

Confidential



Supply Chain Management (SCM) Policy

Effective Date: 2023-01-01

Policy Owner: Finance Department

Document Classification:

Confidential

© GEPF 2022

Confidential

Table of Contents

1. DOCUMENT VERSIONS.....	3
2. DOCUMENT REFERENCE LIBRARY	3
3. BUSINESS AREAS IMPACTED BY THIS POLICY	3
4. GLOSSARY OF TERMINOLOGY	3
5. PURPOSE OF POLICY	6
6. OBJECTIVES.....	6
7. SCOPE.....	6
8. EXCLUSIONS	6
9. CUSTODIAN	6
12. CODE OF CONDUCT	7
12.1. GENERAL PRINCIPLES	7
12.2. CONFLICT OF INTEREST	7
12.3. ACCOUNTABILITY	8
12.4. OPENNESS	8
12.5. CONFIDENTIALITY.....	8
12.6. COMBATIVE PRACTICES	8
12.7. NON-COMPLIANCE TO SCM POLICY AND FINANCIAL MISCONDUCT	8
13. PROCUREMENT PROCESS	9
13.1. DEMAND MANAGEMENT	9
13.2. ACQUISITION MANAGEMENT	10
13.3. SOURCING STRATEGIES.....	12
13.4. ESTABLISHMENT OF A SUPPLIER DATABASE	14
13.5. ESTABLISHMENT OF A LIST OF APPROVED SUPPLIERS (PANEL OF SUPPLIERS)	14
13.6. BID MANAGEMENT	15
13.7. APPOINTMENT OF CONSULTANTS	26
13.8. PROCUREMENT PROCESS EXCEPTIONS/DEVIATIONS	33
14. CONTRACT ADMINISTRATION AND MANAGEMENT.....	35
14.1. MANAGEMENT OF CONTRACTS	35
14.2. EVALUATION OF CONTRACT PERFORMANCE	35
14.3. CONTRACT VARIATIONS	36
14.4. CONTRACT CANCELLATION	36
15. REVIEW OF THE POLICY	37
16. ACCEPTANCE OF POLICY.....	37

Confidential

1. DOCUMENT VERSIONS

Version	Revision Date	Prepared / Revised by	Business Unit	Status
V2	2012-09-19	Musa Mabesa	Corporate Services	Approved
V3	2015-05-25	Musa Mabesa	Corporate Services	Draft
V4	2015-09-17	Musa Mabesa	Corporate Services	Approved
V5	2019-12-10	Nokwanda Shoba	Corporate Services	Draft
V6	2020-06-10	Nokwanda Shoba	Corporate Services	Approved
V7	2022 -10-14	Nokwanda Shoba	Finance	Draft

2. DOCUMENT REFERENCE LIBRARY

Document File Name	Context and Relevance
The Income Tax Act 58 of 1962	Aims to consolidate the law relating to the taxation of incomes and donations.
The Competition Act, Act No 89 of 1998	Contains both criminal and civil provisions aimed at preventing anti-competitive practices in the marketplace

3. BUSINESS AREAS IMPACTED BY THIS POLICY

Name Business Unit / Area	Context and Relevance
GEPF Trustees and Employees	Application and administration of policy
Service Providers	Roles and responsibilities clarification

4. GLOSSARY OF TERMINOLOGY

Terminology	Description
Accounting Authority	Board of Trustees
Accounting Officer	Principal Executive Officer (PEO)
All applicable taxes	Includes value-added tax and income tax
Annual Procurement Plan	A document identifying and consolidating yearly requirements that are above R1 000 000 and determining the timeframes for their procurement with the aim of having them as and when they are required
Bid	A written offer in a prescribed or stipulated form in response to an invitation by the GEPF for the provision of goods and services, through price quotations, advertised competitive tendering processes or proposals and limited tendering processes or proposals
Bid Committee	Bid Specification, Bid Evaluation and Bid Adjudication Committees

Confidential

Business Unit	A section/function within a department
Comparative price	The price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration
Contract Variation	Also known as expansion, is considered to be instances where the Project Manager elects to increase time or scope on an existing contract/order prior to its expiry for reasons of continuity and completion of outstanding deliverables. Subject to prior written approval as per delegations of authority thresholds.
Department	A division of the GEPF dealing with a specific type of work consisting of different business units within it
Department Manager	Refers to managers responsible for a department
Deviation	Is an instance where the Project Manager either in a new transaction or in replacing an existing transaction (under new contractual terms) doesn't follow a competitive bidding process for a few reasons i.e., impracticality, sole source, emergency, etc. Subject to prior written approval as per delegations of authority thresholds.
Limited/Closed bidding/tendering	A process whereby only selected persons or organisations are invited to submit a tender to supply the goods or services required and only submission from the selected persons or organisations shall be considered.
Managers	Refers to all business unit managers and head of departments
Open bidding/tendering	A process that allows anyone (the public) to submit a tender to supply the goods or services required and offers an equal opportunity to any organisation to submit a tender
Panel of services providers	The establishment of a list of approved suppliers and service providers (through an open tender process) where goods or services are required on a recurring basis
Project Manager	Refers to any person tasked with running a particular project
Role Player/s	Refers to all GEPF employees, Finance and Audit Committee, Board of Trustees and service providers who are involved or partake in Supply Chain Management (SCM) transactions which include but not limited to adjudicating, awarding and evaluation of bids and ordering and requesting goods and services.
SCM Specialist	Refers to the person charged with responsibility for SCM
Supply chain management practitioners	GEPF employees and service providers who have been appointed to work under the SCM section and perform procurement tasks that include but not limited to placing of orders, processing invoices and receiving and distribution of ordered goods and registration of suppliers and any other tasks that is necessary in terms of the PEO's delegation. This includes employees of any service provider of SCM services in terms of this policy.
Unit Manager	Refers to managers responsible for business units within a department

Confidential

Validity	Refers to the state of being valid or able to be substantiated; on quotations validity can indicate the period of time for which a supplier's quotation is valid and available for acceptance. On contracts validity refer to the sustainability in law of an agreement between two parties. On B-BBEE certificate or affidavit validity is based on the period of one (1) year from date of issue to expiry date and must be obtained from SANAS accredited agent, CIPC certificate or Sworn Affidavit signed by the Commissioner of Oath and the company in question on the same date
-----------------	---

Abbreviations	Description
BAC	Bid Adjudication Committee
BBBEE	Broad-Based Black Economic Empowerment
BC	Bid Committee
BEC	Bid Evaluation Committee
BSC	Bid Specification Committee
CSD	Central Supplier Database
DOA	Delegations of Authority
FA-C	Finance and Audit Committee
GCC	General Conditions of Contract
GEPF	Government Employees Pension Fund
PEO	Principal Executive Officer
RFI	Request for Information
RFP	Request for Proposals
RFQ	Request for Quotation
SANAS	South African National Accreditation System
SARS	South African Revenue Service
SBD	Standard Bidding Document
SCC	Special Conditions of Contract
SCM	Supply Chain Management
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprise
TOR	Terms of Reference
VAT	Value added tax

5. PURPOSE OF POLICY

This policy is intended to guide all GEPF trustees, employees and suppliers on the policy governing procurement of all goods, works and services within the GEPF.

6. OBJECTIVES

The GEPF is not an Organ of State and as such does not need to comply with prescripts that relate to Organs of State but it does lean on said prescripts, as relevant to the extent quoted in this policy. As a juristic person, the GEPF is determined to implement a SCM policy that is brings about value for money, fair, transparent, equitable and promotes competition when procuring goods, work and or services.

7. SCOPE

This policy covers the acquisition of goods, services and works by the GEPF under operational and capital expenditure which includes the appointment of consultants. Asset management is covered in detail under the fixed asset management policy. **The procurement of services from the Public Investment Commission (PIC) and Government Pension Administration Agency (GPAA) is excluded from the ambit of this policy as these services are driven by the strategic operating model, which is subject to legislative prescripts.**

8. EXCLUSIONS

The following but not limited to the below are excluded from the SCM policy, while they are excluded but they are also subjected to normal approval processes according to the SCM delegations:

- 8.1 Petty cash purchases which are subject to instructions as issued in terms of the applicable petty cash policy;
- 8.2 Professional memberships and subscriptions;
- 8.3 Industry/profession related external training, industry or professional related seminars or conferences, associated accommodation and leadership development training
- 8.4 The appointment of personal coaches through Learning and Development
- 8.5 Water and Electricity (Utilities)
- 8.6 Educational bursaries (employees further studying funded by the GEPF)
- 8.7 Letting and hiring of land and or fixed property where the bidding process cannot be utilised
- 8.8 Recruitment services where the GEPF approved recruitment panel could not source and place suitable candidates

9. CUSTODIAN

The Finance Department of the GEPF will be the custodian of the SCM Policy and Procedures.

