people (or their representatives):  
- Registrar (Operations) or proxy, or  
- Registrar (Finance) or proxy.  

Any tenderer or his authorised representative may attend the opening process. The purchasing division will notify tenderers in good time of the necessary details in this regard.  

Any member of the Procurement committee or Tender committee (depending on the case) may also be present during this process. |
| 5.2 | When the tenders are opened, a date must be recorded on the front page of the tender documents or the abridged tender documents to represent the date on which the tender is removed from the tender box. The registrar, chief director, senior director or their proxies present must sign the front page and price schedule of the tenders. |
| 5.3 | Tenders that are removed from the tender box must be recorded in a tender register. |
| 5.4 | The original tenders, together with the tender prices, must be placed on file and locked up in the safe at the Finance Section, except during the evaluation of the tenders. When tender documents are removed from the safe, a record must be kept of the removal and replacement of the tender documents.  
For purposes of the evaluation of tenders, copies of the tender documents must be made available. |
| 5.5 | Tenders must, as far as possible, be scheduled from the cheapest to the most expensive. |
| 6. | EVALUATION OF TENDERS |
| 6.1 | Copies of all the tenders received for a project must be submitted to the
| Part B  
| Purchasing policy, tender procedures and related issues |

- project leader or divisional head by the senior purchaser, taking into account the deadlines, together with a written indication of the scheduling of tenders from the cheapest to the most expensive (unless a consultant or the project leader or their proxies do this scheduling). The tenders, copies thereof or the scheduling documents may under no circumstances be made available to people or institutions that are currently rendering the service or that have a similar contract, unless the Procurement committee or Tender committee grants prior written permission for this.

- In respect of tenders submitted to the Tender committee, copies of all tender documents must be made available to the person appointed by the Registrar (Finance) tasked with advising the Tender committee in accordance with its charter.

- In the case of tenders submitted to the Procurement committee, where the lowest tender price exceeds R250 000, the discretion lies with the Registrar (Finance) to decide whether the tender should be submitted to the Tender committee, in which case a new tender must be called so as to properly inform tenderers of the evaluation criteria that will be applied in the awarding of the tender.

| 6.2 | All the tenders correctly received for a specific project must be evaluated. |

- In respect of tenders submitted to the Procurement committee, a written summary of the evaluation of all the tenders and the recommendation must be prepared and submitted to the secretary of the Procurement committee in accordance with the deadlines in terms of which agenda points and documents must be served on the Procurement committee.

- The format or sequence in which information in the evaluation of tenders submitted to the Procurement committee must be presented is:
  - Tenderers approached for the tender
  - Tenderers who handed in tender documents
  - Recommendation
  - Price summary.

- In respect of tenders submitted to the Tender committee, tenders must be evaluated in accordance with the Tender Evaluation Regulations by a team comprising the project leader and the person appointed by the Registrar (Finance) tasked with advising the Tender committee in accordance with its charter.

- The format or sequence in which information in the evaluation of tenders submitted to the Tender committee must be presented is:
  - Tenderers approached for the tender
  - Tenderers who handed in tender documents
  - Detail in respect of the evaluation in terms of the Tender Evaluation Regulations
  - Recommendation
  - Price summary.
The project leader and the consultant (if applicable) must attend the meetings that cover points about the project.

The recommendation, decisions, authorization and notification regarding a successful tenderer occur in accordance with the purchases policy and the tender procedures.

Details in respect of tenders awarded by the Procurement committee must be submitted to the Tender committee for notification.

6.3 The tender document forms the contract between the parties for tenders valued submitted to the Procurement committee.

6.4 The Tender committee must decide whether or not a specific separate contract, in addition to the tender document or abridged tender document, must be entered into in the case of tenders submitted to the Tender committee.

