



SUPPLY CHAIN MANAGEMENT POLICY

Changes highlighted in bold underline.

GAUTENG GAMBLING BOARD			
Document Title:			Supply Chain Management Policy
Revision Date:	March 2020	Effective Date:	April 2020
Approved by:	The Board	Compiled by:	CFO
Subject: Supply Chain Management			

PREAMBLE

WHEREAS Section 217 of the Constitution of the Republic of South Africa, 1996 prescribes that when an organ of state in the National, Provincial or Local Spheres of government, or any other institution identified in national legislation, contracts for goods and services, it should do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective;

WHEREAS Section 51 (1) (iii) of the Public Finance Management Act, prescribes that a Public Entity must ensure that it has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;

WHEREAS Treasury Regulation 16 A 3.1 provides published in terms of section 76 of the Public Finance Management Act, 1999, under GNR 225 of 15 March 2005, as amended, requires the Accounting officer or Accounting Authority of an institution to which the Regulations apply, to develop and implement an effective and efficient supply chain management system in his or her institution for –

- (a) the acquisition of goods and services; and
- (b) the disposal and letting of state assets, including the disposal of goods no longer required.

WHEREAS the Preferential Procurement Policy Framework Act No. 5 of 2000 and the Regulations promulgated thereunder provide for a framework for the implementation of the procurement policy contemplated in section 217 (2) of the Constitution; and for matters connected therewith.

Now **THEREFORE**, the Gauteng Gambling Board adopts the Supply Chain Management Policy as set out in this document.

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1. DOCUMENT APPROVAL PROCESS

The signatories hereof, confirm the acceptance of their contents and recommend the adoption thereof

Version Version 1.0 - Final

Date March 2020

Summary This document is the Operating Expenditure Policy applicable to the Gauteng Gambling Board.

Signature Date:


CHIEF EXECUTIVE OFFICER

Signature Date:

AUDIT AND RISK COMMITTEE CHAIRPERSON

Signature Date:

BOARD CHAIRPERSON

Next revision date Annually

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1.1. Amendment history

No	Amendment reference	Effective date	Chapter	Paragraph	Short description

1.2. Distribution of the policy

- 1.2.1 Chief Executive Officer.
- 1.2.2 Chief Operating Officer
- 1.2.3 Members of the Bid Committees.
- 1.2.4 All changes must be distributed to all the role players.

2. TERMINOLOGY

2.1. Abbreviations

AA	Accounting Authority
BAC	Bid Adjudication Committee
B-BBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
BEC	Bid Evaluation Committee
BPC	Board Procurement Committee
CEO	Chief Executive Officer of GGB
CFO	Chief Financial Officer
DTI	Department of Trade and Industry
EME	Exempted Micro Enterprise
CIDB	Construction Industry Development Board
GCC	General Conditions of Contract
GGB	Means the Gauteng Gambling Board as established by the Gauteng Gambling Act no 4 of 1995, as amended

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IRBA	Independent Regulatory Board of Auditors
MTEF	Medium Term Expenditure Framework
PFMA	Public Finance Management Act (Act 1 of 1999, as amended)
PPP	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act (Act 5 of 2000)
QCBS	Quality and Cost Based Selection
QSE	Qualifying Small Enterprise
RFI	Request for Information
SAPS	South African Police Services
SARS	South African Revenue Services
SCM	Supply Chain Management
SITA	State Information Technology Agency
SLA	Service Level Agreement
TCO	Total Cost of Ownership
TOR	Terms of Reference

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2.2. Definitions

ACCOUNTABILITY	The personal responsibility of a person to his/her senior or higher authority for any act or omission in the execution of his/her assigned duties (Accountability cannot be delegated)
ACCOUNTING AUTHORITY	Means the authority which is accountable in terms of section 49 of the PFMA in particular, read with section 49(2) (a) of the PFMA.
ACQUISITION MANAGEMENT	<p>Acquisition management is the process of procurement of goods and services and includes inter alia the following:</p> <p>Identification of preferential policy objectives; Determination of market strategy; Application of depreciation rates; Application of total cost of ownership principle; Compilation of bid documentation, including conditions; Determination of evaluation criteria; Evaluation of bids and tabling of recommendations; Compilation and signing of contract documents; Contract administration</p>
ALL APPLICABLE TAXES	Includes value added tax, pay as you earn, income tax, unemployment, insurance fund contributions and skills development levies
ASSET	<p>This is a resource controlled by an entity as a result of past events and from which future economic benefits or service potential is expected to flow to the entity. It has the following characteristics:</p> <p>It possesses service potential or future economic benefit that is expected to flow to the entity. It is controlled by the entity. It originates as a result of a past transaction or event.</p>
AUTHORITY	Means the right or power attached to a rank or appointment permitting the holder thereof to make decisions, to take command or to demand action by others.
B-BBEE	Means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Amendment Act, 2013

