

1. Scope and Purpose

Procurement serves and facilitates the objectives of Concor. The department ensures funds are committed in a consistent and orderly fashion. Procurement cultivates a high standard of relations within the Commercial environment, with suppliers and the end users.

The objectives of Procurement Services are:

- To provide all the commodities and services required for Concor’s operations at the time and place needed in the proper quantity and quality.
- To secure such commodities and services at the lowest possible cost while establishing and maintaining a reputation for fairness and integrity.
- Economic delivery of purchased material.
- Sound inventory management.

Effective planning systems through optimized methods and procedures.

2. Reference

2.1 Procudures/Documentation

- SABS ISO 9001: 2000 clause 7.4
- Management System [\[MSG100\]](#), clause 7.4

2.2 Standard Forms

- Vendor Appraisal [\[SF-G7062\]](#)
- Vendor Master Request [\[SF-G7063\]](#)

Revision and Approval Block

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3. Definitions

None

4. Procedure

4.1 Ethical Standards

Concor procurement will as a minimum adhere to the following Code of Ethics.:

- To give first consideration to the objectives and policies of Concor.
- To strive to obtain the maximum ultimate value of each Rand of expenditure.
- To cooperate with trade and industrial associations, governmental and private Divisions engaged in the promotion and development of sound business methods.
- To decline personal gifts or gratuities with a commercial value.
- To grant all competitive bidders equal consideration, to regard each transaction on its own merits, to foster and promote fair, ethical and legal trade practices.
- To cooperate with peers and promote a spirit of unity amongst them.

4.2 Long Term Contracts

"Long Term Contracts" means a contract established by the Procurement Officer for a specific product or service for a specified time. *It is mandatory that all Agency bodies procure their requirements for these goods and services during term of the established contracts.* The only exception for the mandatory requirement is for contracts established outside of the delivery area of the contract. Sites may purchase the same goods and services from a vendor whose prices are at least ten percent less only after offering the long term contractor the option of selling at the lower price. If the vendor holding the term contract meets the lower price, then Divisions must purchase from the contract vendor.

4.3 Blanket Purchase Agreements

A blanket purchase agreement is a simplified method of filling anticipated repetitive needs. The agreement shall contain the following provisions:

- **Description of agreement**--a statement that the supplier shall furnish the need during a specified period or not to exceed a stipulated amount.
- **Extent of obligation**--a statement that the company is obligated only to the extent of authorized calls.
- Notice of individuals authorized to place calls.
- **Delivery tickets**--delivery tickets or sales slips must accompany all shipments except subscriptions.
- **Invoices**--each delivery, or at least monthly until expiration of agreement, shall require an itemized invoice.

A record of all blanket purchase agreements is on file in Procurement Services.

4.4 Bids and Quotations

Procurement Services has the final responsibility to conduct and to conclude all negotiations concerning prices and conditions of sale for all purchases and contemplated purchases.

The procedures for soliciting prices are:

- **Competitive Purchases:** Sealed bid procedure is the most desirable method of purchasing items in large quantities or large sums. Base procurements of R250, 000.00 or more upon formal bid requirements, developing bid specifications to assure adequate competition. Giving adequate notice of the opening of the invitation for bid. There are four competitive bidding methodologies:
 - Competitive sealed bidding (awards are made to the lowest responsive and responsible bidder),
 - Competitive sealed proposals (made for purchases that are highly technical or complex in nature and do not lend themselves to formal competitive sealed bidding),
 - Competitive fixed price bidding (used to provide multiple sources of supply for specific goods or services based on a pre-set maximum price), and
 - Competitive best value bidding (used to allow factors other than price to be considered in the determination of award for specific goods or services based on pre-determined criteria).
- **Purchases from R100, 000 to R250, 000:** Written solicitation of written quotes, bids, or proposals. Copy of the written quotes shall be attached to the purchase requisition. Award to the lowest responsive and responsible source or, when a request for proposal process is used, the highest-ranking offeror.
- **Purchases from R0 to R100, 000:** Solicit written quotes from a minimum of three (3) qualified sources of supply and attach documentation of the quotes to the purchase requisition. Award to the lowest responsive and responsible source.
- **Competitive Sealed Proposals:** Request a proposal when the use of sealed bids is inappropriate. Complex items not lending themselves to competitive sealed bidding employs this procedure. When available, solicit proposals from at least three qualified sources. Prior to soliciting proposals, issue a request for qualifications from prospective offerors if desired. The request requires information only on their qualifications, experience, and ability to perform the requirements of the contract. After receipt of the responses, rank the prospective offerors from most qualified on the basis of the information provided. Then solicit proposals from at least the top two prospective offerors.

4.5 Bid Acceptance and Evaluation

When necessary for the best interest of Concor, bid criteria to determine acceptability may include inspection, testing, quality, workmanship, delivery and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award shall be measurable costs to include, but not be limited to discounts, transportation costs,

total or life cycle costs. Requirements set forth in the invitation for bid will determine evaluation basis.

4.6 Alternate Bids

Unless the invitation for bids authorizes the submission of alternate bids and the supplies offered as alternates meet the requirements specified, any bid that does not conform to the specifications requires rejection.