6.5 If members of the Procurement committee or Tender committee have any association, whether it is a family association or otherwise, with a tenderer, the Procurement committee or Tender committee (whichever is applicable) must be notified of this association at the start of a Procurement committee or Tender committee meeting and it must be recorded in the minutes. Such committee members may attend the meeting during which a decision is taken on the tender, but may not vote or be taken into account in deciding the awarding of the tender, unless the other members of the committee decide otherwise.

6.6 It is essential that comprehensive documentation is kept in respect of tenders submitted to the Procurement committee and Tender committee, including:
- Reasons why tenders are awarded or not
- Lists of documents relating to each tender
- Copies of all memoranda, submissions, minutes etc. made available to or considered by the Procurement committee or Tender committee.

7. **PROCEEDINGS AT PROCUREMENT AND TENDER COMMITTEE MEETINGS**

7.1 The proceedings to be followed at Procurement committee and Tender committee meetings, and the quorum, voting, etc. are set out in the Charter of the Procurement committee and the Charter of the Tender committee.

In addition, the Tender Evaluation regulations must be applied by the Procurement committee and Tender committee in as far as it applies to the committees.

8. **RECOMMENDATIONS, DECISIONS, AUTHORIZATION AND NOTIFICATION**

8.1 The recommendations, decisions, authorization and notification procedures followed for tenders must be in accordance with the purchasing cut-off values document, which incorporates the procedures prescribed by the Council.

9. **ENTERING INTO CONTRACTS**

9.1 Only the members of the Management committee may enter into contracts on behalf of RAU.

9.2 Any contract that results in obligations for a department, division, etc. and/or RAU must be sent to the dean or relevant divisional head for cognisance and consideration.

9.3 The dean/divisional head sends the contract with comments and a
recommendation to the responsible member of the Management committee who submits the contract to the Management Committee for approval before it is signed.

9.4 With regard to tenders, the recommendation of the Procurement committee or Tender committee is submitted to the Management Committee. The Management Committee takes a decision. The tender document becomes the contract between RAU and the successful tenderer in the case of tenders submitted to the Procurement committee. The tender document be comes the contract between RAU and the successful tenderer in the case of other tenders, unless the Tender committee takes a different decision, in which case the contract must be compiled by a legal expert. The relevant member of the Management committee submits the contract to the Management Committee for approval before it is signed.

The risk manager or internal auditor and a representative of the faculty of Law or a university lawyer must advise the Management committee in writing on whether or not the contract is in accordance with the tender documents.

9.5 The member of the Management committee signs the contract on behalf of RAU after the Management Committee has approved it.

9.6 If the member of the Management committee is of the opinion that there are potential legal problems, the contract must be referred to an expert at RAU for legal advice.

9.7 All contracts, irrespective of the nature thereof, must be stored centrally and recorded in a contract register.

10. SAMPLES

10.1 If the specifications document of tenderers requires samples to be submitted, the samples must be delivered to the office of the chief purchaser between 08:00 and 16:30 on weekdays, excluding university holidays and public holidays.

10.2 Upon receipt of the samples, a sample receipt form must be issued to the deliverer by the senior purchaser. The sample receipt form must be in duplicate and the duplicate copy must be filed by the senior purchaser. The sample receipt form must contain the following information:

- Tender number.
- Description of the sample.
- Date of submission.
- Signature of deliverer.
- Latest date on which the sample must be collected in the case of unsuccessful tenderers.

10.3 Samples submitted by unsuccessful tenderers may be collected from the office of the senior purchaser between 08:00 and 16:30 on weekdays, excluding public holidays and university holidays, upon presentation of the sample receipt form, which must then be filed with the copy. The people collecting the sample must sign the sample receipt form as proof of having received the sample.

10.4 Samples must be locked away for safe-keeping. If a sample must be submitted to an evaluator, project leader or institution that must test the sample, the sample receipt form must be endorsed with these details and the
recipient must sign the endorsement.

10.5 If samples are sent away for testing, the tenderer must be contacted beforehand by telephone to grant permission for the testing because the tenderer carries the cost of such testing. If the RAU carries the cost of the testing, this fact must be stated in the specifications document.