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B-BBEE STATUS LEVEL OF CONTRIBUTOR	The B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act.
BLACK PEOPLE	<p>Is a generic term which means Africans, coloureds and Indians</p> <ul style="list-style-type: none"> (a) Who are citizens of the Republic of South Africa by birth or descent or (b) Who became citizens of the Republic of South Africa by naturalisation – <ul style="list-style-type: none"> i. Before 27 April 1994 ii. On or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date
BROAD-BASED BLACK ECONOMIC EMPOWERMENT	<p>Means the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to—</p> <ul style="list-style-type: none"> (a) increasing the number of black people that manage, own and control enterprises and productive assets; (b) facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises; (c) human resource and skills development; (d) achieving equitable representation in all occupational categories and levels in the workforce; (e) preferential procurement from enterprises that are owned or managed by black people; and (f) Investment in enterprises that are owned or managed by black people.
CHIEF EXECUTIVE OFFICER	Refers to the person appointed to this position in accordance with the Gauteng Gambling Act
CHIEF FINANCIAL OFFICER	The CFO has the general responsibility to assist the Accounting Authority in discharging the duties prescribed in Part 2 of Chapter 6 of the PFMA and who is the head of Finance for the Gauteng Gambling Board.
COLLUSIVE BIDDING/TENDERING	Collusive bidding/tendering (or bid rigging) occurs when business, that would otherwise be expected to compete, secretly conspire to raise prices or lower the quality of goods and/ or services for purchasers who

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	wish to acquire goods and /or services through a bidding process. Bid rigging is, therefore, an agreement between competitors not to compete.
COMPARATIVE PRICE	Means the price after the factors of non-firm price and all unconditional discounts that can be utilised have been taken into consideration.
CONCERTED PRACTICE	Means co-operative or co-ordinated conduct between firms, achieved through direct or indirect contact, that replaces their independent action, but which does not amount to an agreement.
CONSORTIUM OR JOINT VENTURE	An association of persons for the purpose of combining their expertise, property, capital, efforts, skills and knowledge in an activity for the execution of a contract.
CONSTITUTION	Means the Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996);
CONSTRUCTION INDUSTRY DEVELOPMENT BOARD (CIBD) ACT	Mean the Construction Industry Development Board Act, 38 of 2000 and includes the regulations pertaining thereto
CONSUMABLE ITEM	Refers to items that are consumable or expendable and which are not depreciated.
DAMAGE	Injury to an item impairing its usefulness.
DEMAND MANAGEMENT	Demand management is the planning process that ensures that the resources required to support the strategic objectives are delivered at the correct time, at the right price, location, quantity and quality that will satisfy the needs.
DEPRECIATION	Depreciation refers to the reduction in the value of assets generally from wear and tear. The consumption of capital is recognised as a cost of production.
DESIGNATED SECTOR	A sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content.
DISPOSAL MANAGEMENT	Disposal management is responsible to ensure that all unserviceable, redundant or obsolete assets are subjected to a formal process of doing away with movable assets in a cost-effective, but transparent

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	and responsible manner. It also entails the maintenance of records and documents as prescribed.
END-USER	The end-user is the person who utilises the items/services procured.
EQUIPMENT	Refers to non-consumable items that is issued for use or is in use and which are accounted for on an asset record or on personal accounts.
EXEMPTED MICRO ENTERPRISE	Any enterprise with an annual total revenue of R10 million or less qualifies as an Exempted Micro Enterprise.
EXPENDABLE	Those items which lose its service value in use and cannot be repaired
FIRM PRICE	Means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrable has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract.
FUNCTIONALITY	Means the measurement according to predetermined norms, as set out in the tender documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a tenderer.
IMPORTED CONTENT	Means that portion of the tender price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its subcontractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs, such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African port of entry.
INTEGRATED SCM	The foundation of the integrated SCM concept is total cost analysis, which is defined, as minimising the total cost of SCM elements.
INVENTORIES	Including stock and stores (consumable stores, maintenance materials, spare parts, work in progress, education/training course materials, and client services). Properties/land held for sale. Strategic