Confidential

10. COMING INTO EFFECT

The SCM policy will come into effect after the Board of Trustees grants approval and the Principal Executive Officer (PEO) of the GEPF signs the policy document.

11. GENERAL DELEGATION

The Board of Trustees has delegated in terms of the GEP Law Proclamation 21 of 1996 certain of its responsibilities to individuals within the GEPF and contracted the service providers (as relevant) through a Service Level Agreement. Reference to Annexure A – SCM delegations

12. CODE OF CONDUCT

12.1. GENERAL PRINCIPLES

- 12.1.1. SCM Practitioners are always in a position of trust, implying a duty to act honestly, diligently and in the best interest of the GEPF and the public. GEPF Employees and SCM Practitioners should not perform their duties to unlawfully gain any form of compensation or payment gratuities from any person or suppliers/contractor for themselves, their family or their friends.
- 12.1.2. SCM Practitioners must ensure that they perform their duties efficiently, effectively and with integrity in accordance with relevant legislation and regulations issued in terms of the SCM Policy, Procedures and directives issued by the PEO. They should ensure that pension fund resources are administered responsibly.
- 12.1.3. SCM Practitioners should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power the Board and or the PEO vested in them.

12.2. CONFLICT OF INTEREST

- 12.2.1. SCM Practitioners and role players:
 - a. Must recognise and disclose any conflict of interest that may arise;
 - b. Must treat all suppliers and potential suppliers equitably;
 - c. Must not use their position for private gain or to improperly benefit another person;
 - d. Must ensure that they do not compromise the credibility or integrity of the SCM System through the acceptance of gifts or hospitality or any other act;
 - e. Must be meticulous in their use of pension fund assets; and
 - f. Must assist the GEPF and Board of Trustees in combating corruption and fraud in the SCM system.
- 12.2.2. If an employee or other role player, or any close family member, partner or associate of such employee or other role player, has any private or business interest in any contract to be awarded, that employee or other role player must:
 - a. Disclose that interest; and

Confidential

- b. Withdraw from participating in any manner whatsoever in the process relating to that contract.

12.2.3. SCM Practitioner or other role player who becomes aware of a breach of or failure to comply with any aspect of the SCM system must immediately report the breach or failure to the PEO in writing.

12.3. ACCOUNTABILITY

12.3.1. SCM Practitioners are accountable for their decisions and actions towards stakeholders e.g. members and pensioners.

12.3.2. SCM Practitioners should use GEPF property meticulously.

12.3.3. Only the Board of Trustees or its delegated authorities can commit the GEPF to any transaction for the procurement of goods and services.

12.3.4. All transactions conducted by SCM Practitioners should be recorded and accounted for in an appropriate accounting system. SCM Practitioners or other role players should not make any false or misleading entries into such a system for any reason whatsoever.

12.4. OPENNESS

12.4.1. SCM Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

12.5. CONFIDENTIALITY

12.5.1. Any information that is the property of the GEPF or its suppliers should be protected at all times. No information regarding any bidder or contractor may be revealed if such an action will infringe on the relevant bidder/contractor's personal rights.

12.5.2. No employee or service provider of the GEPF may disclose any information that is obtained in the ordinary course of undertaking their duties within an SCM process or transaction to anyone unless the requirement to disclose is part of his/her duties, or is required in terms of a court order or to comply with the Promotion of Access to Information Act 2000 (Act 2 of 2000).

12.6. COMBATIVE PRACTICES

12.6.1. All SCM Practitioners are prohibited from conducting combative practices that include:

- a. Suggestions to fictitious lower quotations;
- b. Reference to non-existent competition;
- c. Exploiting errors in bids; and
- d. Soliciting bids for bidders whose names appear on the list of restricted bidders/suppliers/persons.

12.7. NON-COMPLIANCE TO SCM POLICY AND FINANCIAL MISCONDUCT

12.7.1. Non-compliance with any provisions of this policy or financial misconduct will be dealt with in terms of the GEPF Disciplinary Code, other relevant GEPF policies and applicable South African legislation.

Confidential

13. PROCUREMENT PROCESS

13.1. DEMAND MANAGEMENT

- 13.1.1. Demand Management is the first phase of SCM which involves planning the procurement of goods, work and services. The objective of Demand Management is to ensure that the resources required in fulfilling the needs identified in the Strategic and Business Plan of the GEPF is to be delivered at the correct time and place during a financial year and that the quantity and quality will satisfy those needs identified at the right price.
- 13.1.2. As part of this element of SCM, a total needs assessment should be undertaken by the duly authorised GEPF employee/s or any authorised representative. This analysis should be included as part of the Strategic Planning process of the GEPF and hence will incorporate the future needs.
- 13.1.3. It is vital for all managers to understand and utilise sound techniques to assist them in their planning, implementation and control activities. As part of the Strategic Plan and Business Plan of GEPF, resources required for the fulfilment of its obligations should be clearly analysed. This includes a detailed analysis of the goods, works and services required. An example is how much can be accomplished, how quickly and with what materials and equipment.
- 13.1.4. Managers should ensure that planning involves or include the following:
- a. Future as well as current needs are understood;
 - b. Requirements are linked to the budget;
 - c. Specifications are determined;
 - d. The need forms part of the Strategic Plan and Business Plan of GEPF;
 - e. An analysis of the past expenditure may assist in determining the manner in which GEPF fulfilled this need in the past;
 - f. Determining the best procurement method – including a motivation on a leasing or buying strategy if applicable
 - g. Developing the tender evaluation plan;
 - h. The frequency of the requirement is specified;
 - i. The economic order quantity is calculated;
 - j. Lead and delivery times are identified;
 - k. Developing a contingency plan;
 - l. An industry and commodity analysis/research is conducted;
 - m. No requirement of goods and services may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive procurement process as described by the policy;
 - n. Measures for successful outcomes are put in place;
 - o. Planning for negotiations and renewal appointment.

Confidential

- 13.1.5. Managing demand will be a cross-functional exercise that should include an SCM Practitioner to ensure that value for money is achieved.
- 13.1.6. Each of the Business Units must prepare a Procurement Plan, which must include all procurement needs in the excess of R1 000 000 (including VAT) and submit same to SCM.
- 13.1.7. An Annual Procurement Plan should be drawn up at the beginning of the financial year as part of the budgeting cycle. The procurement plan must be reviewed and revised, where necessary on a quarterly basis.

13.2. ACQUISITION MANAGEMENT

13.2.1. Acquisition Management Objectives

- a. Acquisition management provides different procurement strategies and an effective approach for procuring of goods and services. To determine the process to be followed when procuring goods and services, the following factors (but not limited to) need to be considered:
 - (i) Market approach
 - (ii) Bid documents to be used
 - (iii) Evaluation of bids
 - (iv) Contract stage – signing of documents
- b. The drivers of acquisition management relate to the availability of budget to procure goods or services, compliance with SCM delegations, bid management process is in alignment with the policy (this includes specifications, bid documents, bid committee, preferential procurement strategy and SBD forms) and to apply the SCM policy in a uniform and consistent manner.

13.2.2. Specification of Goods, Works or Services

- a. Standards and technical specifications quoted in bidding documents should promote the broadest possible competition, while assuring that critical element of performance or other requirements for the goods, services and/or works being procured are achieved.
- b. It is recommended that as far as possible, the Terms of Reference (TOR) and specifications used in GEPF bids should specify accepted standards such as those issued by Standards South Africa (the division of the South African Bureau of Standards responsible for standards), the International Standards Organisation (ISO) or any Board recognised by the South African National Accreditation System (SANAS) with which the equipment or materials or workmanship should comply.
- c. Specifications should be based on relevant characteristics and/or performance requirements. References to brand names, catalogue numbers, or similar classifications should be avoided. If it is necessary to quote a brand name or catalogue number of a particular manufacturer to clarify an otherwise incomplete specification, the words “or equivalent” should be added after such reference.

Confidential

- d. The specification should permit the acceptance of offers for goods which have similar characteristics and which provide performance at least equivalent to those specified.
- e. The quality of goods/services required should, however, not be over specified to the extent that it will be impossible for others to offer such a product.