The telephonic request must be followed up with a fax, which is filed before the testing begins.

10.6 The last date on which unsuccessful tenderers must collect the samples before they are auctioned for the account of the RAU is 60 days after the acceptance date of the tender.

10.7 From time to time, Central Purchasing must make a written list of all the samples that are not collected within the prescribed period or not utilised in another way by RAU, and hand the samples to the division responsible for auctions at RAU.

11. NEGOTIATIONS WITH TENDERERS

11.1 Negotiations with tenderers should be limited to requests for additional information if it becomes evident during the evaluation process that valuable information is required to compare tenders with each another and in respect of any other matters that may be to the benefit of the RAU.

In general, the amount for which the tender was submitted may NOT be negotiated.

As a result of negotiations, additions and amendments may be made to the original tender documents.

The Procurement committee or Tender committee must, as soon as possible, be notified in writing of the nature, reason and outcome of any negotiations.

Continuous negotiations may be undertaken between RAU and suppliers appearing on the approved list of suppliers, since two-way communication is one of the characteristics of the partnership approach.

12. SOLE TENDERERS

12.1 If there is only one tenderer, the process does not constitute a tender. If such a case arises, the facts of the case must be made available to the Registrar (Finance) by the secretary of the Procurement committee or Tender committee. The Registrar (Finance) is responsible for ensuring that the necessary governance and control is in place and may institute any procedures and obtain any necessary information in this regard. Thereafter, the Management committee must decide whether a contract will be entered into. In arriving at that decision the Management committee may need to acquire additional information and may task individuals in this respect.

13. COMMUNICATION WITH UNSUCCESSFUL TENDERERS

13.1 Unsuccessful tenderers must be notified by the senior purchaser within five days of the decision and authorization (if necessary) given for the tender.

14. PROCEDURES AFTER APPROVAL OF TENDERS

14.1 With regard to successful tenderers, an order must be placed or the successful tenderer must be notified in writing by the senior purchaser, in accordance with the decisions of the Procurement committee or Tender committee.
15. **URGENT TASKS**

15.1 Urgent tasks or services that cannot be accommodated by the normal procedures due to their urgency should be avoided, as far as possible.

In view of the short period in which tenders are awarded, all tenders should be accommodated in the above process.

Departmental chairpersons, divisional heads, professional teams, project leaders and others must take the procedures and time restrictions in this document into account in their planning.

15.2 Requests for urgent tasks that cannot be accommodated in the tender process must be accompanied by a motivation from the person granting the authorization that the expenses may be incurred. This documentation must be submitted to the secretary of the Procurement committee or the secretary of the Tender committee depending on the case. This request and accompanying motivation must be referred to the Registrar (Finance). The Registrar (Finance) must assess and decide whether or not the task is urgent and whether or not it should be accommodated outside the tender process.

15.3 All urgent tasks that do not follow the normal tender procedures must be submitted to the Management Committee for information purposes and further investigation, if necessary. The Procurement committee and Tender committee, depending on the case, must be notified of all such cases.

15.4 Abridged tender documents must be completed by the supplier within three days of the approval of urgent work.

16. **AMENDMENT TO, OR EXTENSION OF, ACCEPTED TENDERS AFTER APPROVAL**

16.1 A written motivation must be prepared by the responsible project leader or divisional head and approved by the Procurement committee or Tender committee (depending on the case) before work can proceed.

In the case of quotations and other purchases with amendments and extensions that will increase the total amount of the transaction to exceed R100 000, a written motivation must also be prepared by the responsible project leader or divisional head and submitted for approval to the Registrar (Finance) before work can proceed.

17. **APPROVED LIST OF SUPPLIERS**

17.1 An approved list of suppliers must be maintained.

17.2 The document entitled “Application by prospective suppliers to be placed on the approved list of suppliers” must be sent to identified suppliers or to a potential supplier, on request.

The application forms must be widely and easily accessible on the RAU campus as well as on the RAU website.

