

## A quick guide to Sourcing & Tendering

A quick reference guide through the sourcing & tendering process.



### What is the Sourcing & Tendering guide?

UCT spends two billion Rands annually in procuring goods and services from third parties. Successful management of this expenditure gives us one of the largest levers we possess that can impact our bottom line. The ownership of the procurement process jointly rests with the Line as well as the Procurement and Payment Services Team.

This quick guide recognises that the individual with procurement responsibilities may not, in many cases, be a procurement professional and it aims to highlight and explain some of the key processes, concepts and tactics that can be used when procuring goods and services on the University's behalf within its governance frameworks.

### Who is this guide for?

This guide is intended as a reference guide for the staff of the University of Cape Town, to help you through the Sourcing & Tendering Process.

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### Procurement principles

Universities within the sector generally prescribe to the following procurement principles:

- **Transparency:** A procurement system that is open and fair.
- **Effectiveness:** A procurement system of excellence that delivers on the principle of doing it right the first time.
- **Efficiency:** Standardised and simplified procedures where appropriate to optimise the process.
- **Competition:** Procurement requirements satisfied through open competition unless there are justifiable reasons to the contrary.
- **Fairness:** All bidders and suppliers shall be dealt with fairly and without unfair discrimination.
- **Ethics:** All employees and suppliers will subscribe to the highest ethical standards as per the University's Code of Conduct.
- **Accountability:** Department management and support units shall be accountable for decisions and actions relative to procurement responsibilities, processes, and contract management.
- **Value for money:** Commitment to achieving value for money in terms of costs, price, quality, quantity or risk transfer or a combination thereof.
- **Transformation:** Commitment to developing QSEs & EMEs and ensuring that they grow and become sustainable.



### Procurement thresholds

This applies to the procurement of all goods and services at UCT, irrespective of the nature of the goods or services, and includes procurement using PCards.

Value Threshold	Required procedure
Up to R25,000	No quote required
R25,001 - R100,000	1 written quote
R100,001 - R500,000	2 written quotes
R500,001 - R1,000,000	3 written quotes or closed tender
R1,000,001 - R5,000,000	Closed or open tender
Above R5,000,000	Open tender

### EXCLUSIONS

- **PURCO vendors:** See [PURCO vendor list](#).
- **Existing contracts:** Established by appropriate quotation, tender, or Request for Proposal (RFP) process.
- **PCs & related:** Orders for PCs and related consumables supplied by contracted vendors via ICTS Acquisitions.
- **Library acquisitions:** Refer to separate policy [\[PUR008\]](#) for orders.
- **Foreign purchases:** Refer to separate policy [\[PPP001\]](#) for the import and export of goods.
- **Sole source:** Orders placed with a sole supplier/source.
- **Single source:** Sole provider of a licensed or patented service or goods, where there is no competition/only one bidder exists (e.g. sole distribution rights).
- **Travel and conference related bookings:** Where the order is for multiple attendees, and threshold limits are exceeded.
- **Urgent/emergency orders:** Unforeseen circumstances necessitate a single quote.

### Deviations

Both Sole or Single Source Procurement require the Deviation to University Procurement Policy to be completed, [\[MM026\]](#). This provides detailed justification for the exception to be reviewed by the Procurement Senior Contracts Manager and, if required, further authority will be sought in terms of the delegations of authority.

#### Sole sourcing

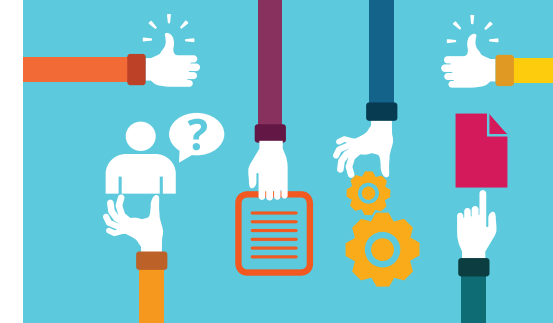
Procurement in the absence of competition. Reasons for Sole Sources Procurement should fall within the following:

- Only one known source that can provide the commodity or service.
- Unique source (commodity/service is unique/special in nature).
- Compatibility (e.g. Requiring a specific equipment to be compatible with an existing equipment system).
- Limited or proprietary systems (i.e. Additional licenses, updates, specialised replacement parts, etc.).
- Product availability is limited within specific geographic boundaries.