13.2.3. Assessment of the Market

- a. If a need has to be satisfied by means of an outside source; whether it is for goods, works or services; the availability of the source in the market should be investigated by the GEPF or its authorised representative. The purpose of this investigation is to establish a balanced approach when considering, among others:
 - (i) Keeping pace with modern technology and development;
 - (ii) Enabling newcomers to supply the goods or services; and
 - (iii) Promoting BBEE.
- b. The optimum method to satisfy the need is considered.
- c. The following elements should, among others, be considered:
 - (i) Request for information (RFI);
 - (ii) Benchmarking;
 - (iii) Total cost of ownership (cost drivers);
 - (iv) Industry analysis; and
 - (v) Market characteristics (entry barriers, is the market buyer or supplier driven, market players, market behaviour and expenditure analysis).

13.2.4. Delegations

- a. The Board has authorised the PEO who has delegated the Bid Committees (BC), Managers, employees and SCM practitioners, to deal with SCM processes. See Annexure A (Supply Chain Management Delegations).
- b. BC's and other authorised employees are delegated to adjudicate and award bids, or make recommendations on behalf of the Board regarding the award and adjudicating of any bid.
- c. The principle should be vested such that no individual employee should be in a position to take a decision in isolation regarding the awarding of a bid.

Confidential

13.3. SOURCING STRATEGIES

- 13.3.1. The optimum sourcing strategy and technique should be used, taking due cognisance of the nature of the commodity or service required, the conditions of delivery, among others, just-in-time delivery and the prospective suppliers.
- 13.3.2. In the GEPF, procurement of goods and service shall take place guided by this policy in one of the following sourcing strategies:
- a. Petty cash applicable limit/threshold as per the GEPF Petty Cash policy of R3 000, a single quotation must be obtained;
 - b. From petty cash limit to R10 000, request for quotation (RFQ) process – three (3) telephonic quotations and the order is placed against a written quotation by the supplier quoting the lowest price according to specifications (Suppliers/ Service Providers registered on the Central Supplier Database may be approached);
 - c. Above R10 000 to R1 000 000, RFQ process – at least three (3) written quotations from CSD/GEPF supplier database or any other identified suppliers and above R100 000 preference points system is applicable;
 - d. Above R1 000 000, Request for proposal (RFP) process;
 - e. Appointment of Consultants;
 - f. Contract Variations – limited to 15% of the original contract value for all goods and services or 20% of the original contract value for construction procurement;
 - g. Participating in Contracts Arranged by Organs of State
 - h. Deviations; and
 - i. Normal procurement process exceptions

Confidential

Threshold – Inclusive of VAT (as amended from time to time)	Mechanism	Pre-requisite	Evaluation	Approval
Up to R3 000 purchase request	Petty cash	<ul style="list-style-type: none"> • Budget availability • Quotation • Approved Petty Cash form 	Departmental review and Finance department	In line with DOA
Above R3 000 to R10 000 purchase request	Request for quotation (RFQ) – One (1) written quotation required	<ul style="list-style-type: none"> • Budget availability • Approved Purchase requisition • Specification 	Department Manager, Finance department and SCM practitioner	In line with DOA
Above R10 000 to R100 000 purchase request	RFQ – Three (3) written quotes	<ul style="list-style-type: none"> • Budget availability • Approved Purchase requisition • Specification 	Department Manager, Finance department and SCM practitioner	In line with DOA
Above R100 000 to R1 000 000 purchase request	RFQ – Three (3) written quotes	<ul style="list-style-type: none"> • Budget availability • Approved Purchase requisition • Specification 	Department Manager, Finance department, SCM practitioner and Price Quotation Committee	In line with DOA
Above R1 000 000 purchase request	Request for proposal (RFP) – Competitive bid (Open, Closed or Limited)	<ul style="list-style-type: none"> • Approved Demand Plan • Approved Terms of Reference (TOR) 	SCM practitioner, BidCom, BEC and PEO	In line with DOA

Confidential

13.4. ESTABLISHMENT OF A SUPPLIER DATABASE

- 13.4.1. To stimulate the promotion of BBBEE and the development of SMME's, GEPF will advertise in the national and local media for prospective service providers to register on the database as potential suppliers for goods and services to be obtained by means of quotations as and when such goods and services are required by the GEPF.
- 13.4.2. Quotations for the required goods/services should be obtained from all potential suppliers in the specific category or on a rotation basis from various suppliers.
- 13.4.3. The list should be updated on a regular basis, but at least every five years to allow for all potential suppliers to register.
- 13.4.4. The GEPF will lean on Central Supplier Database (CSD) established by the National Treasury on behalf of Government Entities to check prospective suppliers tax status. Tax status can also be established through official SARS correspondence.
- 13.4.5. Where a supplier is registered on the CSD but not on the GEPF Supplier Database the GEPF Supplier Database registration form must be completed and the supplier must be loaded on the GEPF Supplier Database before an award is made;
- 13.4.6. SCM Unit must verify the tax compliance status of bidders on the CSD for all price quotations and competitive bids before an award is made; and
- 13.4.7. New and existing suppliers can self-register on the CSD by accessing the National Treasury website at www.csd.gov.za.

13.5. ESTABLISHMENT OF A LIST OF APPROVED SUPPLIERS (PANEL OF SUPPLIERS)

- 13.5.1. Where goods, services or works of a technical/ specialised nature are required on a recurring basis and are of a higher value, a list of approved suppliers for the supply of the goods, services or works must be established. These lists should be established through the competitive bidding process. The intention to establish a list of approved suppliers should be published in the national / local newspaper / GEPF website and the closing date and time for inclusion in the list of approved suppliers should be indicated.
- 13.5.2. The benefits of establishing a panel of approved supplier's/service providers are:
 - a. Improved procurement turnaround times;
 - b. Panel of service providers/suppliers who comply with the minimum legislative requirements and who are specialized in the categories they are accepted for is immediately available;
 - c. Cost saving as the GEPF does not need to advertise an open tender for requirements above R1 000 000; and
 - d. Proof of a sound and efficient procurement process to appoint suppliers or service providers.
- 13.5.3. Bid documentation with clear requirements in terms of the different categories and legislative requirements to be issued to all interested suppliers or service providers.

Confidential

- 13.5.4. For this purpose, a questionnaire should be made available and should make provision for among others, full details of the supplier's:
- a. Composition in terms of shareholding;
 - b. Personnel complement;
 - c. Financial position; and
 - d. Ability to provide the goods, services or works required.
- 13.5.5. Procurement thresholds and sourcing strategies are as per 14.3 above
- 13.5.6. A normal evaluation and adjudication process will be conducted and supplier's/service providers accepted on the panel will be approached as identified.
- 13.5.7. Any rejection of applicants should be motivated and recorded.
- 13.5.8. In cases where all the approved companies on the panel are approached to render goods and services and due to unforeseen reasons such as unavailability, none of the companies for the specific category can deliver or submit a proposal, quotations outside the panel may be requested on condition that:
- a. Written proof of approaching companies on the panel is given; and
 - b. Normal Procurement process has been followed to appoint a company outside the panel
- 13.5.9. Panel of suppliers appointed by the Board with no financial implication shall follow normal competitive bidding process that will take into account pricing and B-BBEE points, the successful bidder for the required services shall be approved as per the thresholds in the delegations.
- 13.5.10. It is recommended that this panel be reviewed, every three years and if different, should be reviewed as per the timelines in the advertised terms of reference.
- 13.5.11. The appointed panel will be evaluated in a fair and confidential process, at least annually, for responsiveness and performance.
- 13.5.12. Where the response rates or performance of the active panel of suppliers is deemed unsatisfactory, the GEPF reserves the right to review the panel at a date earlier than three years or timelines in the advertised terms of reference, by notifying the service providers on the panel in line with legal contract conditions.

13.6. BID MANAGEMENT

13.6.1. Bidding Sources

a. Inviting pre-qualifying bidders/Request for Information (RFI):

Where skills are not available to draft specification documentation in-house, suppliers or service providers may be invited to a meeting to be informed of the high-level requirements and from then onwards to submit detailed requirements from their understanding of the high-level specification. This invitation will be done through an open bid process. If a closed bid process is required, approval must be obtained from the PEO. Responses will be evaluated and a final RFP will be

Confidential

drafted. Companies will be shortlisted based on compliance with minimum and administrative requirements as advertised in the invitation to take part in the RFI. Short listed companies will be invited to submit responses to the RFP.