Suitably public advertising of the fact that RAU has an approved supplier list for which applications are open is the responsibility of the Director Operational Finance.

17.3 Application forms are evaluated by a person/s appointed by the Registrar (Finance) in a process that is independent from the pacing of orders.
### Evaluations will be based on the Evaluation form.

Suppliers who have been approved for placement on the approved supplier list must be categorised in accordance with the criteria set out in the policy document.

#### 17.4 Central Purchasing must do market research from time to time to find other suitable applicants. Invitations must be extended to these prospective applicants. These applicants must also be evaluated according to the evaluation criteria as intended by 17.3.

#### 17.5 For every product group or service that is tendered for on a regular basis, every effort must be made to have five suppliers on the approved list of suppliers.

The approved supplier list must include suppliers from all categories of suppliers.

#### 17.6 A letter should be addressed to all the suppliers on the approved list of suppliers once a year in order to request them to update any information in the application that may have changed.

#### 17.7 If applicants are unsuccessful, reason/s for the decision must be provided in writing within a reasonable time.

### 18. REPORTING ON THE POLICY THAT WAS FOLLOWED

#### 18.1 The Executive Director (Finance) must report to the Management Committee annually on among others:

- Attempts to make the approved list of suppliers as representative as possible of suppliers who could render the best service at the best price.
- Procedures to update the information about suppliers in the application forms.
- Methods followed to choose between approved suppliers when there are more potential suppliers on the list than the number of tenders or quotations required.
- Other steps to make the tender procedures as transparent as possible and to the benefit of the RAU.
- Any problems experienced during the year.
- Preferential procurement to HDI’s.

### 19. MINIMUM INFORMATION IN THE TENDER REGISTER

#### 19.1 The tender register should contain the following information:

- Type of contract, e.g. year contract.
- Tender number.
- Description of tender.
- Tenderers.
- Opening date.
- Closing date, closing time.
- Date up to which tenders must be binding.
- Tender acceptance date.
- Tender document collected by …..(name of person).
- Signature of person collecting the tender documents.
- Date of receipt of tender.
- If delivered, the name and signature of the deliverer.
- Tenders received.
• Signatures of people present at the opening of the tender box.
• Whether or not samples were received.

20. **“SOLE TENDER DOCUMENTS”**

20.1 In the case of urgent tasks or sole tenderers, the suppliers must complete the document entitled “abridged tender document” within three days of the approval of the work, in order to place the minimum amount of information about suppliers on record and to bind suppliers to the conditions of tenders.

21. **DECLARATION BY CONSULTANTS**

21.1 Consultants and members of project teams must complete and sign the “Appointment of consultants” before their work commences.

22. **AMENDMENTS TO TENDER DOCUMENTS, ABRIDGED TENDER DOCUMENTS AND APPLICATIONS**

22.1 Anyone who amends the tender documents, abridged tender documents or application forms without prior approval of the Management Committee will be subjected to disciplinary action in terms of the Disciplinary Code of the RAU.

23. **REPEATED PURCHASES**

23.1 In the case of repeated purchase transactions below R250 000, tenders need not be requested again, if the following requirements are met:
- Repeated purchase transactions are defined as transactions for which contracts are concluded within 6 months of the previous purchase transaction.
- The products and services for which repeated purchases are made must be of exactly the same type and specification as the original transaction.

23.2 Repeated purchase transactions may in consultation with the Registrar (Finance) be subjected to tender procedures if Central Purchasing deems it to be to the benefit of the RAU.

24. **WORK PERFORMED BY CONSULTANTS**

24.1 People using consultants to perform work for RAU must obtain prior approval from the Management Committee before making use of services of consultants. A motivated request in this regard must be submitted to the Registrar (Finance) for consideration by the Management Committee.

24.2 Upon payment, the approval of expenditure will occur as with any other expenditure and in accordance with the Council document entitled “Council: Decision-making powers/delegation”.

24.3 After the payment for the services of consultants has been made, the details of the payment must be submitted to the Registrar (Finance) in writing within one month of the payment, for the information of the Management Committee.