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	stocks (fuel supplies, precious stones and metals). Seized or forfeited property.
INVENTORY MANAGEMENT (ACCOUNTABILITY OF MOVABLE ASSETS)	Ensures it shall be possible to determine accountability for all non-consumable items at all times. Records shall therefore be available to describe the full extent of the responsibility of officials for equipment belonging to the institution on personal account or on asset record for individual or general usage. Asset records and an asset register shall therefore be maintained for all non-consumable items.
IRREGULAR EXPENDITURE	Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including <input type="checkbox"/> The PFMA. <input type="checkbox"/> The State Tender Board Act, 1968 (Act No 86 of 1968), or any regulations made in terms of the Act
ITEM	An individual article or unit.
LOCAL CONTENT	Means that portion of the bid price which is not included in the imported content, provided that local manufacture does take place.
LOGISTICS MANAGEMENT	Logistics management ensures that goods and services are available at the right place, time and quantities required to execute the functions of The Gauteng Gambling Board.
THE BOARD	Board means the Board of GGB as appointment by the Gauteng Provincial Government MEC or Economic Development.
MOVABLE ASSETS	Movable assets are assets that can be moved (e.g. machinery, equipment, vehicles, etc). All inventories and valuables and most fixed assets belong to this category.
NET PRESENT VALUE	The sum that results when the discounted value of the expected costs of an investment are deducted from the discounted value of the expected returns. If the NPV is positive the project in question is potentially worth undertaking.
NON-COMPLIANT CONTRIBUTOR	Means a person who does not meet the minimum score to qualify as a status level of B-BBEE Contributor, or a person who is not verified in terms of the required Sector Charter.
NON-CONSUMABLE ITEM	Refers to those items, which are not consumable or expendable.

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NON-FIRM PRICES	Means all prices other than "firm" prices.
OBSOLETE	Stores no longer produced or used, out of date, to become obsolete by replacing it with something new.
PFMA	PFMA means the Public Finance Management Act, 1999 (Act No 1 of 1999) as amended. Treasury Regulations to the extent as indicated in Regulations 6.1.2, 16, 16A, 24 to 28 and 30 to 33 issued in terms of the PFMA must be applied with the Act.
PRACTITIONER	A person who practices a profession or art.
PROPOSER	Means any person, whether natural or juristic, that submits an unsolicited proposal to The Gauteng Gambling Board
PROVIDER	A provider is the private person or institution that provides supplies, services or works to the Gauteng Gambling Board.
PUBLIC PRIVATE PARTNERSHIP	<p>A Public Private Partnership (PPP) means a commercial transaction between an institution and a private party in terms of which the private party:</p> <p>Performs an institutional function on behalf of the institution; and/or</p> <p>Acquires the use of state property for its own commercial purposes; and</p> <p>Assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and</p> <p>Receives a benefit for performing the institutional function or from utilising the state property, either by way of:</p> <p>Consideration to be paid by the institution which derives from a revenue fund or, where the institution is a national government business enterprise or a provincial government business enterprise, from the revenues of such institution; or</p> <p>Charges or fees to be collected by the private party from users or customers of a service provided to them; or</p> <p>A combination of such consideration and such charges or fees.</p>
RAND VALUE	Is the local estimated value of a contract in South

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	African currency, calculated at the time of tender invitations, and includes all applicable taxes and excise duties
REDUNDANT	No longer needed or useful, superfluous (unnecessary).
RELEVANT AUTHORITY	<p>Relevant authority means:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The person or institution whose approval would have been required prior to entering into that transaction or incurring such expenditure or <input type="checkbox"/> the institution responsible for the relevant legislation. <p>(Context: Irregular expenditure)</p>
RESPONSIBILITY	The obligation imposed on an individual to properly exercise the authority vested in him/her. This involves the power to command and to demand action in the proper execution of the relevant duties. (Responsibility may be delegated).
RISK APPETITE	The level of residual risk that the company is prepared or willing to accept without further mitigation action being put in place, or the amount of risk the company is willing to accept in pursuit of value. A company's risk appetite will vary from risk to risk. Risk appetite is different from risk bearing capacity.
RISK MANAGEMENT	<p>Risk management means:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Assessing, identifying, evaluating and monitoring or eliminating of actual and potential risks that a specific entity may be faced with in achieving its objectives. <input type="checkbox"/> The process of accepting, reducing, mitigating or eliminating risks by implementing new or improved, appropriate internal controls that contributes to achieving objectives. <input type="checkbox"/> Eliminating any management controls that no longer serve a risk control function and only stifle efficiency. <input type="checkbox"/> Identifying opportunities that may otherwise be overlooked and considering exploitation of opportunities previously considered too risky.
SERVICEABLE	The condition of an item making it suitable for use
SET-ASIDES	When certain categories of potential bidders are excluded from bidding for government contracts.
SMALL MEDIUM AND MICRO ENTERPRISE	SMME is as defined in the National Small Enterprise