#### Single sourcing

An approach to the market based on commercial or technical grounds. Reasons for Single Source Procurement should fall within the following:

- Supplier establishes or maintains an essential engineering, research, or development capability.
- An unusual and compelling urgency precludes full and open competition, strong rationale is required.
- Compatibility with other components of a system already in operation listing all identifiable existing items.
- Only supplier that meets pre-established performance characteristics or qualifications.



- Supplier specifically identified within award documentation e.g. post tender requirement for maintenance.
- Supplier or consultant is the only manufacturer/provider of this good or service.

### Tender Committees

The tendering process is governed by the policy: *UCT Quotations, Tenders and Requests for Proposal* [\[PUR004\]](#). There are three committees referred to for the tendering process.

#### The Specifications Committee

This committee is responsible for ensuring the tender specification documents are clear and fair, and comply with all necessary requirements. Specifications may not be written to suit a specific service provider.

#### The Evaluation Committee

This is where the main evaluation of tenders takes place. This committee scores all submissions according to their ability to execute the contract, price and B-BBEE rating, and submits a recommendation to the Adjudication Committee. Ideally these are different members from the Specification Committee, but if it is not practical the members can overlap.

#### The Adjudication Committee

This is an oversight committee that will consider the Evaluation Committee's recommendations and, depending on its delegated authority, make either a final award or a recommendation to Council.

# The bidding process

## Two-stage (Prequalification)

In the first stage, bidders are invited to prequalify in terms of predetermined functionality criteria, without being required to submit detailed technical proposals (where applicable) or a financial offer.

In the second stage, all bidders that qualify will be short-listed and invited to submit final technical proposals (where applicable) and/or a financial offer.

## Two envelope approach

This is where a technical proposal and financial offer are submitted in separate envelopes at the same place and time. The financial offers will only be opened once the technical proposals have been evaluated.

## One Envelope Process

This is at the discretion of the Specification and Evaluation Committee in terms of deciding on a one or two envelope approach as well as selecting the evaluation weighting.

## Evaluation rating scale

Here is an example of a rating scale that can be used for all levels of complexity.

Level of service	Rating
Exceeds requirements	9 - 10
The Respondent demonstrates a higher level of service, requirements and business objectives than their competitors and/or beyond the University's expectations.	
Meets requirements with <u>major</u> value add	7 - 8
The Respondent demonstrates that they can meet the University's requirements and business objectives.	

Meets requirements with <u>minor</u> value add	4 - 6
The Respondent demonstrates that they can meet the University's requirements and business objectives.	
Meets requirements	3
The Respondent demonstrates that they can meet the University's requirement and business objectives to an adequate level.	
Limited understanding of requirements	1 - 2
The Respondent is unable to meet the University's requirements and business objectives, and would require considerable guidance.	
No response/does not meet requirements	0
The Respondent does not offer an explanation or does not have the ability to meet the University's requirements and business objectives.	

## Cancellation of tenders

UCT may reject or cancel a tender if:

- There is evidence of collusion or corruption or there is material irregularity (unfair, inequitable, non-transparent, uncompetitive, or not cost-effective) in the tender process.
- Due to changed circumstances, there is no longer a need for the goods, services or construction works requested.
- Tender prices substantially exceed the cost estimates or available funds, and no additional budget can be found.
- No acceptable tenders/RFPs are received. The specifications, or other conditions, inadvertently fail to reflect the universities requirements, reduced competition or generated substantially non-responsive tenders or very high prices.



- If negotiations have failed with the up to and including the tenderer scoring the third highest points where the prices offered is not market related.

If it becomes necessary to cancel or re-advertise formal tenders, then a report to this effect shall be submitted to the Adjudication Committee for decision.

If a tender has been cancelled, then all tenderers must be notified in writing.