Pre-qualification should be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their:

- (i) Capabilities with respect to personnel, equipment and construction or manufacturing facilities; and
- (ii) Financial position.

b. Expression of Interest (EOI)

An Expression of Interest can be published in the media or GEPF website, where the business is not clear on the interest of the market in a specific requirement. Service Providers can show their interest by responding to the request and an RFP will then only be issued to the service providers that have qualified in terms of minimum and administrative requirements as published in the media and GEPF website.

c. Request for Quotation (RFQ)

An RFQ is published when the product/service required is exactly known and the interest is basically price.

d. Request for Proposal (RFP):

An RFP is published when the functionality is clear but the “how” to achieve that function can be achieved in a variety of ways. It allows the potential bidder to be creative in his approach to the solution. The requirement will be published in the media and on the GEPF website. Bidders will be evaluated in terms of the evaluation criteria as set out in the RFP document.

e. Sole and Single Sources

- (i) Where only one service provider exists or there is a general continuation of an existing project, motivations must be drafted by the project manager requesting that a specific source selection be considered. This must be based on evidence such as ownership and distribution rights or project continuation which can only be performed by a particular service provider based on their qualifications.
- (ii) Motivations based on continuation must be challenged, especially if there are other service providers of a similar calibre and qualification.

13.6.2. RFP process

- a. Open and closed bid process shall be driven through three bidding committees namely, the Bid Specification Committee (BSC), the Bid Evaluation Committee (BEC), and the Bid Adjudication Committee (BAC).

Confidential

- b. A closed bid process can be utilised where an approved panel of service providers is in place regardless of the value of the bid.
- c. The final RFP documents must be supported by the SCM unit, recommended by BAC and approved by the PEO.
- d. The procurement of goods and services above R1 000 000 must be procured through a 70/30 preference point system (wherein 70 point represent maximum points that can be claimed for price and 30 points representing maximum points that can be claimed for the BBBEE level status) and the successful bidder will be determined based on the “responsive bidder” achieving the highest number of preferential procurement points;
- e. Subdividing or splitting of requirements to avoid the invitation of formal competitive bids should not be allowed. SCM Practitioners should report any attempts to split bids to the PEO.
- f. Criteria for breaking deadlock in scoring
 - (i) If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for B-BBEE.
 - (ii) Functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points for B-BBEE, the contract must be awarded to the tenderer that scored the highest points for functionality.
 - (iii) If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots. Re-evaluate bids in cases where bid recommendations have been referred back by the BAC.
- g. Where specialised consulting services are procured, the GEPF reserves the right to make an award on the strength of the technical competence / functionality of the bids submitted and not purely on price and Broad-Based Black Economic Empowerment (BBBEE) level as per the two-stage bidding process. If this clause is invoked, it should be made clear at specification stage and the service provider will define rates / fees to be charged upfront and if necessary, these will be negotiated with the service provider to ensure the pricing proposal is linked to market rates. Employees should obtain approval per delegation level, depending on the approval levels, prior to employing this type of appointment method. SCM Practitioners must seek guidance and ensure compliance in line with this policy.

13.6.3. Two-stage Bidding

- h. Two-stage bidding procedure must be used for all open tenders, under which first un-priced technical proposals on the basis of a conceptual design or performance specifications are invited, subject to technical as well as commercial clarifications and adjustments, to be followed by amended bidding documents and the submission of final technical proposals and priced bids in the second stage.
- i. The method of evaluation, including the allocation of points, must be clearly specified in the bidding documents.

Confidential

- j. Where the two-stage bidding process applies, the Special Conditions of Contract must specifically state that the pricing proposal should be separated from the technical proposal upon submission of a bid.

13.6.4. **Compiling Bidding Documents**

- a. To strive towards uniformity, all contracts must be based on the General Conditions of Contract (GCC). Any aspect not covered by the GCC should be dealt with in the special contract conditions (SCC). These conditions should form an integral part of the bidding documents.
- b. The basis for bid evaluation and selection should be clearly outlined in the instructions to bidders and/or in the specifications.
- c. GEPF's Standard Bidding Documents (SBD's) will address contract- and project-specific issues. Where this form is not suitable, permission must be secured from the PEO to utilise alternative forms.
- d. All bids and contracts should be subject to the GCC. The standard wording of the GCC may not be amended. Exceptions to this Rule must be approved by the BC.
- e. When appropriate, the PEO or Bid Specification Committee may include under the special conditions of the contract, the following or similar condition: "A service provider may not recruit or shall not attempt to recruit an employee of the GEPF for purposes of preparation of the bid or for the duration of the execution of this contract or any part thereof".

13.6.5. **Language, Clarity and Content of Bid Documents**

- a. Bidding documents should be prepared in English and should be worded such that they permit and encourage competition.
- b. Bidding documents must specify clearly and precisely the work to be carried out; the location; the goods to be supplied; the place of delivery or installation; the schedule for delivery or completion; minimum performance requirements and the warranty and maintenance requirements; the briefing session location for all open tenders and date as well as any other terms and conditions.

13.6.6. **Tax Clearance**

- a. It is GEPF's policy not to enter into business arrangements with any supplier whose tax affairs are not in order, or who has not made satisfactory arrangements with the South African Revenue Service (SARS) to meet any outstanding obligations. Proof of SARS arrangement to be provided.
- b. The supplier and or service provider shall provide the GEPF with the tax PIN to be utilised to check and verify the supplier and or service providers tax compliance status with SARS.
- c. If a Request for Information (RFI) bid is advertised, it is not necessary for tax clearance certificates to be presented. However, should it not be included in the RFI bid, it must be included as a condition of bid in the documents distributed to the bidders who did qualify.

Confidential

d. Foreign Based companies and institutions are exempted from providing tax PINs.

13.6.7. Inspections, Tests and Analyses

- a. If it is a bid condition that supplies to be produced or services to be rendered should, at any stage during production or execution or on completion, be subject to inspection, the bid documentation should also specify that the premises of the bidder or contractor should be open at all reasonable hours for inspection by a representative of GEPF or an organisation acting on behalf of GEPF.

13.6.8. Registration of Suppliers/Bidders

- a. Suppliers/bidders, who are compelled to register with controlling authorities regarding their goods/services to be delivered/rendered, should ensure that their relevant registration is in order prior to the closure of the bids.
- b. SCM Practitioners / role players should ensure that registration requirements are in place prior to making such a requirement a condition of tender.
- c. Supplier/bidders must be requested to meet the minimum accreditation standards of a particular industry that they belong to voluntarily even when such registration is not regarded as compulsory.
- d. The winning bidder shall be registered on the GEPF Supplier Database for a purchase order to be issued and payment to be processed. The GEPF supplier registration form must be completed accompanied by all documents requested to on the form such as company registration documents, proof of banking details, tax compliance status PIN, ID copies and valid BBBEE certificate/affidavit

13.6.9. Type of Contract

- a. The bidding documents should clearly state the type of contract to be entered into and contain the appropriate contract provisions. The most common types of contracts provide for payments on the basis of lump sum prices, unit prices, reimbursable cost-plus fees, or combinations thereof. Reimbursable cost contracts should be acceptable only in exceptional circumstances, such as conditions of high risk or where costs cannot be determined in advance with sufficient accuracy. Such contracts should include appropriate incentives to limit costs and may only be concluded subject to the approval of the PEO. It is required that the reasons and formal approval for following the reimbursement route are recorded for auditing purposes.

13.6.10. Pricing

- a. Bidders should be required to quote unit prices or lump sum prices and such prices should include all duties, taxes, percentage fees for cost reimbursable contracts and other levies.
- b. Bidders should be allowed to obtain all inputs from eligible sources in order to offer their most competitive bids.
- c. In the case of turnkey contracts, the bidder should be required to quote the price of the installed plant at site, including all costs for supply of equipment; marine and

Confidential

local transportation; insurance; installation and commissioning; associated works; and all other services included in the scope of contract such as design, maintenance, operation, etc.

- d. Unless otherwise specified in the bidding documents, the turnkey price should include all duties, taxes, and other levies.
- e. In some instances, it might be in the best interest of GEPF to allow price adjustments based on escalation.
- f. What the best option should be will require a careful analysis of all related aspects that will influence the adjusted price, including the cost for the additional administrative work.
- g. If the Bid Specification Committee and/or the Bid Adjudication Committee resolves to allow price escalation as part of the contract, this should be specified in the bid documents, including the formula and the time frames at which intervals such price adjustments should be considered.

