

SUPPLY CHAIN MANAGEMENT POLICY

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KEY REVIEW AMENDMENTS

KEY AMENDMENTS (IF POLICY IS REVIEWED)

1. Deviations from the normal bidding process under certain conditions related to SLA/MOA clients (section 5.4).
2. Policy position on sanctions imposed by other institutions (section 6.8).
3. Infrastructure Procurement related to the Framework for Infrastructure Delivery and Procurement Management (FIDPM) issued by National Treasury in April 2019 (section 9).

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2. GLOSSARY AND ACRONYMS

2. In this policy, unless the context otherwise indicates, a word or expression has the same meaning as the meaning assigned in the regulations, namely:

“Acceptable offer”- Any bid, which, in all respects, complies with the specifications/ terms of reference of the bid as set out in the bid document.

“Accountable”- All officials and other role players shall be accountable for their decisions and actions relative to their supply chain management / procurement responsibilities, the supply chain management process, as well as the implementation, management and conclusion of the SCM contracts. Accountability cannot be delegated, and line management remains accountable.

“Accounting Authority”- A body or person mentioned in section 49 of the Public Finance Management Act (29: 1999).

“Authorised person”- The Accounting Authority or the appropriately delegated authority in terms of the DBSA Delegation of Authority (DoA).

“Bid”- A written offer submitted by the due time and date in a prescribed or stipulated form, in response to an invitation by the DBSA for the procurement of goods or services, as part of the competitive bidding process of the DBSA. The terms “Bid” and “Tender” are used interchangeably.

“Bidder”- Contractor, supplier or vendor who responds to a request for quotation, request for proposals (tenders) and expression of interest.

“Bid Adjudication Committee” – Is the multidisciplinary team officially appointed to adjudicate all bids evaluated by the Bid Evaluation Committee within the threshold established within its Terms of Reference.

“Bid Evaluation Committee”- Is a multidisciplinary team officially appointed to conduct the evaluation of all bids received from the bidders.

“Bid Specification Committee”- Is responsible for the composition and drafting of specifications/terms of reference for the procurement of goods, services and works.

“Broad-Based Black Economic Empowerment”- Is a deliberate socio-economic process or intervention strategy designed to redress the imbalances of the past and to facilitate the participation of previously disadvantaged people in the economy. A BBBEE certificate should be issued by the Department of Trade and Industry’s (DTI) accredited agency.

“Code of Ethics”- A statement of standards of practice and conduct to be followed by all SCM officials and bid committee members.

“Competitive”- The DBSA shall satisfy its requirements through transparent competitive process unless there are justifiable reasons to the contrary.

“Contract”- The written agreement that results from the acceptance of a Bid or quotation by the DBSA.

“The Contracting Authority” is the body signing the contract.

“Contractor/ Supplier”- Any natural or legal person whose bid has been accepted by the DBSA.

“Conflict of Interest”- Any situation in which:

- a) Someone in a position of trust has competing professional or personal interests which make it difficult for them to fulfil their duties impartially;
- b) An individual or organisation in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or
- c) Incompatibility or contradictory interests exist between an employee and the organisation which employs that employee

“DBSA”- Development Bank of Southern Africa

“Effective”- The mandate to standardise and simplify process, systems and procedures, where appropriate, to enhance ease of operations and transacting.

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“Efficient”- Doing the right things to ensure effective operations and compliance.

“Fairness”- All bidders and suppliers shall be dealt with fairly and without unfair discrimination.

“Final Award”- In relation to bids or quotations submitted for a contract, means the final decision on which a bid or quote is accepted.

“The funding institution/s”- is the body providing the financial allocation.

“Motivation to Source” - is a document that details the purpose of a business requirement. It should make specific reference to the business rationale, the preferred channel to source (closed bid, open bid, single source), the terms of reference or statement of works or scope; evaluation criteria; technical committee members for inclusion in BEC; criteria of adjudication; disqualification and any risks etc.

“National Treasury”- The National Treasury established by section 5 of the PFMA.

“Open Bidding”- A procurement method for acquisition of goods, works and services which involves an invitation to submit a bid in an openly advertised competitive bidding process to all interested bidders.

“Organ of state”- An organ of state as defined in section 239 of the Constitution of the Republic of South Africa, Act 108 of 1996.

“Other applicable legislation”- Any other legislation applicable to supply chain management referred to in this policy.

“Personnel”- People in the employment of the DBSA inclusive of subsidiaries and agencies.