## Risk of challenge

In terms of a risk-based approach, the reasons for challenging procurement awards typically include:

- Lack of authority;
- Bias;
- Non-compliance with a mandatory and material procedure or condition;
- Procedural unfairness;
- Material influence by an error of law;
- Ulterior purpose or motive;
- Irrelevant considerations or failure to take relevant considerations into account;
- Unauthorised or unwarranted influence;
- Arbitrariness or capriciousness;
- Unlawfulness;
- Irrationality;
- Failure to take a decision; and/or
- Unreasonableness.

Courts will be governed by considering remedies that are just and equitable, which could include the following orders:

- Directing the procuring authority to give reasons or act in the manner the court requires;
- Prohibiting the procuring authority from acting in a particular manner;
- Setting aside the procurement decision and remitting this for reconsideration, or, in exceptional cases, substituting the procurement decision or correcting a defect resulting from it;
- In exceptional circumstances, directing the procuring authority to pay compensation;
- Declaring the rights of parties relating to the procurement decision; or
- Granting a temporary interdict or other temporary relief.

The responsibility for ensuring that procurement principles are applied is the joint responsibility of the procurement committees. In performing their duties, the risks of challenge is mitigated.

## Framework agreements

A framework agreement gives no work to a supplier and may be non-exclusive. It is a long-term commitment between the parties to enable clients to place contracts on pre-agreed terms, pricing structure and specifications for certain types of work over a period.

A framework agreement may be appropriate when:

- There are several suppliers who can provide the good or service;
- There is a strong and ongoing demand for the good or service;
- The procurement requirement cannot be adequately predicted;
- The volume of work may be too large for one supplier to undertake; or

- There is an advantage in having a choice of suppliers (e.g. To avoid potential conflicts of interest, maintain competitive tension).

Framework agreements may be entered into with contractors for a term not exceeding 5 years by:

- Inviting tender offers to enter a suitable contract for the term, using stringent eligibility and evaluation criteria to ensure that contracts are entered into with only those contractors who have the capability and capacity to provide the required services; and
- Entering a limited number of contracts based on the projected demand and geographic location for such services.

## Secondary process

Once a panel of providers is selected and framework agreements concluded, the selection of suppliers through secondary procurement processes can be determined using the following considerations:

- A non-competitive basis (e.g. Directly obtaining a quote from any one framework vendor);
- A competitive basis (e.g. Obtaining a quote or assessing technical/commercial characteristics from several or all framework vendors);
- A preferred supplier basis (e.g. One supplier is given the opportunity to undertake the procurement first, then other suppliers approached only if required);
- An equal division of work basis;
- A rotational basis where the rules are clearly defined;
- Ongoing competition amongst providers, by inviting providers to submit quotations on a rotation pool basis; or
- A geographic or location basis.

## Tenders Q&A

- Q How long does it take to tender?
  - A Depending on complexity, generally: 6-8 weeks (simple), 8-12 weeks (standard) and 3-6 months (complex).
- Q Can I negotiate with the bidder prior to awarding the contract?
  - A Negotiation is not allowed during selection and award phase. However, once an award has been made, allow for post tender negotiations.
- Q Are clarifications allowed during the evaluation process?
  - A Yes, it is usual for procurement to ask for clarifications because of accidental calculation, arithmetic errors, spelling mistakes. However, material alteration or modification of the tender is not acceptable. Clarifications should not affect already submitted tenders.
- Q Can I be a member of both the Tender Evaluation Committee (TEC) and the Tender Adjudication Committee (TAC)?
  - A Members serving on the TAC may not serve on the TEC or the Tender Specification Committee (TSC). TEC and TSC members may not serve on the TAC unless as an assessor member. TSC members may serve on the TEC.
- Q Which changes are acceptable post awarding a contract? And when will a new procurement process be needed?
  - A Modifications can be done without a new procurement procedure if:
    - Unpredicted additional works, services, supplies become necessary;
    - The economic operator is the only one that can deliver the additions;
    - Changes do not exceed 10-15% of the initial value of the contract;
    - Changes have been mentioned in initial procurement documents;
    - Replacement of economic operator is necessary as a result of a takeover, acquisition, insolvency, etc.; and
    - The new economic operator meets selection criteria without significant changes in the initial contract.