24.4 The Management Committee may make any further enquiries, conduct investigations or take action in this regard.

24.5 Consultants include people usually in the employ of the RAU, people not usually in the employ of the RAU, and project team members.

25. **AVAILABILITY OF DOCUMENTS**

25.1 All the documents that are referred to in these procedures are available from Central Purchasing.

26. **ACCOUNTING RECORD OF PROJECTS**

26.1 Expenses or costs that accrue against one project cannot be accounted for against another project. No journal may be posted to transfer expenses or
<table>
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<th>costs from one project to another, except in the case of original posting errors.</th>
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<tbody>
<tr>
<td>26.2</td>
<td>Amounts that have been approved in budgets for specific projects cannot be transferred to other projects without the prior approval of the Management Committee.</td>
</tr>
<tr>
<td>27.</td>
<td>APPLICATION OF THE TENDER POLICY AND PROCEDURES</td>
</tr>
<tr>
<td>27.1</td>
<td>Anyone in the service of the RAU who does not comply with this policy and these procedures will be subjected to disciplinary action in terms of RAU’s Disciplinary Code.</td>
</tr>
<tr>
<td>28.</td>
<td>REQUESTS FOR INFORMATION RELATING TO PROCUREMENT AND TENDERS</td>
</tr>
<tr>
<td>28.1</td>
<td>Requests for information about procurement, tenders and the procedures followed must be dealt with in accordance with the RAU information policy and the policy document relating to the application of the requirements of the Promotion of Access to Information Act. In the latter case, the designated deputy information officer for the Finance section is the only deputy information officer authorised to release information related to this policy document.</td>
</tr>
<tr>
<td>29.</td>
<td>UNSOLICITED BIDS OR PROPOSALS</td>
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<tr>
<td>29.1</td>
<td>Unsolicited bids must be investigated thoroughly, but particularly in respect of financial and business risk aspects. Depending on the nature of the bid, a multi-disciplinary approach may be required. The member of the Management committee to who the targeted section or department reports, should be made aware of the unsolicited bid as soon as it is received. The section or department in question should then document the bid, the circumstances in which it was received and any other relevant information. No further negotiations should be entertained at that time between RAU and the party making the bid or offer. The particular member of the Management committee should then, in consultation with the Registrar (Finance), have the risks, financial implications, feasibility of the bid/project, effect thereof and possible intellectual property rights examined. Thereafter, a report on the matter should be submitted to the Management committee for a decision to be made Should there be merit in the project, specifications should be written for a tender/request for proposal/request for information, whilst taking cognisance of intellectual property rights inherent in the bid (if any exists). The relevant sections of the procedures manual will then be followed for tenders/requests for proposals/requests for information. Unsolicited bids should only be entertained if a genuine innovative proposal is received.</td>
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</tbody>
</table>
Definitions

“Comparative price” means the price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration.

“Consortium or Joint Venture” means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.

“Disability” means, in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being.

“Firm price” is the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax which, in terms of a law or regulation is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract.

“Historically Disadvantaged Individual (HDI)” means a South African citizen-
(1) who, due to the apartheid policy that had been in place, has no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act No 110 of 1983) or the Constitution of the Republic of South Africa, 1993 (Act No 200 or 1993) (“the Interim Constitution”); and/or
(2) who is a female; and/or
(3) who has a disability:
Provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI.

“Non-firm prices” means all prices other than “firm” prices.

“Person” includes reference to a juristic person.
“Rand value” means the total estimated value of a contract in Rand denomination which is calculated at the time of tender invitations and includes all applicable taxes and excise duties.

“Small, Medium and Micro Enterprises (SMMEs)” bears the same meaning assigned to this expression in the National Small Business Act, 1996 (Act No 102 of 1996) based on the detailed classification in the Schedule to this Act.

“Sub-Contracting” means the primary contractor’s assigning or leasing or making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of the contract.