“Preferential Procurement Legislation”- The Preferential Policy Framework Act PPPFA 2000 (Act No 5 of 2000) and its associated Preferential Procurement Regulations of 2017 and the Broad-Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003 as amended)

“Procurement”- A process of preparing, negotiating and concluding a contract with a service provider, whether in writing or verbally, which involves the acquisition of goods, services and engineering and construction works or any combination thereof, or the acquisition of capital assets or any rights in respect of the above, by means of a purchase, lease or donation.

“Property”- Refers to immovable, movable and intellectual property.

“Regulations”- Relevant legislative and regulatory requirements pertaining to supply chain management.

“Sanctions”- An official action taken (exclusion) against an individual/ organisation as punishment for engaging in undesired activities (fraud and corruption).

“Services”- Products that cannot be seen or touched, e.g. Professional services.

“Single Source” refers to instances where multiple suppliers are available for the provision of goods and services, but there is a preference/business rationale to want to confine business to a specific supplier.

“Sole Source” refers to instances where only one source of supply exists and by default business has to be placed with that specific supplier.

“Supply Chain Management”- A process and activities encompassing oversight of materials, information and finances as they move in a process from suppliers to manufacturer to wholesaler to retailer to consumer. SCM involves the management of working capital that is invested in goods, stores and services with the objective of optimizing the economic return on such investment.

“Supply Chain Management Committee”- The SCMC is the Bid Adjudication Committee.

“Transparency”- A procurement process which is done in an open and honest way.

“Value for Money”- Refers to the best available outcome when all relevant costs and benefits over the procurement cycle are considered.

“Variation order”- A simplified form of addendum through which minor modifications to the terms and conditions of a contract are introduced or through which administrative instructions are given to the contractor.

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For the purposes of this document, the following abbreviations apply:

BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DoA	DBSA Delegation of Authority
EME	Exempt Micro Enterprise
EXCO DBSA	Executive Committee
GE	Group Executive
IPC	Infrastructure Procurement Committee
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework Act
QSE	Qualifying Small Enterprise
SCM	Supply Chain Management
SCMC	Supply Chain Management Committee
ToR	Terms of Reference

3. STATEMENT OF INTENT

3. This policy aims to ensure that goods, services and works are procured by the DBSA in a manner and practice that is fair, equitable, transparent, competitive, cost-effective, efficient and logical while ensuring compliance to applicable regulations, strategies, policies and procedures of the DBSA.

The DBSA, through this policy, endorses its commitment to:

- 3.1 Implement a centralised model for supply chain management, with the Supply Chain Management Committee (SCMC) being the overarching governance committee;
- 3.2 Implement a procurement system that is fair, equitable, transparent, competitive, cost-effective, efficient and logical;
- 3.3 Comply with all the relevant applicable public sector regulations and legislation in the establishment, management and execution of its supply chain management function and duties;
- 3.4 The SCM Unit is the designated process owner and is accountable to enforce appropriate governance pertaining to process compliance and practices as prescribed by the policy, regulations and guidelines;
- 3.5 Supply chain management practices that are consistent, transparent, efficient, promote effective competition and value for money outcomes for the DBSA by all impacted by its scope and application;
- 3.6 The use of standard documents and templates as set out in the SCM Procedure Manual and relevant regulations; and
- 3.7 Hold to account, through the DBSA disciplinary and/or legal process, any employee or official implicated in a breach or transgression of this policy and its supporting guidelines, regulations and legislation.
- 3.8 Committing itself to support transformation by adopting and contributing to initiatives that support the transformation strategy and targets of the bank. These initiatives include amongst others supplier/Enterprise Development and Skills Development.
- 3.9 To set pre-eligibility criteria and/or actively promote partnerships and joint-ventures in favour of emerging black businesses in segments where the Bank has an opportunity to contribute towards meaningful progress towards transformation.
- 3.10 Committing itself to promoting competition and participation by new and emerging suppliers by procuring goods, services and works from panels or source lists of suppliers identified as emerging suppliers.
- 3.11 Ensuring that goods, services and works are procured in a manner that realise the best value for money, minimise risk and safeguard the Banks interests.