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(SMME)	Act, 102 of 1996, as amended.
SOURCING	Sourcing is the process to be followed in order to identify a suitable provider of goods, services and works.
STORES/STOCK	All movable property/assets that are kept in stock for issue purposes.
STRATEGIC GOALS	Strategic goals are areas of institutional performance that are critical to the achievement of the mission. They are statements that describe the strategic direction of the Gauteng Gambling Board. It is useful to think of strategic goals as outcomes to be achieved by the Gauteng Gambling Board.
STRATEGIC OBJECTIVES	Strategic objectives are more concrete and specific than strategic goals. It should give a clear indication of what The Gauteng Gambling Board intends doing in order to achieve the strategic goals it has set for itself, as such strategic objectives would normally describe high-level outputs or "results" of actions that the institution intends taking.
SUB-CONTRACT	The primary contractor's assigning, leasing, making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of the contract.
SUPPLY CHAIN MANAGEMENT	<p>SCM is an integral part of financial management. This function is the collaborative strategy that integrates the planning, procurement and provisioning processes in order to eliminate non-value adding cost infrastructure, time and activities, seeks to introduce international best practices, whilst at the same time addressing Government's preferential procurement policy objectives and whilst serving the end-users and customers efficiently.</p> <p>Six phases are distinguished in the SCM processes, namely:</p> <ul style="list-style-type: none"> Demand management. Acquisition management. Logistics management. Disposal management. Risk management. Performance management.

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TENDER	A written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods, through price quotations, advertised competitive tendering processes or proposals
TOTAL COST OF OWNERSHIP	The sum of direct spend, related spend, process spend and opportunity cost associated within a specific commodity and service.
TRUST	The arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person
TRUSTEE	Any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person
UNSERVICEABLE	The condition of an item that is no longer suitable for use and which cannot be economically repaired.
UNSOLICITED PROPOSAL/CONCEPT	Any proposal/concept received by the Gauteng Gambling Board outside the normal procurement process that is not an unsolicited bid (a submission that must be innovative, unique and provided by a sole supplier).
VALUE FOR MONEY	Best value for money means the best available outcome when all relevant costs and benefits over the procurement cycle are considered.

3. INTRODUCTION

3.1. Overview

- 3.1.1 The Gauteng Gambling Board is a Public Entity listed in terms of Schedule 3(C) of the PFMA and must therefore comply with all legislative prescripts for application of Supply Chain Management in the public sector as well as Government's objectives for promoting uniformity in SCM practices are achieved.
- 3.1.2 This Policy is the official Supply Chain Management process of the GGB.
- 3.1.3 This Policy represents the standards and procedures that must be adhered to by all officials of the GGB. The SCM cycle encompasses activities associated with the flow and transformation of identified goods and services, ensuring that the GGB end-user's needs are fulfilled. It integrates planning, sourcing, delivering

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and synchronizes business processes by linking demand for goods and services to both the GGB's strategic plan and its budget.

3.2. Scope and Application

- 3.2.1 This policy is issued under the authority of the Accounting Authority of the GGB and is applicable to all bids, quotations and contracts.
- 3.2.2 This policy shall apply to all cycles of the Supply Chain Management, including planning, sourcing of goods and services for capital and operational expenditure, contract management, logistics, letting or leasing of the GGB/state property and equipment, the acquisition or granting of any right for and on behalf of the GGB and disposal of goods.

4. LEGISLATIVE ENVIRONMENT

4.1. Commitment

- 4.1.1 The Gauteng Gambling Board is committed to apply the prescribed legislative environment and to ensure that it satisfies the constitutional requirements of transparency and accountability relating to SCM framework.
- 4.1.2 This policy document shall give effect to the legislation and the overall objectives stated.
- 4.1.3 The Board will be the custodian responsible for this Policy which shall be reviewed at least annually, or when the need arises.

4.2. The guiding legislation, regulations and directives

- 4.2.1 The following pieces of legislation, regulations and directives guide the SCM environment:
 - 4.2.1.1 The Constitution of South Africa.
 - 4.2.1.2 The Public Finance Management Act, 1 of 1999 as amended and the Treasury Regulations issued in terms thereof.
 - 4.2.1.3 Policy to Guide Uniformity in Procurement Reform Processes in Government.
 - 4.2.1.4 The various applicable National and Provincial Treasury Practice and Instruction Notes, Circulars and letters obtainable from National and Provincial Treasury at www.treasury.gov.za.