13.6.11. Preparation Time

- a. The time allowed for the preparation and submission of bids should be determined with due consideration of the particular circumstances of the project and the magnitude and complexity of the contract.
- b. For RFQ process, not less than seven (7) working days from date of RFQ issue should be allowed for competitive bidding for transactions up to R500 000.
- c. Generally, not less than 21 days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, should be allowed for open tender (RFP) competitive bidding (acquisition above R1 000 000).

13.6.12. Bid Submission

- a. Bidders will be permitted to submit bids by mail (physical or electronic) and or by hand. The deadline and place for receipt of bids should be specified in the invitation to bid.
- b. To standardise the closing time of bids, it is recommended that all bids should close at 12:00.

13.6.13. Validity of Bids

- a. Bidders should be required to submit bids valid for a period specified in the bidding documents. This period should be sufficient to enable the evaluation panels to complete the comparison and evaluation of bids; review the recommendation; and the Bid Committee and (committee) to award the contract.
- b. The standard validity period for GEPF bids shall be regarded as 90 days after the bid has closed. If the validity period is different from the 90 days, it must clearly be stated in the bid document.
- c. An extension of bid validity, if justified in exceptional circumstances, should be requested in writing from all bidders before the expiration date.

Confidential

13.6.14. Sureties

- a. Bid surety should not be set so high as to discourage bidders.
- b. Bid surety should remain valid for a period of four weeks beyond the validity period of the bid, in order to provide reasonable time for the GEPF to act if the surety is to be called.
- c. Should the recommended bidder or the contractor withdraw his/her bid prior to the award of the bid or commencement of the contract, the bidder/supplier may forfeit his security to the GEPF.
- d. Bid sureties should be released to unsuccessful bidders once it is determined that they will not be awarded the contract.
- e. Risk management procedures should determine the need for and the form of bid sureties. Risk should be allocated in the best interest of GEPF by means of proper risk analysis and management. The Bid Specification Committee and or Bid Adjudication Committee should decide whether GEPF or the supplier should bear the risk.
- f. It is required to have guarantees perused by Legal Advisors prior to acceptance to ensure that the contents are acceptable and not qualified.

13.6.15. Advertising Bids

- a. Timely notification of bidding opportunities is essential in competitive bidding. Bids should be advertised for 21- 30 days before closure in a national and/or local newspaper and/or GEPF website and in other appropriate media should the PEO deem it necessary to ensure greater exposure to potential bidders except in urgent cases when bids may be advertised for such shorter periods as the PEO may determine.
- b. Advertising bids for a shorter period will only be approved by the PEO.
- c. The responsibility for such advertisement costs will be that of the relevant cost centre. The SCM section should maintain a list of responses to the advertisement.
- d. The related pre-qualification or bidding document, as the case may be, should be available on the publication date of the advertisement.

13.6.16. Receiving Responses – Opening of Bids

- a. The time for the bid opening should be the same as for the deadline for receipt of bids or promptly thereafter and should be announced, together with the place for bid opening, in the invitation to bid.
- b. The SCM Practitioners must open all bids at the stipulated time and place. Bids should be opened in public, that is, bidders or their representatives should be allowed to be present. Project Managers may also be present during the opening of the bids.

Confidential

- c. The names of the bidders and their individual total prices should be recorded when bids are opened. If bids can't be opened immediately or in instances where the tender was full, all bid documents should be locked in a safe lockable location.
- d. Where two stage bidding is exercised the technical proposal should first be opened and evaluated before the pricing proposal is opened.
- e. Bid documents received should be stored in a secure location at all times after they have been received, including after evaluation and appointment of a successful bidder.

13.6.17. Late Bids

- a. Bids received after the time stipulated should not be considered. They should be posted back to the bidder un-opened.

13.6.18. Cancellation of Bids

- a. Approval to cancel a bid, where it is deemed necessary to reject all bids received, prior to the award of bid is granted, by the PEO, where:
 - (i) No offer is received.
 - (ii) There is a change in circumstances and items are no longer required.
 - (iii) There are errors in the bid documents.
 - (iv) The bid price is certified as being exorbitant.
 - (v) The bids were erroneously not advertised in approved media platforms.
 - (vi) Bids received were below or exceeded the estimated rand value of the 70/30 principle
 - (vii) Funds are not available overtime to cover the total envisaged budget and approval has not been obtained to increase the budget.
 - (viii) There is no acceptance of the GEPF terms and conditions or consensus on the GEPF SLA/Agreement.
 - (ix) Bid validity period has lapsed and no prior arrangements to formally extend the validity period of the bid with bidders in writing were executed:
- b. Bids to be cancelled using the same platform they were initially adverted on.

13.6.19. Clarification or Alterations of Bids

- a. Bidders should not be requested or permitted to alter their bids after the deadline for receipt of bids.
- b. Requests for clarification might be needed to evaluate bids and the bidder's responses should be made in writing.
- c. When following the open tender process, all clarification and responses shall be uploaded on the GEPFs website in order to ensure that all respondents have the same information and understanding of the bid specification.

Confidential

- d. When following the limited/closed tender process, all clarification and responses shall be shared to all companies that have been approached to participate in the bidding process by the GEPF SCM via e-mail to ensure that all respondents have the same information and understanding of the bid specification.

13.6.20. Confidentiality

- a. After public opening of bids, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards should not be disclosed to bidders or other persons who are not employees concerned with the procurement process, until the successful bidder is notified of the award.

13.6.21. Completeness of Documentation

- a. It should be ascertained whether bids:
 - (i) include original tax clearance certificates or tax PIN;
 - (ii) have been properly signed;
 - (iii) are accompanied by the required securities (where necessary);
 - (iv) are substantially responsive to the bidding documents; and
 - (v) are otherwise generally in order.
- b. If a bid is not substantially responsive, that is, it contains material deviations from or reservations to the terms, conditions and specifications in the bidding documents, it should not be considered further.
- c. The bidder should not be permitted to correct or withdraw material deviations or reservations once bids have been opened.

13.6.22. Evaluating Responses - Evaluation and Comparison of Bids

- a. Bids should only be evaluated in terms of the criteria stipulated in the bidding documents.
- b. Amending the evaluation criteria after closure of the bids must not be allowed, as this would jeopardise the fairness of the evaluation system.
- c. The internal policies, practices and procedures of service providers relating to ethical behaviour should form part of the evaluation criteria of all tenders exceeding R1 000 000.
- d. Where applicable, points scored for price must be added to points scored for evaluation criteria and the contract is usually awarded to the bidder who scores the highest points. In the event where clause **Error! Reference source not found.** is invoked, the award will be made to the highest scoring bidder on functionality/competence.
- e. In the event where the highest scoring bidder is unable to satisfy the GEPF's pre-award clearance assessment, the GEPF reserves the right the move on to the

Confidential

second highest scoring bidder. The same procedure will be followed if the second highest bidder is unable to satisfy the pre-award clearance assessment.

- f. In the event where the highest scoring bidder's pricing is higher than the budgeted amount, the project manager can request approval for additional budget; where the Manager recommends the request for approval by the relevant party/ies as per the DOA.
- g. In the event where only one (1) bidder makes it to the price and BBBEE stage, the project manager shall conduct necessary desktop exercises to provide comfort that the price is market related.

13.6.23. **Rejection of all Bids**

Bidding documents should provide for the rejection of all bids if and when deemed necessary. This is justified when there is lack of effective competition, or bids are not substantially responsive. However, lack of competition should not be determined solely on the basis of the number of bidders.

13.6.24. **Acceptance of bids**

The GEPF shall not be obliged to accept any bids and may ignore any bid which is incomplete or in situations as indicated below:

- a. On which unauthorised alterations have been effected;
- b. That does not comply with the provisions contained in the advertisement;
- c. That does not comply with the relevant specification(s) contained in the bid document;
- d. Which is submitted by a bidder who, after due investigation, is considered to be unable to comply with and meet the bid requirements;
- e. Which is submitted by a bidder who, on demand, is unable to provide the GEPF with an original and valid Tax Clearance Certificate or Tax PIN issued by the South African Revenue Services in respect of tax payable by the bidder; or
- f. Which is submitted late, (where possible the bid should be returned unopened to the bidder accompanied by an explanation).
- g. A decision of the GEPF in connection with the acceptance of a bid shall be final.
- h. The successful bidder shall not abandon the contract, cede, transfer, assign or delegate the contract to any other person without the prior written approval of the GEPF.
- i. Once a bid has been accepted the necessary agreement(s) must be entered into.