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4. PURPOSE

4. Purpose of this Policy

- 4.1 This policy document sets out the minimum standards that shall be adhered to by those involved in SCM activities and is specifically binding on all employees, including, but not limited to, temporary staff, contractors, service providers and/or consultants at DBSA. In addition, the policy also:
- 4.1.1 Defines the rules of conduct on procurement processes to be observed by all officials/employees of the DBSA;
 - 4.1.2 Promote improved practices pertaining to supply chain management and procurement by all executives, managers, officers and employees of the DBSA;
 - 4.1.3 Provide for the establishment of a centralised SCM Unit, its functions and authority; and
 - 4.1.4 Provide for the establishment of the SCMC and relevant governance structures, its constitution, functions and authority.
- 4.2 The policy aims to ensure that SCM activities meet the following key objectives:
- 4.2.1 To give effect to Section 217 and 33 of the Constitution of the Republic of South Africa by implementing a SCM system that gives due consideration to the principles of just administrative action, fairness, equity, transparency, competitiveness and cost- effectiveness;
 - 4.2.2 Promote and ensure accountability for good governance;
 - 4.2.3 Demonstrate application of the supply chain and procurement practices that are consistent and in line with the DBSA agenda and relevant regulations;
 - 4.2.4 To achieve the highest level of professional standards when awarding contracts, so as to maximise value for money while adhering to governance requirements;
 - 4.2.5 Encourage effective competition through procurement methods suited to market circumstances; and
 - 4.2.6 To prevent any irregularities in the procurement process.

5. SCOPE AND APPLICATION

5. Scope and Application of this Policy

5.1 Application

- 5.1.1 This policy applies to the DBSA and to all agencies and entities directly or indirectly controlled by the DBSA, including any legal relationships entered into with any third party(ies), save for the exclusions listed in 5.3.
- 5.1.2 In respect to any legal relationships between DBSA and any third party, where the DBSA has a minority interest, the contract / Service Level Agreement (SLA) / Memorandum of Agreement (MOA) will govern the extent to which this policy applies;
- 5.1.3 Where such contract / SLA / MOA contravenes the legislative framework applicable to the DBSA, this policy will take precedence over the contract / SLA / MOA in so far as it relates to Supply Chain Management activities.
- 5.1.4 The SCM policy applies to and governs process jurisdiction with regards to the planning, sourcing, contracting, contract management of goods, services and works; disposal of assets; hiring or letting activities; and acquiring or granting of any right inclusive of immovable property;
- 5.1.5 Financial and/or expenditure delegation is excluded from this policy and SCM DoA and remains the accountability of the Divisional Unit requesting such services. In performing its function, the SCM Unit assumes the necessary expenditure and budget approvals have been complied with in line with the financial delegations by the requesting Divisional Unit;
- 5.1.6 It is the responsibility of the Heads of the DBSA and agencies to ensure that this policy is observed by introducing the appropriate processes and deploying appropriate resources thereto, in accordance with this policy;

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- 5.1.7 This policy applies to all personnel in the employment of the DBSA or acting on behalf of DBSA, as well as the agencies and service providers procuring on behalf of or via the DBSA;
- 5.1.8 This policy applies to all supply chain / procurement transactions and contracting arrangements as per transaction requirements.
- 5.1.9 This policy shall be read with the corresponding Supply Chain Management Procedures Manual and Delegation of Authority Matrix and all other related DBSA policies.

5.2 Applicable Legislative Framework

- 5.2.1 DBSA's SCM activities shall, to the extent required by law for Schedule 2 public entities, comply with, inter alia, the following legislation and related regulations (as amended):
 - Broad Based- Black Economic Empowerment Act 53 of 2003 ("B-BBEE");
 - Competition Act 89 of 1998;
 - Constitution of the Republic of South Africa, 1996 ("the Constitution");
 - Construction Industry Development Board Act 38 of 2000 (CIDB);
 - CIDB Standard for Uniformity in Construction Procurement;
 - Development Bank of Southern Africa Act (Act 13 of 1997);
 - Occupational Health and Safety Act 85 of 1993 ("OHS");
 - Preferential Procurement Policy Framework Act 5 of 2000 ("PPPFA");
 - Prevention and Combating of Corrupt Activities Act 12 of 2004;
 - Promotion of Administrative Justice Act 3 of 2000 ("PAJA");
 - Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000;
 - Protection of Personal Information Act 4 of 2013 (PoPIA);
 - Public Finance Management Act, Act 1 of 1999 ("PFMA");
 - Framework for Infrastructure Delivery and Procurement Management (FIDPM);
 - State Information Technology Agency Act No. 88 of 1998 ("SITA");
 - The National Small Business Act 102 of 1996;
 - The Promotion of Access to Information Act 2 of 2000;
 - The Protected Disclosures Act, Act 26 of 2000;
 - Any other legislation applicable to DBSA SCM Activities.
- 5.2.2 DBSA's SCM activities shall also comply, to the extent required by law for Schedule 2 public entities, with the latest:
 - King Report on Corporate Governance (as amended);
 - National Treasury Instruction Notes, Practice Notes and Circulars; and