“Trust” means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person.

“Trustee” means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.

Preference point system, evaluation of tenders, awarding of tenders not scoring highest points, cancellation and re-invitation of tenders

1. The 80/20 preference point system for procurement

The following formula must be used to calculate the points for price in respect of tenders for procurement with a Rand value above R250 000 and up to a Rand value of R500 000:

\[
Ps = 80 \left( 1 - \frac{Pt - P\text{ min}}{P\text{ min}} \right)
\]

Where

- \(Ps\) = Points scored for price of tender under consideration
- \(Pt\) = Rand value of tender under consideration
- \(P\text{ min}\) = Rand value of lowest acceptable tender

A maximum of 20 points may be awarded to a tenderer for being an HDI or SMME based on the methodology set out below. These points scored by a tenderer must be added to the points scored for price.

Points for equity ownership by HDI’s (non-white males, all females, disabled people irrespective of race) are calculated by using the formula:

\[
NEP = NOP \times \frac{EP}{100}
\]

Where:

- \(NEP\) = points awarded for equity ownership by an HDI
- \(NOP\) = the maximum number of points awarded for equity ownership by an HDI; set at 20
- \(EP\) = percentage of equity ownership by HDI’s.
Equity ownership refers to economic interest.

Points for executive management of an organization by HDI’s (non-white males, all females, disabled people irrespective of race) are calculated by using the formula:

\[
NMP = NBP \times \frac{MP}{100}
\]

Where:

- \(NMP\) = points awarded for executive management by an HDI
- \(NBP\) = the maximum number of points awarded for executive management by an HDI; set at 20
- \(MP\) = percentage of executive management by a HDI’s.

Executive management refers to executive directors or another similar body of persons when the tenderer is not a company.

Points are awarded for SMME status based on definitions in the National Small Business Act. Points awarded for a business classified as a small, medium, micro or very small enterprise, is 10.

Only the tender with the highest number of points scored for price and other goals as set out above may be selected.

2. **The 90/10 preference point system for procurement**

The following formula must be used to calculate the points for price in respect of tenders / procurement with a Rand value above R500 000:

\[
Ps = 90 \left(1 - \frac{Pt - P_{\text{min}}}{P_{\text{min}}}\right)
\]

Where

- \(Ps\) = Points scored for price of tender under consideration
- \(Pt\) = Rand value of tender under consideration
- \(P_{\text{min}}\) = Rand value of lowest acceptable tender

A maximum of 10 points may be awarded to a tenderer for being an HDI or SMME based on the methodology set out below. These points scored by a tenderer must be added to the points scored for price.

Points for equity ownership by HDI’s (non-white males, all females, disabled people irrespective of race) are calculated by using the formula:
Part B
Purchasing policy, tender procedures and related issues

\[ \text{NEP} = \text{NOP} \times \frac{EP}{100} \]

Where: \( \text{NEP} \) = points awarded for equity ownership by an HDI
\( \text{NOP} \) = the maximum number of points awarded for equity ownership by an HDI; set at 10
\( EP \) = percentage of equity ownership by HDI’s.

Equity ownership refers to economic interest.

Points for executive management of an organization by HDI’s (non-white males, all females, disabled people irrespective of race) are calculated by using the formula:

\[ \text{NMP} = \text{NBP} \times \frac{MP}{100} \]

Where: \( \text{NMP} \) = points awarded for executive management by an HDI
\( \text{NBP} \) = the maximum number of points awarded for executive management by an HDI; set at 10
\( MP \) = percentage of executive management by a HDI’s.

Executive management refers to executive directors or another similar body of persons when the tenderer is not a company.

Points are awarded for SMME status based on definitions in the National Small Business Act. Points awarded for a business classified as a small, medium, micro or very small enterprise, is 5.

Only the tender with the highest number of points scored for price and other goals as set out above may be selected.