13.6.25. **Clearance of Bidders Prior to the Award of a Contract**

Confidential

- a. Prior to the award of any contract, SCM section should ensure that neither the recommended bidder nor any of the directors are listed as companies/directors/persons restricted to do business with the Public Sector.
- b. This list of restricted suppliers is managed and maintained by the Office of the Chief Procurement Officer within the National Treasury. The database of restricted suppliers can be accessed on the National treasury website at www.treasury.gov.za.
- c. Prior to award of any tender exceeding R1 000 000, a due diligence process must be conducted. A due diligence exercise includes, but is not limited to, confirmation of physical address; confirmation of capacity to deliver goods/ services with respect to personnel, finances, equipment and systems; performing independent reference checks (telephone/ written); credit risk reports and presentations by prospective suppliers.
- d. Reference checks of the recommended company's Directors or members/partners may be conducted which will include checks on any ethics or integrity violations including any improper business practices that may have been conducted.
- e. Suppliers should be assessed by SCM Practitioner's / role players and evaluation committee or panel, for possible risks such as the availability of adequate facilities; financial standing; capacity and capability to deliver; previous performance in terms of quality and service delivery; as well as attainment of goals.

13.6.26. Negotiations

- a. Negotiations with bidders identified as preferred bidders through a competitive bidding process may take place provided that approval has been obtained from the relevant Department Manager or BAC and such a process does not allow the bidder concerned a second (unfair) opportunity and is not to the detriment of any other supplier/bidder.

13.6.27. Dealing with unsolicited bids

- a. The GEPF is not obliged to consider an unsolicited bid received outside the normal competitive bidding process;
- b. The GEPF may however consider an unsolicited bid, only if;
 - (i) If the product or service offered in terms of the bid, is a unique innovative concept that will be exceptionally beneficial to, or have exceptional cost advantages for the GEPF;
 - (ii) The person who made the bid is the sole provider of the product or service based on functionality;
 - (iii) The need for the product or service by the GEPF has been established during strategic planning and/or budgeting processes;
 - (iv) The reasons for not going through the normal procurement processes are found to be sound by the PEO; and

Confidential

- c. The Evaluation Committee must consider the unsolicited bid and make a recommendation to the relevant approver as per SCM delegations.

13.6.28. Bid Committees

- a. This policy empowers the PEO to delegate powers or instruct any person to perform any of the duties assigned to the PEO.
- b. The PEO must ensure that the GEPF has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.
- c. GEPF's SCM Process must, inter alia, provide for the adjudication of bids through a Bid Adjudication Committee; the establishment, composition and functioning of the Bid Committees; and the selection of Bid Adjudication Members.
- d. The Bid Committees must regulate SCM on behalf of the PEO in an honest, fair, impartial, transparent, cost effective and accountable manner in accordance with the PEO's delegated powers.
- e. Refer to Annexure B - Bid Committees

13.7. APPOINTMENT OF CONSULTANTS

- 13.7.1. The purpose of this section is to explain the procedures for selecting, contracting, and monitoring consultants required for projects. Only the peculiarities of appointing consultants are dealt with herein, as the services to which these procedures apply are of an intellectual and advisory nature. These procedures do not apply to general services such as construction works; manufacturing of goods; operation and maintenance of facilities or plants; surveys; exploratory drilling; aerial photography; satellite imagery; catering; cleaning; and security in which the physical aspects of the activity predominate.
- 13.7.2. For the purpose of this policy, the term consultant includes, among others, consulting firms; engineering firms; construction managers; management firms; procurement agents; inspection agents; auditors; other multinational organisations; investment and merchant banks; universities; research agencies; government agencies; non-governmental organisations (NGOs); and individuals with an exclusion of GEPF's employees.
- 13.7.3. The procedures outlined herein apply to all contracts for consulting services. In procuring consulting services, an evaluation committee must be appointed and should satisfy itself that:
 - a. The procedures to be used will result in the selection of consultants who have the necessary professional qualifications;
 - b. The selected consultant will carry out the assignment in accordance with the agreed schedule; and
 - c. The scope of the services is consistent with the needs of the project.
- 13.7.4. GEPF employees must not consider appointing persons as consultants whilst it would be more appropriate to appoint the relevant individuals on contract or permanent basis in terms of the GEPF's Human Resources policy.

Confidential

- 13.7.5. If GEPF's employees wish to appoint a person for a limited period to perform duties to a post on the fixed establishment, the person should as a general rule be appointed on contract in terms of the GEPF's Human Resources policy.
- 13.7.6. Should the GEPF's employees experience additional work demands which are not permanent and there are no suitable vacancies available, they may consider creating additions to the fixed establishment based on the specific nature of the activities to be undertaken as well as the level at which the activities are to be performed. This may include appointing persons on contract in terms of the Human Resources policy. Under no circumstances should a person be appointed as a consultant merely to be granted higher remuneration packages than are prescribed by the Human Resources policy.
- 13.7.7. The Project Manager should be responsible for preparing and implementing the project. While the specific rules and procedures to be followed for selecting consultants depend on the circumstances of the particular case and in terms of procurement thresholds, at least the following four major considerations should guide the Project Manager on the selection process:
- a. The need for high-quality services;
 - b. The need for economy and efficiency;
 - c. The need to give qualified consultants an opportunity to compete in providing the services; and
 - d. The importance of transparency in the selection process.
- 13.7.8. Conflict of Interest
- a. Consultants are required to provide professional, objective and impartial advice and at all times hold the client's interest's paramount, without any consideration for future work and strictly avoid conflicts with other assignments or their own corporate interests.
 - b. Consultants should not be hired for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a position of not being able to carry out the assignment in the best interest of the GEPF. Without limitation on the generality of this rule, consultants should not be hired under the following circumstances:
 - (i) A firm, which has been engaged by the PEO to provide consulting services for the preparation or implementation of a project Terms of Reference and any of its affiliates, should be disqualified from subsequently providing goods or works or services related to the initial assignment (other than a continuation of the firm's earlier consulting services as described below) for the same project, unless the various firms (consultants, contractors, or suppliers) are performing the contractor's obligations under a turnkey or design-and-build contract.
 - (ii) Consultants or any of their affiliates should not be hired for any assignment which, by its nature, may be in conflict with another assignment of the consultants. As an example, consultants hired to prepare an engineering design for an infrastructure project should not be engaged in preparing an independent environmental assessment

Confidential

for the same project; and consultants assisting a client in the privatisation of public assets should not purchase, nor advise purchasers of such assets.

- c. The consultant should not receive any remuneration in connection with the assignment except as provided in the contract.
- d. The consultant and its affiliates should not engage in consulting activities that conflict with the interests of the client under the contract, and should be excluded from downstream supply of goods or construction of works or purchase of any asset or provision of any other service related to the assignment other than a continuation of the Services under the on-going contract.

13.7.9. Associations between Consultants

- a. Consultants may associate with each other to complement their respective areas of expertise, or for other reasons. Such an association may be for a long term (independent of any particular assignment) or for a specific assignment. The association may take the form of a joint venture or a sub consultancy.
- b. In case of a joint venture, all members of the joint venture should sign the contract and are jointly and severally liable for the entire assignment. Once the bids or Requests for Proposals (RFP's) from service providers are issued, any association in the form of a joint venture or sub-consultancy among firms should be permissible only with the approval of the PEO or his/her delegate.
- c. The PEO, employees or SCM role players should not compel consultants to form associations with any specific firm or group of firms, but may encourage associations with the aim to enhance transfer of skills.

13.7.10. Promoting GEPF's Preferential Policies

- a. When consultants are appointed, the prescripts of this policy goals should be taken into account i.e. they be evaluated in terms of GEPF's preference points system.

13.7.11. Training or Transfer of Knowledge and Skills

- a. If the assignment includes an important component for training or transfer of knowledge and skills, the Terms of Reference (TOR) should indicate the objectives, nature, scope and goals of the training programme, including details of trainers and trainees; skills to be transferred; time frames; and monitoring and evaluation arrangements. The cost for the training programme should be included in the consultant's contract and in the budget for the assignment.

13.7.12. The Four Stages of Selection of Consultants

- a. There are essentially four distinct stages in the recommended selection process:

Confidential

- (i) Identify the approach;
 - (ii) Invite bids/proposals;
 - (iii) Receive responses; and
 - (iv) Evaluate responses.
- b. Other aspects of appointment (such as advertising, opening of proposals) are no different from those set out in bid management section of this policy.