5.3 Exclusions

The following trading or purchasing activities are excluded from compliance with the standard procurement procedures:

- 5.3.1 The Bank will appoint international companies rendering mandatory compliance services to the DBSA (e.g. rating agencies).
- 5.3.2 Utilities procured from the relevant department, public entity, a municipality or a municipal entity;
- 5.3.3 Rates and taxes, other levies and other services only rendered by local authorities or provincial national government administrations;

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- 5.3.4 Procurement from National, Provincial and Local Government and State-owned entities;
- 5.3.5 Procurement from Regulatory authorities;
- 5.3.6 Letting out and alienation of land and fixed property e.g. revenue lease and sales of movable and immovable assets;
- 5.3.7 Human resources employee benefits such as medical insurance or pension benefits;
- 5.3.8 Petty cash purchases which are subject to instructions as issued in terms of the applicable financial policy;
- 5.3.9 Professional memberships, subscriptions and software licenses procured on a subscription model;
- 5.3.10 Sponsorship and Donations;
- 5.3.11 Gifts;
- 5.3.12 Securing stand / booking space for exhibitions;
- 5.3.13 Corporate Social Investment initiatives;
- 5.3.14 Conferences/Workshops venues;
- 5.3.15 Advertising space and Media buying;
- 5.3.16 Where DBSA raises funds, whether in the form of a loan or a bond, including raising credit lines for DBSA or financing for transactions wherein we act as arranger or financial advisor;
- 5.3.17 Any ancillary services related to activities listed in 5.3.16, including advisory services.

5.4 Deviations from the normal SCM bidding process

The DBSA shall deviate from the normal SCM bidding process notwithstanding any provision as set out in this policy in cases where:

- 5.4.1 Emergency procurement as described in the SCM Procedure Manual arises.
- 5.4.2 Single Source procurement as described in the SCM Procedure Manual, is required.
- 5.4.3 The required goods or services are available from a Sole Source only due to the unique nature of the requirements or where there is a requirement for compatibility or continuity and alignment or where goods, services and works are already in the DBSA's value chain or employ were supplied by an OEM or by a licensed agent. The request relating to the sole source will be dealt with in line with the SCM Procedure Manual.
- 5.4.4 Relationship between the DBSA and international third parties. In such instances, procurement will be done as agreed between the DBSA and the third party, provided that such procurement is aligned with an international best practice standard.
- 5.4.5 Goods, Services or Works required outside the borders of the Republic of South Africa, provided that such procurement is aligned with an international best practice standard.
- 5.4.6 Procurement does not fit the normal bidding process, or, for whatever reason, the conditions of this policy cannot be adhered to. Such procurement is to be referred to the Head: SCM to seek guidance and recommendation on how to proceed.

In all instances, the final contract award shall be subject to the normal approved DoA and approval from the National Treasury where applicable.

5.5 Procurement related activities covered under other DBSA Policies

The following related Procurement activities are covered under separate DBSA policies:

- a) Memberships;
- b) Sponsorships;
- c) Donations;
- d) Gifts;
- e) Exhibition space

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- f) Corporate Social Investment;
- g) Politically Exposed Persons; and
- h) Irregular Fruitless and Wasteful Expenditure.

6. ETHICAL STANDARDS AND UNETHICAL OR CORRUPT BEHAVIOR

6. The DBSA will promote an effective and efficient SCM system that will enable the procurement of the required quality and quantity of goods, services and works. The DBSA will also adopt measures to ensure that processes are transparent, ethical and open to scrutiny, that DBSA staff and officials are held accountable and that the following principles of corporate governance are achieved:

6.1 Accountability

All officials and other role players shall be accountable for their decisions and actions relative to their procurement responsibilities, the SCM process as well as in the implementation of concluded contracts,

6.2 Confidentiality

Any information that is the property of DBSA or its suppliers shall be protected at all times. Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect DBSA's confidential information and interests.

6.3 Conflict of Interest

All employees and agents of DBSA shall comply with the requirements of the DBSA Employees Policy on Conflict of Interest.

6.4 Gratifications, hospitality and gifts

All procurement officials and other role players that are involved in the procurement function shall adhere to DBSA's Gift and Hospitality Policy.

6.5 Politically Exposed Persons

Politically Exposed Persons hereinafter referred to as (PEP) is as defined in the DBSA Management of Politically Exposed Persons Policy. The DBSA is not precluded from doing business with a PEP therefore the identification of a PEP is treated in accordance with the DBSA Management of Politically Exposed Persons Policy.