3. The 80/20 preference point system for the sale and letting of assets.

The following formula must be used to calculate the points for price in respect of tenders with a Rand value above R250 000 and up to a Rand value of R500 000 and which relate to the sale and letting of assets.

\[ Ps = 80 \left( 1 + \frac{Pt - Ph}{Ph} \right) \]

Where
\( Ps \) = Points scored for price of tender under consideration
\( Pt \) = Rand value of tender under consideration
\( Ph \) = Rand value of highest acceptable tender
Part B
Purchasing policy, tender procedures and related issues

A maximum of 20 points may be awarded to a tenderer for being an HDI or SMME based on the methodology set out below. These points scored by a tenderer must be added to the points scored for price.

Points for equity ownership by HDI’s (non-white males, all females, disabled people irrespective of race) are calculated by using the formula:

\[ \text{NEP} = \text{NOP} \times \frac{\text{EP}}{100} \]

Where:
- \( \text{NEP} \) = points awarded for equity ownership by an HDI
- \( \text{NOP} \) = the maximum number of points awarded for equity ownership by an HDI; set at 20
- \( \text{EP} \) = percentage of equity ownership by HDI’s.

Equity ownership refers to economic interest.

Points for executive management of an organization by HDI’s (non-white males, all females, disabled people irrespective of race) are calculated by using the formula:

\[ \text{NMP} = \text{NBP} \times \frac{\text{MP}}{100} \]

Where:
- \( \text{NMP} \) = points awarded for executive management by an HDI
- \( \text{NBP} \) = the maximum number of points awarded for executive management by an HDI; set at 20
- \( \text{MP} \) = percentage of executive management by a HDI’s.

Executive management refers to executive directors or another similar body of persons when the tenderer is not a company.

Points are awarded for SMME status based on definitions in the National Small Business Act. Points awarded for a business classified as a small, medium, micro or very small enterprise, is 10.

Only the tender with the highest number of points scored for price and other goals as set out above may be selected.

4. The 90/10 preference point system for the sale and letting of assets

The following formula must be used to calculate the points for price in respect of tenders with a Rand value above R500 000 and which relate to the sale and letting of assets.

\[ P_s = 90 \left( 1 + \frac{P_t - P_h}{P_h} \right) \]
Where
Ps = Points scored for price of tender under consideration
Pt = Rand value of tender under consideration
Ph = Rand value of highest acceptable tender

A maximum of 10 points may be awarded to a tenderer for being an HDI or SMME based on the methodology set out below. These points scored by a tenderer must be added to the points scored for price.

Points for equity ownership by HDI’s (non-white males, all females, disabled people irrespective of race) are calculated by using the formula:

\[ NEP = NOP \times \frac{EP}{100} \]

Where:
- NEP = points awarded for equity ownership by an HDI
- NOP = the maximum number of points awarded for equity ownership by an HDI; set at 10
- EP = percentage of equity ownership by HDI’s.

Equity ownership refers to economic interest.

Points for executive management of an organization by HDI’s (non-white males, all females, disabled people irrespective of race) are calculated by using the formula:

\[ NMP = NBP \times \frac{MP}{100} \]

Where:
- NMP = points awarded for executive management by an HDI
- NBP = the maximum number of points awarded for executive management by an HDI; set at 10
- MP = percentage of executive management by a HDI’s.

Executive management refers to executive directors or another similar body of persons when the tenderer is not a company.

Points are awarded for SMME status based on definitions in the National Small Business Act. Points awarded for a business classified as a small, medium, micro or very small enterprise, is 5.

Only the tender with the highest number of points scored for price and other goals as set out above may be selected.
5. **Evaluation of tenders on functionality and price**

Generally, tenders will not be evaluated on functionality.

In the case of tenders for which samples must be handed in, tenders will be evaluated on price and functionality.

The total combined points allowed for functionality and price may, in respect of tenders with an estimated Rand value equal to or below R500 000, not exceed 80 points.

The total combined points allowed for functionality and price may, in respect of tenders with an estimated Rand value above R500 000, not exceed 90 points.