13.7.13. Evaluation of the Performance of Consultants

- a. Consultants should observe due diligence and prevailing standards in the performance of the assignment. The Project Manager should evaluate the performance of consultants appointed in a fair and confidential process. In the case of repeated poor performance, the firm should be notified and provided an opportunity to explain the reasons for it and the remedial action proposed.
- b. Consultants should be responsible for the accuracy and suitability of their work. Although the Project Manager supervises and reviews the consultants' work, no modifications should be made in the final documents prepared by the consultants without mutual agreement.

13.7.14. Types of Contracts

The signatory that approves all the contracts (in terms of delegation of authority) must ensure that terms and conditions of the contract to be signed are consistent with the request for proposal issued by GEPF and recommended proposal approved.

a. **Lump Sum (Firm Fixed Price) Contract**

- (i) Lump sum contracts are used mainly for assignments in which the content and the duration of the services and the required output of the consultants are clearly defined.

b. **Time-Based Contract**

- (i) This type of contract is appropriate when it is difficult to define the scope and the length of services, either because the services are related to activities by others for which the completion period may vary, or because the input of the consultants required in attaining the objectives of the assignment is difficult to assess.
- (ii) This type of contract should include a maximum amount of total payments to be made to the consultants. This ceiling amount should include a contingency allowance for unforeseen work and duration and provision for price adjustments, where appropriate.
- (iii) Time-based contracts need to be closely monitored and administered by the client to ensure that the assignment is progressing satisfactorily and payments claimed by the consultants are appropriate.
- (iv) To establish the appropriate tariffs, benchmarking exercises must be conducted such as utilising the Guidelines on Fees for Consultants issued by the Department of Public Service and Administration if applicable, or to determine the reasonableness of the tariffs if competitive procurement is not followed.

c. **Percentage Contract**

Confidential

- (i) Percentage contracts directly relate the fees paid to the consultant to the estimated or actual project construction cost, or the cost of the goods procured or inspected.

d. **Indefinite Delivery Contract (Price Agreement)**

- (i) These contracts are used when GEPF needs to have “on call” specialised services to provide advice on a particular activity, the extent and timing of which cannot be defined in advance.
- (ii) These are commonly used to retain advisors for the implementation of complex projects (for example legal advice), expert adjudicators for dispute resolution panels, procurement advice, technical troubleshooting and so forth, normally for a period of a year or more.
- (iii) The PEO and the firm agree on the unit rates to be paid for the experts and payments are made on the basis of the time actually used.

13.7.15. Contingency Fee

- a. Contingency fees must be avoided where possible since they encourage compensation of work or performance which is not achieved. Payments of contracts should be in line with the work done and level of performance achieved.

13.7.16. Important Provisions

a. **Currency**

- (i) RFP's should clearly state that firms must express the price for their services, in South African Rand. If the consultants wish to express the price as a sum of amounts in different foreign currencies, they may do so, provided that the PEO concurs with this practice and that the proposal includes no more than three foreign currencies outside the borders of South Africa.
- (ii) The PEO should require consultants to state the portion of the price representing local costs in Rand. Payment under the contract should be made in the currency or currencies expressed in the formal contract.

b. **Price Adjustment**

- (i) To adjust the remuneration for foreign and/or local inflation, a price adjustment provision should be included in the contract if its duration is expected to exceed 12 months.
- (ii) Exceptionally, contracts of shorter duration may include a provision for price adjustment when local or foreign inflation is expected to be high and unpredictable.

13.7.17. Payment Provisions

- a. Payment provisions, including amounts to be paid, schedule of payments and payment procedures should be agreed upon during negotiations.
- b. Payments may be made at regular intervals (as under time-based contracts) or for agreed outputs (as under lump sum contracts).
- c. Payments for advances (for example, for mobilisation costs) exceeding 10 percent of the contract amount should normally be backed by advance

Confidential

payment securities. Payments should be made promptly in accordance with the contract provisions. To that end:

- (i) Consultants can be paid directly by the Finance Department of GEPF;
- (ii) Only disputed amounts should be withheld, with the remainder of the invoice paid in accordance with the contract; and
- (iii) The contract should provide for the payment of financing charges if payment is delayed due to the client's fault beyond the time allowed in the contract. The rate of charges should be specified in the contract.

13.7.18. Bid and Performance Securities

- a. Bid and performance securities are not recommended for consultants' services. Their enforcement is often subject to judgment calls, they can be easily abused and they tend to increase the costs to the consulting industry without evident benefits, which are eventually passed on to GEPF.

13.7.19. Professional Liability

- a. The consultant is expected to carry out its assignment with due diligence and in accordance with prevailing standards of the profession. As the consultant's liability to GEPF will be governed by the applicable law and Professional Liability cover that must be provided by the consultant, the contract need not deal with this matter unless the parties wish to limit this liability. If they do so, they should ensure that:
 - (i) There should be no such limitation in the case of the consultant's gross negligence or wilful misconduct;
 - (ii) The consultant's liability to GEPF in no case can be limited to less than the total payments expected to be made under the consultant's contract, or the proceeds the consultant is entitled to receive under its insurance, whichever is higher; and
 - (iii) Any such limitation may deal only with the consultant's liability toward the client and not with the consultant's liability toward third parties.

13.7.20. Staff Substitution

- a. During an assignment, if staff substitution is necessary (for example because of ill health or because a staff member proves to be unsuitable), the consultant should propose other staff of at least the same level of qualifications for approval by the Project Manager.

13.7.21. Applicable Law and Settlement of Disputes

- a. The contract should include provisions dealing with the applicable law and the forum for the settlement of disputes. Should it not be possible to settle a dispute by means of mediation, the dispute may be settled in a South African court of law or as indicated in the Special or General condition of contracts.

13.7.22. Advertising of Expected and Outstanding Procurement

- a. To obtain expressions of interest, the Project Manager should include a list of expected consulting assignments in a tender advert. This should be advertised in the national / local newspapers and, GEPF website. When

Confidential

appropriate, the Project Manager may also advertise these contracts in an international newspaper or a technical magazine, seeking expressions of interest.

13.7.23. Disbursement

- a. The responsibility for the implementation of the project and for the payment of consulting services under the project rests solely with the Project Manager.
- b. Payment must be processed in line with project deliverables by indicating with a stamp that must be attached to all invoices.
- c. No payments should be processed in advance before any service is rendered.

13.7.24. Consultants' Role

- a. When consultants receive the RFP and if they can meet the requirements of the TOR as well as the commercial and contractual conditions, they should make the arrangements necessary to prepare a responsive proposal (for example visiting the Project Manager of the assignment, seeking associations, collecting documentation, setting up the preparation team).
- b. If the consultants find in the RFP documents, especially in the selection procedure and evaluation criteria, any ambiguity, omission or internal contradiction, or any feature that is unclear or that appears discriminatory or restrictive, they should seek clarification from the Project Manager, in writing, within the period specified in the RFP for seeking clarifications.
- c. It should be emphasised that the specific RFP issued by GEPF governs each selection. If consultants feel that any of the provisions in the RFP are inconsistent with the prescripts of the GEPF SCM policy, they should raise this issue with the PEO in writing.
- d. Consultants should ensure that they submit a fully responsive proposal including all the supporting documents requested in the RFP. It is essential to ensure accuracy in the curriculum vitae of key staff submitted with the proposals. The curriculum vitae should be signed by the consultants and the individuals and dated.
- e. Non-compliance with important requirements should result in rejection of the proposal. Once the technical proposals have been received and opened, consultants should not be required nor permitted to change the substance, the key staff, and so forth.
- f. Similarly, once financial proposals are received, consultants should not be required or permitted to change the quoted fee and so forth, except at the time of negotiations carried out in accordance with the provisions of the RFP.

Confidential

13.7.25. Confidentiality

- a. The process of proposal evaluation is confidential until the successful bidder is notified. Confidentiality enables the GEPF employees to avoid either the reality or perception of improper interference. If, during the evaluation process, consultants wish to bring additional information to the notice of the PEO, they should do so in writing.
- b. If consultants wish to raise issues or questions about the selection process, they should communicate directly in writing with the Executive responsible for SCM in this regard.
- c. Communications that the Project Manager receives from consultants after the opening of the technical proposals should be sent to the secretaries of the BC or FA-C for due consideration and appropriate action. If additional information or clarification is required from the consultant, the Project Manager should obtain it from the secretaries of the BC or FA-C and comment on or incorporate it, as appropriate, in the evaluation report.