6.6 Prohibition on Awards to Persons in the Service of the State

Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy:

- a) Who is in the service of the state whom has not declared business interest;
- b) If that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- c) Any employee who is contracted with the DBSA in any capacity

6.7 Supplier Restrictions

Suppliers may, under the below-mentioned circumstances, be restricted from current and future business with DBSA for a term determined by the SCMC or as provided for in legislation:

- a) Non-compliance with legislation such as the Prevention and Combating of Corrupt Activities Act (restricted from current and future business);

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- b) Proven non-performance/non-compliance with contractual obligations when stipulated as a condition of bid and contract (restricted from future business);
- c) Proven unethical actions and behaviour and abuse of the SCM system (restricted from current and future business);
- d) National Treasury database of restricted suppliers;
- e) National Treasury Register for tender defaulters;
- f) Any restrictions placed on Central Supplier Database (CSD) for government; and
- g) Any current or pending litigation or legal dispute

6.8 Sanctions

- 6.8.1 The DBSA will not conduct business with any individual / companies where sanctions have been imposed by South Africa, World Bank, SADC, African Union, SLA / MOA partners, etc whilst the sanctions are still in force.
- 6.8.2 DBSA may consider doing business with individuals / companies that are nearing the end of their imposed sanction period, provided that when the contract is awarded, they are no longer under sanction.
- 6.8.3 The DBSA will perform due diligence and consider the reasons for the sanctions and may elect not to do business with an individual/company after such sanctions have lapsed/expired.

6.9 Personal Information and Data Storage

All information gathered by SCM shall follow the approved processes and procedures in terms of the Protection of Personal Information Act No.4 of 2013.

6.10 Declarations

6.10.1 Business Inducements

Any inducement that may or may be seen to influence decision-making responsibilities of officials involved in supply chain processes should be reported and dealt with in accordance with the DBSA Gift and Hospitality Policy and if applicable, the DBSA Code of Ethics.

6.10.2 Declaration of Interest

In keeping with the DBSA Employees' Policy on Conflict of Interest and Outside involvement, any person with an interest (i.e. financial, ownership and close relationship) that may affect or could be perceived to affect their impartiality with regards to any part of the tender process or could influence a procurement decision should immediately declare the conflict of interest in writing to the SCM Unit.

7. DELEGATION OF AUTHORITY AND MANDATES FOR SCM

7. DOA and Mandates for SCM role players

7.1 Delegation of Authority

The Accounting Authority (Board of Directors) has delegated the following powers and duties (in writing) to the CEO of the DBSA:

- 7.1.1 To discharge the SCM responsibilities in terms of Section 51(1) (a) of the PFMA;
- 7.1.2 To maximize administrative and operational effectiveness and efficiency in the implementation of the policy; and
- 7.1.3 To enforce reasonable and cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of the policy.

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7.2 Sub-Delegations

The CEO of the DBSA, sub-delegates in writing, the following SCM powers and duties to maximize administration, operational efficiency and provide adequate checks and balances in administration to: -

7.2.1 The Chief Financial Officer (CFO)

The CFO for the implementation of SCM procedures and processes in terms of this policy and applicable legislation.

7.2.2 The Supply Chain Management Committee (SCMC)

The SCMC is constituted in terms of this delegated authority to assist with the effective discharge of the responsibility of the Board by ensuring that all supply chain management and procurement activities in the Bank are conducted in the spirit of the underlying principles and objectives of this policy and applicable regulations. The SCMC mandate and operations are contained in the committee Terms of Reference as approved by the CEO.

7.2.3 Bid Committees

Tender bid committees are governed by a Terms of Reference and support the SCMC to approve procurement within its delegated authority. Individuals, teams or committees, depending on the requirement and whether such requirement originates internally or externally (client), may draft Terms of Reference / Specifications / Technical Requirements. The following committees may be applicable:

- The Bid Specifications Committee (“BSC”);
- The Bid Evaluation Committee (“BEC”)

7.2.4 The Head: SCM

The Head: SCM shall be subject to the management control of, and accountable to, the CFO.