4.7 Non-responsive Bids

Failure to conform to the delivery schedule, or permissible alternates, as stated in the invitation for bids, will initiate a non-responsive rejection.

4.8 Correction Creates Low Bid

As a rule, there are no allowances for the correction of a bid mistake that would cause bidder to have low bid. Exception to the rule is, in the judgment of the Procurement Officer, a clearly evident mistake as in the extension of unit prices or errors in addition.

4.9 Award

The award of a contract is to the lowest responsive and responsible bidder whose bid meets the requirements and criteria set forth in the invitation for bids.

4.10 Protests Against Award

Any actual or prospective bidder, offer or, contractor or subcontractor, aggrieved in connection with the solicitation or award of a contract, may protest to the Procurement Officer. Within fifteen (15) days after such aggrieved persons know or should have known the facts, the persons may protest. The Procurement Officer, the head of the purchasing agency or designees have authority, prior to the commencement of an administrative review, to settle and resolve a protest. Utilization of this authority must be in a manner consistent with regulations governing the procurement of supplies, services and construction. Issuances of a written determination within ten (10) days of completion of the review by appropriate Procurement Officer succeed failure to mutually resolve protest. The decision shall state the reasons for the actions taken and a copy immediately furnished to the protestant and any other party intervening. Within ten (10) working days of posting, a decision is final and conclusive, unless fraudulent, or any person adversely affected by the decision requests a further review by the Procurement Review Panel. After receipt of the review request, the Procurement Officer then forwards the request to the Procurement Review Panel. Request states, in writing, the reasons the persons disagree with the decision of the Procurement Officer.

4.11 Vendor Performance

All orders require delivery to points specified in the invitation for bid and on the purchase order. The vendor will pay all charges for delivery to the location of the using agency except when the invitation to bid or the purchase order expressly provides otherwise. A vendor is in default when failing to make deliveries within the time specified in the contract. Material delivered must conform to samples or specifications, be replaced promptly, and accepted without constant rejection to avoid default by vendor. A vendor must also avoid default by proper labeling and representation of material that he delivers. In the event of default by a vendor, Concor will take such action against the bidder as is required by law. If the vendor fails to deliver all the items described in the purchase order, the invoice must clearly indicate

"partial delivery." Some invoices will require holding until completion of final delivery or inspection.

4.12 Sole Source Procurement

The Procurement Officer makes a written determination for sole source procurement and the head of the purchasing agency. Sole source items are those, which perform a certain function with no knowledge of other such items in existence and where the compatibility of equipment, accessories, or replacement parts is the paramount consideration.

4.13 Unauthorized Procurement Procedures

Within the Rand limits designated to the Agency head or his designee ratifies any procurement contracted by a person(s) without requisite authority. The ratification process excludes unauthorized procurements of R100.00 or less. Under the Procurement Code, the Management Office or his designee ratifies such acts above the Rand limit designated the agency. In either case, the Agency Head or his designee shall prepare a written determination. This determination includes facts and circumstances surrounding the act, the corrective action to prevent reoccurrence, action against the individual, and documentation that the price paid is fair and reasonable. If the price paid is unreasonable, the individual may hold pecuniary liability for the difference.

4.14 Conflict of Interest

It is the responsibility of each member of Procurement to ensure that Concor does not knowingly enter into any purchase commitment that could result in a conflict of interest situation.

4.15 Correspondence With Vendors

Procurement Services allows correspondence by the requisitioning unit concerning prices. However, it is practice that Procurement has final responsibility to verify and conclude all negotiations concerning prices and conditions of all purchases and contemplated purchases. Procurement Services conducts all correspondence pertaining to a purchase order involving prices, terms, conditions, delivery, quantity, substitutions, complaints, or anything whatsoever involving the commitment.

4.16 Confidentiality

It is the responsibility of each member of Procurement to ensure that confidential information such as pricing and pricing structures is not leaked to prospective suppliers as this will compromise the procurement practices.

4.17 Specification Considerations

The specification for the requirement considered essential to satisfy the user's need is the initial prerogative of the requisitioning unit. Procurement Services will assist when requested in formulating the specification. The final decision on the specification for the purchase is a joint responsibility and requires the joint approval of the requisitioning unit and Procurement . It is good practice to submit specifications in a manner that will permit fair and equitable consideration from all known sources qualified to meet the requirements. Procurement will consult with administrative officers, competent specialists, or secure such technical assistance as is required to arrive at any decision.

4.18 Source Selection

It is good practice of Procurement to recognize the potential of the "Free Enterprise System" and to select those sources that can best serve the interests of Concor. Procurement Services reserves final decision in the selection of sources and requires justification, when warranted.

4.19 Conditions for Use of Multi-Term Contracts

Procurement Services utilizes multi-term contracts when in the best interest of Concor. These contracts allow uninterrupted services extended over one fiscal period, where the performance of such services involves high start-up costs. They also disallow a changeover of service contracts involving high phase-in or phase-out costs during a transition period. The maximum time for any multi-term contract is five (5) years. The Director of Procurement review panel completes a written determination for a multi-term contract.