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- 4.2.1.5 The Preferential Procurement Policy Framework Act, 5 of 2000 and the Regulations promulgated thereunder.
- 4.2.1.6 The Broad-Based Black Economic Empowerment Act, 53 of 2003, and the Regulations promulgated thereunder.
- 4.2.1.7 The Strategy and the Codes of Good Practice obtainable at www.dti.gov.za
- 4.2.1.8 The King IV Report on Corporate Governance for South Africa.
- 4.2.1.9 The Prevention and Combating of Corrupt Activities Act, 12 of 2004.
- 4.2.1.10 The National Small Enterprise Act, 102 of 1996.
- 4.2.1.11 The State Information Technology Agency Act, 88 of 1998.
- 4.2.1.12 Other relevant pieces of legislation that impacts on the supply chain environment are:
- Promotion of Administrative Justice Act, Act No 3 of 2000.
 - Promotion of Access to Information Act, Act No 2 of 2000.
 - Protected Disclosures Act, Act No 26 of 2000.
 - The Competition Act, Act No 89 of 1998.
 - Gauteng Gambling Act, No 4 of 1995
- 4.2.2 Note: In all cases where reference is made throughout the document to specific legislation, regulations, letters or circulars, practice notes or others, it includes subsequent or replacement correspondence on the same subject.
- 4.2.3 The GGB may from time to time amend the Policies and Procedures set out herein, where such amendment is required by Legislation, and/or relevant Policy, and/or Best Practice and/or is considered to be in the Commission's best interests.

5. OVERALL OBJECTIVE

5.1. Overall objective

- 5.1.1 To ensure the efficient, effective and uniform planning for and procurement of all services and goods, required for the proper functioning of the Gauteng Gambling Board as well as the sale and letting of assets that conforms to constitutional and legislative principles whilst developing, supporting and promoting black

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economic empowerment, and local production and content for the applicable designated sectors.

- 5.1.2 To promote and maintain good Corporate Governance through an efficient and effective Supply Chain Management function;
- 5.1.3 To ensure the efficient, effective and uniform management and disposal of goods and assets;
- 5.1.4 To prevent Unauthorized, Irregular, Fruitless and Wasteful Expenditure;
- 5.1.5 To obtain the optimum supply of goods and services from the market in terms of Quality, Timeliness, Cost while minimizing risk;
- 5.1.6 To ensure that the Gauteng Gambling Board's strategic objectives are achieved.
- 5.1.7 All procurement shall be concluded through the procurement system, as applicable from time to time. No procurement outside of this Policy shall be permitted, unless prior written approval has been given by the Accounting Authority, whatever is applicable, provided that the latter is consistent with the Framework for Supply Chain Management.

6. SUPPLY CHAIN STRATEGIC OBJECTIVES

6.1. General

- 6.1.1 The Gauteng Gambling Board shall promote and support the chosen supply chain strategic objectives.

6.2. Strategic objectives

Strategic objective	Measures
To promote and maintain good corporate governance.	<ul style="list-style-type: none"> <input type="checkbox"/> Promoting consistency in respect of SCM policy and other related government policy initiatives. <input type="checkbox"/> Compliance with the applicable legislative and regulatory requirements and best practice in SCM in the public sector. <input type="checkbox"/> Integrated SCM system. <input type="checkbox"/> Simplified uniform SCM policy and procedures, including policy and procedures for the appointment of consultants. <input type="checkbox"/> Appropriate delegations and segregation of duties.

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Strategic objective	Measures
To promote a common understanding and interpretation of government's preferential procurement objectives and promoting BEE procurement spend.	<input type="checkbox"/> Audit trail of procurement process. <input type="checkbox"/> Recorded spend.
To use SCM as an enabler to achieve strategic objectives in the business plan and the sector skills plan.	<input type="checkbox"/> Promotion of BEE joint ventures and subcontracting where feasible. <input type="checkbox"/> Applying the requisite PPPFA prescripts. <input type="checkbox"/> Broaden the supplier base of vendors providing goods and services to the GGB and promote sustainable local economic development through BEE.
To ensure value for money when procuring.	<input type="checkbox"/> Adequate budgeting. <input type="checkbox"/> Responsive SCM processes. <input type="checkbox"/> Review and evaluate the procurement practices within the Commission to ensure that the procurement system meet these objectives
	<input type="checkbox"/> Optimal processes. <input type="checkbox"/> Clear and unambiguous requirement setting (specification/terms of reference). <input type="checkbox"/> Effective contract and supplier management. <input type="checkbox"/> To exercise fiscal discipline within the GGB by ensuring that goods and services procured meet the user requirements and are delivered on time and within budgetary constraints. <input type="checkbox"/> To reduce operational costs and ensure optimum usage of human and material resources associated with procurement. <input type="checkbox"/> To promote value added procurement services provision within the organization.