The Head: SCM shall:

- a) Implement and administer the required procedures and processes in terms of this policy, the purpose being to support effective and efficient practices and operations throughout the DBSA;
- b) Act as an advisor on best practices, execution of process and represents the official procurement mandate of the entire organisation;
- c) Improve supply chain management practices and compliance within the DBSA;
- d) Ensure that the procurement contracts are implemented, managed, monitored and reported on;
- e) Manage risk exposure of the DBSA in terms of sourcing, procurement and contracting practices;
- f) Ensure any transgressions which cannot be resolved within the ambit of this policy and regulations are referred to the SCMC for review and resolution;
- g) Lead, execute and control all supply chain activities (sourcing, procurement, supplier negotiations, disposal, contract management, operating model and business architecture) in line with the DBSA DoA; and

7.2.5 Supply Chain Management Unit

7.2.5.1 The SCM Unit is empowered to implement and administer the procedures and processes in terms of this policy.

7.2.5.2 The SCM Unit delegations for sourcing are as follows:

- a) Notes / endorse the “Motivation to Source” for transactions in “consultation with Business prior to the commencement of a Request for Proposal) process;

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- b) Notes / endorse the terms of reference, evaluation criteria, composition of the BEC for the bid specification process and evaluation process (including amendments);
- c) Approve Sole Source procurement as per the DBSA DoA;
- d) Approve process deviations pertaining to process timelines, relaxation on number of quotations, limited bids, augmenting panel list of invitees to improve competitive bidding based on merit and allowing for amendments to functional threshold level where merited as detailed in the SCM Procedure Manual;
- e) To apply the outcomes of the supplier performance reviews to inform supplier exclusions;
- f) To support the Bank's transformation strategy; and
- g) Any material escalations arising from policy and process non-compliance to be tabled at the SCMC for decision.

7.2.5.3 The following must be noted and complied with:

- a) Unless in the case of an emergency and with the exclusions of provisions allowed for in the SCM Procedure Manual, no supplier may be instructed to deliver goods, services or works before an official order number has been issued by the SCM Unit and a duly authorised contract has been put in place; and
- b) Only the SCM Unit or nominated purchasing units as approved by the SCMC may process and place official orders with suppliers.

7.2.5.4 The SCM Unit to report all deviations approved to the SCMC for noting.

7.2.5.5 The SCM Unit is Accountable to ensure that due process is followed pertaining to all transactions and governance requirements are not compromised.

7.2.6 Division (Business Units)

7.2.6.1 The Divisional Unit is responsible to:

- a) Proactively consult and seek advice from SCM prior to committing to SLA partners and/or service providers;
- b) Provide precise business requirements to support the Request for Quotation and Proposal process (RFX);
- c) Preparation of a detailed Motivation to Source (Strategy) and supporting documents for Request for Proposals (RFP);
- d) Budget validation - confirmation of funds;
- e) Purchase Requisition, Purchase Order and Goods Receipt processes on SAP as per the DBSA DoA and release strategy;
- f) Advise the SCM Unit timeously of any changes to role allocations assigned on SAP;
- g) Participation in bid preparation and evaluation process as nominated;
- h) Lead and manage the DBSA and Supplier contracting process with the Legal Unit prior to utilisation of Supplier services (i.e. post a successful decision record to appoint Supplier);
- i) Contract management on Division specific contracts; and
- j) Implementation, adoption and compliance to SCM policy, SCM Procedure Manual and Delegation of Authority.

7.2.7 Decision to Source

7.2.7.1 Divisional Unit management is accountable and responsible to ensure that when a Motivation to Source (MTS) is prepared for SCM noting, the following conditions have been met:

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- a) The Head (as designated in the DBSA DoA) is satisfied with the request and its specifications;
- b) There is sufficient budget available for the request; and
- c) The compulsory support documentation is attached to the request. Such documentation must comply with this policy and the SCM Procedure Manual.

7.2.8 Contract and Contract Management

- 7.2.8.1 The Legal Unit will be responsible to prepare relevant Contracts and to align Contract terms and conditions as per the Bid / Tender requirements, decision record and service level requirements (SLA) as fully set out in the SCM Procedure Manual;
- 7.2.8.2 The SCM Unit is accountable to make available necessary information pertaining to the terms of reference, offer by successful supplier, decision record and letter of award;
- 7.2.8.3 In cases where the Division Unit is using a contract of a Service Provider or the Division Unit is drafting their own contract, it is incumbent on the Division Unit to ensure that the contract is vetted by Legal before signing and commencing work;
- 7.2.8.4 The Division (Contract Owner/Manager) is Accountable for drafting and management of the SLA;
- 7.2.8.5 The Divisional Unit Manager (as per the DBSA DoA thresholds for signing of contracts) is Accountable for the signing of the contract in line with the DBSA DoA in conjunction with Legal; and
- 7.2.8.6 The Division (Contract Owner/Manager) is Accountable for contract management as per the SLA and contract.