The combination of points awarded for functionality and price will be set out at the end of these regulations (if applicable).

The conditions of tender may stipulate that a tenderer must score a specified minimum number of points for functionality to qualify for further adjudication. Such details (if applicable) will be set out at the end of these regulations.

Preferences for being an HDI or SMME status must be calculated separately and must be added to the points scored for functionality and price.

Only the tender with the highest number of points scored may be selected.

6. **Award of contract to tenderer not scoring the highest number of points**

Despite the regulations set out above, contract may, on reasonable and justifiable grounds, be awarded to a tenderer that did not score the highest number of points.

7. **Cancellation and re-invitation of tenders**

The basis for determining whether the 80/20 or 90/10 points system is in use, is the estimated value of a contract in Rand denomination which is calculated at the time of tender invitations and includes all applicable taxes and excise duties. In the event that, in the application of a tender scored on the 80/20 basis, all tenders exceed R500 000, the tender must be cancelled. The same applies if all tenders received are below R500 000 and the 90/10 point system was used. In both cases tenders must be re-invited.

RAU may, prior to the award of a tender, cancel a tender if-

(a) due to changed circumstances, there is no longer need for the goods or services tendered for; or

(b) funds are no longer available to cover the total envisaged expenditure; or

(c) no acceptable tenders are received.
8. Inclusion of other preference goals

Based on the tender specifications and purpose of the tender, there may be other goals that need to be taken into consideration in awarding preference points, being 20 points in the case of the 80/20 points system and 10 points in the case of the 90/10 point system. If such a case arises, details on the goals for which preference points may be awarded as well as the methodology to be followed, will be set out at the end of these regulations.

General conditions, principles, declarations, penalties, tax clearances and tender goals

1. Only a tenderer who has completed and signed the declaration part of the tender document may be considered for preference points.

2. RAU may, before a tender is adjudicated, or at any time, require a tenderer to substantiate claims it has made with regard to preference.

3. RAU must, when calculating comparative prices, take into account any discounts which have been offered unconditionally.

4. A discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is effected.

5. Points scored must be rounded off to the nearest 2 decimals.

6. In the event that two or more tenders have scored equal total points, the successful tender must be the one scoring the highest number of preference points for specified goals. Should two or more tenders be equal in all respects, the award shall be decided by the drawing of lots.

7. In the event that the percentage of equity ownership and/or executive management changes after the closing date of the tender, the tenderer must notify RAU and such tenderer will not be eligible for any preference points.

8. Preference points may not be claimed in respect of individuals who are not actively involved in the management of an enterprise or business.

9. Equity within private companies must be based on the percentage of equity ownership.

10. Preference points may not be awarded to public companies and tertiary institutions.

11. Equity claims for a Trust may only be allowed in respect of those persons who are both trustees and beneficiaries and who are actively involved in the management of the Trust. Documentation to substantiate the validity of the credentials of the trustees must be submitted to RAU.

12. A Consortium or Joint Venture may, based on the percentage of the contract value managed or executed by their HDI members, be entitled to equity ownership and executive management in respect of an HDI.
13. A person awarded a contract as a result of preference for equity ownership or executive management of an HDI, may not subcontract more than 25% of the value of the contract to a person who is not an HDI or does not qualify for such preference.

14. RAU must, upon detecting that a preference has been obtained on a fraudulent basis, or any specified goals are not attained in the performance of the contract, act against the person awarded the contract.

RAU may, in addition to any other remedy it may have against the person:
(a) recover all costs, losses or damages it has incurred or suffered as a result of that person’s conduct;

(b) cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;

(c) impose a financial penalty more severe than the theoretical financial preference associated with the claim which was made in the tender; and

(d) restrict the contractor, its shareholders and directors from obtaining business from RAU for a period not exceeding 10 years.

15. No contract may be awarded to a person who has failed to submit an original Tax Clearance Certificate from the South African Revenue Service (“SARS”) certifying that the taxes of that person to be in order or that suitable arrangements have been made with SARS.