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7. AUTHORITY TO EXECUTE

7.1. Delegation of authority

- 7.1.1 All SCM activities shall be executed in accordance with pre-established levels of authority through the Board's approved Delegation of Authority Framework which establishes levels of authority and conditions to ensure control and division of responsibility.¹
- 7.1.2 Delegations shall be in writing to a specific individual or the holder of a post and shall be in line with the Accounting Authority's delegated powers.
- 7.1.3 The Accounting Authority may delegate such additional powers and duties so as to enable the Chief Financial Officer to:
 - 7.1.3.1 Discharge the legislative SCM responsibilities conferred;
 - 7.1.3.2 Maximize administrative and operational efficiency in the implementation of the SCM policy;
 - 7.1.3.3 Enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of the SCM Policy;

7.2. Oversight Role

- 7.2.1 The Board, as the Accounting Authority will exercise all oversight roles on and over the administration of Supply Chain Management Function.

7.3. Responsibilities of officials

- 7.3.1 Each official shall carry out their activities within their area of responsibility and must take appropriate steps to prevent any unauthorised, irregular, fruitless and wasteful expenditure in their area of responsibility.

7.4. Participation of advisors

- 7.4.1 The services of specialist advisors that may assist in the execution of the SCM Unit must be obtained through a competitive process.
- 7.4.2 No advisor may form part of the final decision-making process regarding the award of a bid.

7.5. Communication

¹ National Treasury letter dated 27 October 2004.

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- 7.5.1 All correspondence with regard to this policy shall be addressed to the Chief Financial Officer.

7.6. Access to the Supply Chain Management Policy

- 7.6.1 A copy of this Policy and other relevant documentation shall be made available on the GGB's website or any such medium which the GGB deems appropriate.

8. ESTABLISHMENT

8.1. The SCM System

- 8.1.1 The Accounting Authority shall develop and implement an effective and efficient SCM system for:

- 8.1.1.1 Implementation of the approved Supply Chain management System;
 - 8.1.1.2 Regular Reporting on the performance of the Supply Chain Management system;
 - 8.1.1.3 Enforcement of the regulatory framework for Supply Chain Management within the GGB;
 - 8.1.1.4 Capacity building and training of employees involved in Supply Chain Management;
 - 8.1.1.5 The acquisition of goods and services.
 - 8.1.1.6 The disposal and letting of state assets and goods no longer required.
- 8.1.2 The system shall be fair, equitable, transparent, competitive and cost-effective.
- 8.1.3 The system shall be consistent with the PPPFA and the B-BBEE Act.
- 8.1.4 The system shall provide for at least the following:
- 8.1.4.1 Demand management.
 - 8.1.4.2 Acquisition management.
 - 8.1.4.3 Logistics management.
 - 8.1.4.4 Disposal management.
 - 8.1.4.5 Risk management.
 - 8.1.4.6 Regular assessment of supply chain performance.

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- 8.1.5 The SCM system must, in the case of procurement through a bidding process, provide for:
- 8.1.5.1 Bidding procedures.
 - 8.1.5.2 The establishment, composition and functioning of a bid specification, bid evaluation and bid adjudication committees.
 - 8.1.5.3 Selection of bid committee members.
 - 8.1.5.4 Adjudication of bids through a bid adjudication committee.
 - 8.1.5.5 Approval of bid evaluation and/or bid adjudication committee recommendations.
 - 8.1.5.6 On-going maintenance of the Supply Chain Management System to improve the effectiveness and efficiency of the system

8.2. The SCM Unit

- 8.2.1 The Accounting Authority must establish a separate SCM Unit within the office of the CFO to implement its SCM system, whose primary responsibilities will include the matters as set out in paragraph 8.1 above.

9. ROLES AND RESPONSIBILITIES

9.1. SCM focus

- 9.1.1 The roles and responsibilities of all the structures hereunder are defined only from the perspective of SCM.