8. PROCUREMENT OF GOODS, SERVICES AND WORKS

8. General procurement principles

- 8.1 Procurement of goods, services and works, either by way of quotations or the bidding process, must be within the procurement threshold values as determined by legislation from time to time. Local procurement is whereby goods, services and works are procured within the borders of the Republic of South Africa.
- 8.2 Local content requirements should be taken into consideration and complied with for procurement of such goods as per Department of Trade and Industry (DTI) legislation and other applicable regulations at the time of tender.
- 8.3 The DBSA is committed to support transformation. This commitment is further elaborated in the Bank's Transformation Strategy. It is incumbent on all divisions to proactively collaborate with the SCM Unit in supporting the Bank to achieve its objectives in this regard.
- 8.4 Preferential Procurement in DBSA will be implemented in line with the PPPFA and its amended Regulations. DBSA shall evaluate suppliers in accordance with the B-BBEE Codes of Good Practice. In particular, DBSA shall give preference to local EME or QSE B-BBEE suppliers.
- 8.5 Preferential Procurement according to the prescripts of the PPPFA will not be applied in instances described under paragraph 5.4 above.
- 8.6 The DBSA may procure goods, services and works under a contract arranged by the National Treasury or other organs of state.

9. INFRASTRUCTURE PROCUREMENT

9. General procurement principles for Infrastructure Procurement

9.1 Infrastructure Procurement Requirements

- 9.1.1 Infrastructure procurement shall be undertaken in accordance with all applicable Infrastructure Procurement-related legislation and the Framework for Infrastructure Delivery and Procurement Management (FIDPM).

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- 9.1.2 Infrastructure procurement shall be implemented in accordance with procurement gates prescribed in clause 9.2 and the CIDB prescripts.
- 9.1.3 The procurement of Professional Service Providers (PSPs) and Contractors can occur at any points in the Infrastructure Delivery Management (IDM) Processes.
- 9.1.4 The Authorised Person must ensure that budget is available and cash flow is sufficient to meet contractual obligations and pay contractors within the time period provided for in the contract.
- 9.1.5 Procurement gates provided in 9.2 shall be used, as appropriate, to:
 - a) Authorise commencement to the next control gate;
 - b) Confirm conformity with requirements; and/or
 - c) Provide information, which creates an opportunity for corrective action to be taken.
- 9.1.6 The authorisation to proceed to the next procurement gate must be given by a delegated person or body. The delegated person or body must be able to apply the knowledge and skill to achieve intended results required at the relevant procurement gate. The level of detail contained in the documentation upon which a decision to proceed to the next procurement gate, must be sufficient to enable an informed decision.

9.2 Infrastructure Procurement Gates (where applicable)

- 9.2.1 Procurement Gate 1 (PG1) - Obtain permission to start with the procurement process.
- 9.2.2 Procurement Gate 2 (PG2) - Obtain approval for procurement strategies that are to be adopted.
- 9.2.3 Procurement Gate 3 (PG3) - Obtain approval for procurement documents.
- 9.2.4 Procurement Gate 4 (PG4) - Confirm that cash flow is sufficient to meet projected contractual obligations.
- 9.2.5 Procurement Gate 5 (PG 5) - Solicit tender offers.
- 9.2.6 Procurement Gate 6 (PG 6) - Evaluate tender offers in terms of undertakings and parameters established in procurement documents.
- 9.2.7 Procurement Gate 7 (PG7) - Award the contract.
- 9.2.8 Procurement Gate 8 (PG 8) - Administer the contract and confirm compliance with all contractual requirements.

9.3 Procurement Documentation

- 9.3.1 Procurement documents shall be developed in accordance with the applicable Construction Industry Development Board Act (CIDB) Standard for Uniformity (SFU).

10. PROCUREMENT PLAN AND REGISTER

10. General procurement planning and register principles

10.1 Procurement Plan

- 10.1.1 The DBSA shall have a consolidated Procurement Plan for all budgeted goods or services required in excess of R500,000.00 including VAT before the commencement of each financial year.
- 10.1.2 The Procurement Plan shall be approved by the Head: SCM or any other designated official.
- 10.1.3 The Procurement Plan shall be submitted to the National Treasury and monitored and reported to National Treasury by the SCM Unit, as required by the National Treasury Instruction Notes.

10.2 Procurement Register

- 10.2.1 A current register of procurement of services and/or products representing 10% or more of the annual procurement spend of DBSA is maintained and available on the DBSA website at <https://www.dbsa.org/procurement> when DBSA publishes its annual financial statements.
- 10.2.2 The register will disclose at least the following:
 - (a) Parties to the agreement;

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- (b) Brief description as to the nature of the agreement;
- (c) Date of the agreement and duration; and
- (d) Total value of the agreement for the duration period.