Procedures Flow Chart:

<u>Steps in the Procurement Cycle</u>	<u>JDE & SCS/TDS Systems implementation</u>					<u>Control documents used</u>
	Sites CCS / SCS	JDE / Procurement	Sites, Stores / SCS	Site Inspection / SCS	Group, site mngt JDE order	
Business Development		●			●	
Tender Process		●			●	
Site develop a need	●		●			Process/tender requirement
Description of the need	●		●			Requisitions, Specs, scope
Source of Supply selection		●				Approved Vendor List & Strategic alliances
Price & Availability		●				Written Quotes
Order Placement		●				JDE Order, tender docs
Follow – up & expedite		●		●		Reminder
Receive, Inspect & Distribute			●	●	●	JDE Order, Delivery Note & receipt
Analyse Invoice, accept / reject		●			●	JDE Order, Delivery Note, receipt & invoice
Close		●			●	Payment, Cheque
Record keeping		●			●	All the above

4.20 Purchase Requisition Process

4.20.1 Ordering Procedures

The Requisition Form for supplies, equipment, and miscellaneous services is the official Concor document used to initiate a purchase transaction. The form is to be processed on the JD Edwards system and only requisitions processed, coded and electronically approved within this system will be processed by Procurement. This requisition form is to be properly completed, Electronically approved by the relevant designee, appropriate area MD, if required and then submitted to Procurement. Since this is the only document submitted, it must contain specific and complete details on the commodity or service desired. It must be correct as to quantity, item(s), specifications and required delivery date. A compatible item to existing equipment or a specific brand or model (permitting no substitution) requires a letter of justification with the requisition.

Procurement Services determines the process of procurement, in accordance with the Concor Procurement Code, upon receipt of requisition. JDE will retain an electronic copy of all transactions, Individual Divisions are however responsible for keeping a hard copy. The requisitioner receives an electronic copy for verification of the correctness of the order and for

signed return notification to Purchasing when order is received complete and ready for final payment to vendor. A further copy (FILE) is retained for record keeping with copy of requisition and all supporting documentation. Individual Bus receives all invoices, verifies for accuracy, and electronically approves payment, forwarding all pertinent hard copies to the Accounting Department for processing of payment by check.

4.20.2 Amendment to Purchase Order

Purchase order changes require issuance of an amendment.

The amendment form consists of the same number parts as the initial purchase order. Procurement Services forwards amendment copies appropriately. Recipient retains amendment copy with original purchase order copy and returns to Procurement Services upon completion of order unless specified otherwise.

4.20.3 Requisition Form Instructions

To facilitate the processing of your requisitions and to give the best possible service, Procurement Services offers the following suggestions:

- Prepare the requisition in a clear legible manner.
- Provide, in the designated spaces, the exact wording of your budget account.
- Provide an adequate description of the material and/or services required, indicating where applicable, quantity, size, color, etc. and give catalog number(s).
- Provide details of sites and buildings for delivery of material, date required, in the space designated.
- Furnish separate requisitions for material ordered from different sources of supply.
- Indicate a suggested source of supply. However, Procurement Services reserves the right to order from the most economical source.
- Submit your requisitions in sufficient time to permit Procurement Services to secure competitive quotations and place an order without causing you undue delay.
- Make sure an authorized individual is aware that he is expected to electronically approve the requisition.
- It is the responsibility of the requisitioner to verify that the specifications on the purchase order copy agree with the requisition.

4.21 Black Economic Enterprise (BEE Plan)

The South African Procurement Charter requires that all Construction firms formulate a Black Empowerment Enterprise Utilization (BEE) Plan. Under the plan, establish procedures to assist Black-owned businesses to fully participate in all plans of the procurement process in order to have balanced economical and community growth throughout South Africa.

The Directors of the Divisions are BEE Liaison Officers and reports directly to the Group Director, the duties of the BEE Liaison Officer include:

- Ensure that all records and reports required to prove the empowerment Status are legitimate.
- Develop, manage and implement the BEE program on a day-to-day basis.
- Establish and maintain a directory of BEE firms who wish to do business with Concor.
- Disseminate information on available business opportunities to provide BEE firms an equal opportunity to bid on services, supplies, and construction procured by the agency.
- Establish and maintain records on the number of Invitations to Bid and Request for Quote sent to BEE firms, answers received, and contracts awarded when applicable.
- Maintain an informal bidder's list consisting of certified local BEE firms interested in doing business with Concor. The primary purpose of this list is to insure that certified BEE firms obtain an equal opportunity to bid on small purchases.
- Maintain records to indicate the number and Rand value of purchases made from certified BEE firms including local purchase orders, service orders and verbal contracts.

4.22 Receiving and Inventory Control

4.22.1 Deliveries and Receiving

It is the responsibility of the individual submitting the requisition to immediately inspect and report any problem concerning the delivery.

4.22.2 Equipment Inventory Control

Inventory control is the responsibility of the Site Manager.

4.22.3 Recording of New Equipment

Procurement Services provides the Site Manager with a copy of purchase orders for equipment purchased during the previous month and a copy of the invoices when received.

The Site Manager ensures correct computer entry of capital equipment.