9.2. The Gauteng Gambling Board's Board

- 9.2.1 The Board as the Accounting Authority shall ensure that the provisions of section 51 of the PFMA are complied with as they apply to supply chain management.
- 9.2.2 The Board shall ensure that The Gauteng Gambling Board has and maintains:
- 9.2.2.1 An appropriate SCM system, which is fair, equitable, transparent, competitive and cost-effective.
 - 9.2.2.2 Effective, efficient and transparent systems of financial and risk management and internal control.
 - 9.2.2.3 A system of internal audit under the control and direction of an audit committee complying with and operating in accordance with prescribed regulations and instructions.
- 9.2.3 The Board is:

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- 9.2.3.1 To act with fidelity, honesty, integrity and in the best interest of The Gauteng Gambling Board in managing its financial affairs, including the avoidance of conflict of interest and safeguard against favouritism, improper practices and opportunities for fraud, theft and corruption.
- 9.2.3.2 To prevent any prejudice to the financial interests of The Gauteng Gambling Board or the State.
- 9.2.3.3 To purchase or otherwise acquire, take on lease or hire, exchange, improve, sell mortgage, pledge, dispose of or otherwise deal in property of any description whatsoever.
- 9.2.3.4 To take effective and appropriate steps to prevent irregular expenditure, fruitless and wasteful expenditure, and losses, resulting from criminal conduct and expenditure not complying with the operational policies of The Gauteng Gambling Board.
- 9.2.3.5 To ensure that expenditure of The Gauteng Gambling Board is procured in accordance with the approved budget.
- 9.2.3.6 To delegate in writing any of the powers, functions or duties entrusted, delegated, conferred or imposed on it by the Constitution and the PFMA, to any appointed members of the Accounting Authority or any employee of The Gauteng Gambling Board via the Accounting Authority.
- 9.2.3.7 To approve the allocation of funds to strategic goals of The Gauteng Gambling Board.
- 9.2.3.8 To approve certain bids not delegated to any other official or structure and bids subject to certain conditions. (See the Accounting Authority's delegated powers).
- 9.2.3.9 The Accounting Authority may procure the services of advisors to assist in the execution of the SCM Unit.
- 9.2.4 The Board or the delegate may direct that the higher threshold procurement process be applied to the lower procurement process threshold under determined circumstances.

9.3. Management Committee

- 9.3.1 The role of the Management Committee from the perspective of procurement is to provide guidance on the establishment of policies and the operational budgets.

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9.4. CEO

- 9.4.1 The CEO, as it pertains to SCM:
 - 9.4.1.1 Is charged with duties and responsibilities in terms of the Treasury Regulations.
 - 9.4.1.2 Is responsible for recommendations/ awards on bids in accordance with specified threshold values contained in the Delegation of Authority Document.
 - 9.4.1.3 Is responsible for signing off on invoices, in his absence the COO is delegated to sign off the invoices.
 - 9.4.1.4 Is responsible for sound budgeting and budgetary control measures as part of the CFO function.
 - 9.4.1.5 Is responsible for operation of internal controls and must ensure training of the Supply Chain Practitioners.

9.5. CFO

- 9.5.1 The CFO has an essential function in assisting the CEO to carry out his or her financial management responsibilities, in areas ranging from budget preparation, SCM to financial reporting.
- 9.5.2 The CFO will oversee the effective implementation and functioning of the Supply Chain Management system and the Supply Chain Management Unit.
- 9.5.3 The CFO should be the chairperson of the Bid Adjudication Committee.
- 9.5.4 The CFO must ensure compliance to SCM prescripts.
- 9.5.5 The CFO must report SCM activities and outcomes as and when required.

9.6. COO

- 9.6.1 The signing of invoices for payment in the absence of the CFO.

9.7. OTHER OFFICIALS

- 9.7.1 In terms of section 57 of the PFMA, all GGB officials must ensure that:
 - 9.7.1.1 The system of financial management and internal control is executed within each official's area of responsibility;
 - 9.7.1.2 The effective, efficient and economical use of financial and other resources is performed in a responsible manner;

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- 9.7.1.3 Steps are taken to prevent irregular, fruitless and wasteful expenditure within the official's area of responsibility;
- 9.7.1.4 There is compliance with the provision of the PFMA and delegations and instructions issued under section 57; and
- 9.7.1.5 Assets and liabilities under the official's area of responsibility are safeguarded and managed

10. BID COMMITTEE SYSTEM

- 10.1. Treasury Regulation 16A (6)(2) prescribes that a supply chain management system must, in the case of procurement through a bidding process, provide for:-

 - 10.1.1 The adjudication of bids through an adjudication committee;
 - 10.1.2 The establishment, composition and functioning of bid specification, evaluation and adjudication committees;
 - 10.1.3 The selection of adjudication committee members;
 - 10.1.4 Bidding procedures; and
 - 10.1.5 The approval of bid evaluation and/or adjudication recommendations.