10.2.3 A negative statement will be made if there are no such procurement partners at that level.

11. DEVIATIONS AND VARIATIONS

11. Deviations and Variations

11.1 Deviations

11.1.1 Request for process deviations resulting from the exceptional circumstances mentioned in sub-section 5.4 must be fully motivated and recommended by the relevant GE.

11.1.2 The SCM Unit will facilitate this process in line with this policy, DBSA DoA and National Treasury Instruction Notes.

11.2 Contract variations with any price/cost impact

11.2.1 All requests for contract variations will be facilitated by SCM Unit for consideration and approval by the relevant governance structure in line with the DBSA DoA Matrix.

11.2.2 This process will be done in compliance with the DBSA DoA and the National Treasury Instruction Notes.

11.3 The SCM Unit must keep a register of all reported deviations and variations and the register will be presented to SCMC on a regular basis.

12. IRREGULAR EXPENDITURE

12. Irregular expenditure will be treated in accordance to the DBSA Irregular, Fruitless and Wasteful Expenditure Policy.

13. USAGE AND ROTATION OF SUPPLIERS

13. The DBSA is committed to promoting competition, participation by new and emerging suppliers. To support this commitment the DBSA will adopted specific principles for rotation of suppliers registered on all panels. These principles will be comprehensively outlined in the DBSA SCM Procedure Manual.

14. COST CONTAINMENT MEASURES

14. DBSA must, as a minimum, institute cost containment measures issued by National Treasury to:

- a) Minimise the use of consultants in Government and the expenditure thereof;
- b) Reduce travel and subsistence expenditure;
- c) Reduce expenditure related to catering and events; and
- d) Reduce other non-core operational expenditure.

15. POLICY NON-COMPLIANCE

15. Non-Compliance principles that apply to this policy:

15.1 In support of the Whistle Blowing Policy, any transgression may be reported to the DBSA Fraud Hotline number. All reports will be fully investigated as per the process defined in the DBSA Whistle Blowing Policy.

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- 15.2 Any non-compliance with this policy and any other related policies will lead to action being taken against the respective person/s in line with the DBSA Code of Ethics of the Bank.
- 15.3 The Supply Chain Management Procedures Manual shall provide detailed procedures for all non-conformance and non-compliance of relevant legislation, regulations and this policy including, but not limited to, investigations, warnings, suspensions and dismissal.
- 15.4 Where there are instances of financial misconduct, the following should take place:
 - a) Investigation of the alleged financial misconduct.
 - b) Disciplinary Action or Criminal Proceedings as applicable; and
 - c) Reporting on the financial misconduct.

16. POLICY ENFORCEMENT

16. Policy Enforcement

- 16.1 The CEO shall be accorded the power to enact and enforce decisions in accordance with the provisions as detailed in this policy. The CEO may request the CFO to assist him/her in this regard.
- 16.2 The CFO is accountable for overseeing the implementation of the policy and ensuring that the policy is enforced. Any deviation from the policy must be supported by the CFO and approved by the CEO.

17. REVIEW AND AMENDMENTS TO THE POLICY

17. Policy review and amendment

- 17.1 The policy document will be reviewed every 2 years (or earlier as necessitated) by the SCM Unit.
- 17.2 This Policy may be subject to amendments from time to time in order to align with changes in business strategy, legislation, policy, industry trends, recognised best practice, as well as any other considerations which are necessary to maintain the efficiency and integrity of DBSA's procurement and supply chain operations.
- 17.3 When amending this policy, the need for uniformity in SCM practices and processes between organs of state in all spheres of government must be taken into account in order to promote access to SCM information by emerging enterprises.
- 17.4 No amendment shall be made to, or any deviation undertaken from, the SCM Policy and/or the SCM Procedure Manual without the approval of the CFO and CEO.
- 17.5 Any amendments to or deviations from the SCM Policy, including the reasons for the deviations, will be announced on the JSE's Stock Exchange News Service

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18. RELATED DBSA POLICY DOCUMENTS

- BSC Terms of Reference;
- BEC Terms of Reference;
- Board of Director’s Policy on Conflict of Interest;
- Code of Ethics Policy;
- DBSA Transformation Strategy
- Delegation of Authority Matrix;
- Employees Policy on Conflict of Interest;
- Gift and Hospitality Policy;
- Irregular, Fruitless and Wasteful Expenditure Policy and Procedure;
- Management of Politically Exposed Persons Policy;
- Promotion of Access to Information Manual;
- Supply Chain Management Committee (SCMC) Terms of Reference; and
- Supply Chain Management Procedure Manual.

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