13.7.26. Debriefing

- a. If after notification of award, a consultant wishes to ascertain the grounds on which its proposal was not selected, the consultant should address its request in writing to the PEO and / or his / her delegate. If the consultant is not satisfied with the explanation given by the PEO and/ or his/ her delegate, the consultant may refer this matter to a court of law.

13.8. PROCUREMENT PROCESS EXCEPTIONS/DEVIATIONS

- 13.8.1. Deviation from following the appropriate procurement process in line with the sourcing strategy for the transaction value and competitive bidding process may be approved as per thresholds in the delegations for certain instances of limited/closed bids and for sole suppliers only. It should be noted that an approval should be obtained all deviations beforehand.
- 13.8.2. Limited Bidding can be used when there is limited competition, hence only a few prospective bidders are allowed to make a proposal. This should be based on a thorough analysis of the market.
- 13.8.3. Where limited bidding exists, evidence must be supported by proper industry and commodity analysis that indicates the limited number of supplier or manufacturers. The Project manager will conduct the research or market analysis.
- 13.8.4. In such instances where suppliers are less than ten, bids can be advertised on closed tender basis based on the approval from the PEO.
- 13.8.5. If in a specific case it is impractical to invite competitive bids, the PEO or the Board may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the PEO, an authorised delegate or the Board.
- 13.8.6. **Participating in Contracts Arranged by All Organs of State** - The PEO or the Board may, on behalf of the GEPF, participate in any contract arranged by means of a

Confidential

competitive bidding process by any organ of state, subject to the written approval of such public entity and the relevant contractors. Participating in contracts arranged by Organs of State should be the exception rather than the norm. The PEO or the Board may not solicit bids for the same or similar product or service during the tenure of the contract. The following are the factors to consider before opting for a request to participate:

- a. Determine and assess the existence and cause of any urgency or emergency or other impracticality;
- b. Ascertain the full details of the services required to determine whether they are indeed the same as the existing contract for the organ of state the GEPF is intend to approach for participation;
- c. Obtain confirmation that the appointment complied with GEPF minimum requirements;
- d. Review contracts to ensure that the material terms are substantially the same across appointments as required; and/or

13.8.7. **Sole source procurement** may occur where there is evidence (confirmation in writing, signed by authorised person) of that only one supplier possesses the unique and singularly available capacity to meet the requirements of the GEPF in terms of functionality and not the brand of a product.

13.8.8. **Accommodation and/ or facilities for conferences**

- a. Accommodation and/or facilities for conferences, seminars, workshops, etc. should, whenever possible, be obtained by means of the normal competitive bidding process. However, should it not be possible or practical to follow the normal competitive bidding process, the accommodation and/or conference facilities should be obtained by means of a written quotation, provided that the reasons for deviating from inviting competitive bids are recorded and approved in line with the SCM delegations.

13.8.9. **Urgent cases**

- a. Cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical (however, a lack of proper planning should not be constituted as an urgent case).

13.8.10. **Emergency cases**

- a. Cases where immediate action is necessary in order to avoid a dangerous or risky situation or misery.

13.8.11. Urgent/Emergency procurement and dispensing with competitive bids should be the exception rather than the norm.

13.8.12. The reasons for the urgency/emergency and for dispensing with competitive bids should be clearly recorded and approved by the PEO or his/her delegate.

13.8.13. **Other Special Requests** that deviate from following the appropriate procurement process in line with the sourcing strategy for the transaction value and competitive

Confidential

bidding process may be approved as per thresholds in the delegations. This should be an exception and not a norm.

14. CONTRACT ADMINISTRATION AND MANAGEMENT

14.1. MANAGEMENT OF CONTRACTS

- 14.1.1. A contract must be signed between parties participating in a contract for transactions above R1 000 000 and in instances where a contract is necessary due to the nature of goods or services procured below R1 000 000. It is required that a formal contract / SLA be compiled by the Legal Unit for all contracts of which the value exceeds R1 000 000. However, awards for services for a duration of more than 12 months must have a signed contract irrespective of the value. A Purchase Order will also be issued alongside the contract.
- 14.1.2. Prior to signing a formal contract or service level agreement with a contractor, the PEO or his/her delegate must ensure that such contracts or agreements are legally sound to avoid potential litigation and to minimise possible fraud and corruption. This must include legal vetting by the Legal Unit of the institution.
- 14.1.3. Project Managers are responsible for co-ordinating contract/ SLA drafting and finalisation.
- 14.1.4. All contracts should include a non-disclosure clause.
- 14.1.5. The Project Manager must actively manage contracts or agreements in order to ensure that both GEPF and the contractors meet their respective obligation, including achieving socio-economic objectives where applicable. This includes reporting on a frequent basis where required.
- 14.1.6. A Purchase Order is generated in response to an RFQ/ all procurement below R1 000 000. A Purchase Order that has been issued to and accepted by the supplier is therefore considered an acceptance to an offer received resulting in a contract between GEPF and the service provider.
- 14.1.7. The completion stage of each project must be followed with an assessment of the supplier/service provider (including consultants where applicable). This assessment should be available for future reference.
- 14.1.8. All service providers who are placed on the Panel of service providers must sign a standard service level agreement, without any amendments thereto.
- 14.1.9. Project Managers should take cognisance of the fact that when suppliers do not perform according to their contractual obligations and the Project Managers does not address the supplier in the execution of the contract, such non-performance cannot be deemed as sound reason for passing over the bid of such supplier when adjudicating future bids.

14.2. EVALUATION OF CONTRACT PERFORMANCE

- 14.2.1. Service providers should observe due diligence and prevailing standards in the performance of the assignment. The Project Manager should evaluate the performance of service provider appointed in a fair and confidential process, at least annually. In the case of repeated poor performance, the service provider should be notified and provided

Confidential

an opportunity to explain the reasons for it and the remedial action proposed in line with the legal agreement signed.

- 14.2.2. Service providers should be responsible for the accuracy and suitability of their work. Although the Project Manager supervises and reviews the service providers' work, no modifications should be made in the final documents prepared by the service providers without mutual agreement.

14.3. CONTRACT VARIATIONS

- 14.3.1. After the award of a bid, GEPF may order an increase in the quantity of work or services that are being provided under the contract, with the following provisos:

- a. The quantities of an individual item may not increase by more than 20%.
- b. The total value of the contract may not increase by more than 20% (including all applicable taxes) for construction related goods, works and/or services and 15% (including all applicable taxes) for all other goods and/or services of the original value of the contract, whichever is the lower amount. The variation shall be approved based on procurement thresholds in terms of the delegations.
- c. Any contract variation in excess of the above-mentioned thresholds is considered a deviation and will only be allowed subject to the prior written approval in line with the SCM delegations. Whilst provision is made for exceptions, it is imperative to note that requests for such deviations may only be submitted for approval where good reasons exist.
- d. Variations to contracts with no financial implications, such as contract extension, shall be approved as per the DOA level.
- e. The Finance department must confirm that sufficient funds are available for any increase.
- f. The contractor must be advised in writing of any changes to the awarded contract.
- g. Variations on contracts should be concluded in consultation with SCM unit and the Legal unit, who shall incorporate such amendments in addendums where necessary.
- h. If the variation order requires the extension of the contract period, the request should be approved prior to the contract expiring.
- i. In the event that the variation order includes an increase in the original contract value, the percentage variation should be stipulated.

14.4. CONTRACT CANCELLATION

- 14.4.1. Cancellation of contract should be implemented on condition that it is in the best interest of the GEPF.
- 14.4.2. The Managers must consult with the Legal and SCM unit prior to making a recommendation to the BAC and PEO to cancel a contract.

Confidential

14.4.3. Cancellation of contract clause in the signed agreement to be applied.

15. REVIEW OF THE POLICY

This Policy will be reviewed as and when required, but at least annually.

The Finance and Audit Committee is responsible for implementing, updating and reviewing this Policy.

Any changes to the Policy shall be communicated immediately to all Trustees.

16. ACCEPTANCE OF POLICY

The GEPF Supply Chain Management Policy document is applicable to all sections of the GEPF with immediate effect and must be adhered to by each business unit.



MR N MAROTHOLI
CHAIRPERSON: FINANCE & AUDIT COMMITTEE
GOVERNMENT EMPLOYEES PENSION FUND
DATE: 2022-12-07

RECOMMENDED /NOT RECOMMENDED



MR D MOGAJANE
CHAIRPERSON: BOARD OF TRUSTEES
GOVERNMENT EMPLOYEES PENSION FUND
DATE: 2022-12-07