10.2. Bid Specification Committee

10.2.1 Functions of Bid Specification Committees

- 10.2.1.1 Compiling of quotations/bid specifications in an unbiased manner to allow all potential bidders to offer their goods and services.
- 10.2.1.2 To identify and develop the relevant evaluation criteria to align with the specification as quotes/bids may only be evaluated according to the criteria stipulated in the bid documentation.
- 10.2.1.3 The user department senior manager must confirm and sign off the specification together with the CEO and forward the final signed specification to the SCM Unit to ensure SCM compliance and facilitate advertisement of bids.

10.2.2 Establishment of Bid Specification Committees

- 10.2.2.1 The Accounting Authority or delegate shall establish one or more Bid Specification Committees on an ad hoc basis, as necessary.
- 10.2.2.2 The Accounting Authority may utilise the services of any other institution's Bid Committee structure if and when required.

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10.2.2.3 The member(s) of the Committee must be informed in writing of their appointment to the Committee and it should be stipulated for which requirement the Committee is constituted.

10.2.3 **Composition of Bid Specification Committees**

10.2.3.1 The Bid Specification Committee may be composed of:

- Departmental managers;
- Section Heads requiring the goods or services
- Technical advisor/expert, depending on the complexity of the requirement.

10.2.3.2 The SCM Practitioner must always be involved to ensure that the specification is compliant to the relevant legislation.

10.2.3.3 An external consultant may be appointed if deemed necessary, provided that the task is executed under the direction of the core function manager concerned.

10.3. **Bid Evaluation Committee**

10.3.1 **Functions of Bid Evaluation Committees**

10.3.1.1 The Bid Evaluation Committee will evaluate all bids received within the applicable quotation threshold value.

10.3.1.2 Bid Evaluation Committees should familiarise themselves with and adhere to the prescribed legislation, directives and procedures in respect of SCM.

10.3.1.3 Evaluate offers received within the quotation threshold where the requirement is technically complex and/or there are risks involved that warrant this process.

10.3.1.4 Evaluation must be done in accordance with the criteria specified in the bid documentation.

10.3.1.5 The Bid Evaluation Committee will submit a report and recommendations regarding the award to the Bid Adjudication Committee for consideration and/or approval.

10.3.1.6 Members of the Bid Evaluation Committee may present their reports to the Bid Adjudication Committee to clarify uncertainties. Such members shall not have any voting power on the Bid Adjudication Committee.

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10.3.2 Establishment of Bid Evaluation Committees

- 10.3.2.1 The Accounting Authority or delegate must establish one or more Bid Evaluation Committees, as necessary per requirement.
- 10.3.2.2 The Accounting Authority may utilise the services of any other institution's Bid Evaluation Committee if and when required.
- 10.3.2.3 Bid Evaluation Committees shall be appointed before the closing date for bids that must be evaluated by the Committee. The Committee will disband after the award of the bid.
- 10.3.2.4 Should a member declare a conflict of interest at any stage, the member may not be part of the Bid Evaluation Committee and must be replaced by a member of suitable expertise.
- 10.3.2.5 An official may not be a member of the Bid Evaluation Committee and the Adjudication Committee/Award Structure for the same bid.
- 10.3.2.6 No person other than a member of the Bid Evaluation Committee or the official rendering the Secretariat function is allowed to attend the meeting.

10.3.3 Composition of Bid Evaluation Committees

- 10.3.3.1 A Bid Evaluation Committee should consist of at least three members in respect of all procurement and should be cross-functional and consist of suitably skilled officials from the following:
 - Departmental managers;
 - Section Heads requiring the goods or services
 - Technical advisor/expert, depending on the complexity of the requirement.
- 10.3.3.2 The members of the BEC will only be appointed for the specific requirement under consideration. After approval of the recommendations by the BAC, the BEC will disband.
- 10.3.3.3 A supply chain practitioner must also be in attendance to provide oversight and perform the secretariat function.
- 10.3.3.4 If considered necessary, appoint additional persons with suitable expertise from other departments/institutions with voting rights.
- 10.3.3.5 If considered necessary, appoint additional experts in an advisory capacity only, but with no voting rights.

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10.3.3.6 The Accounting Authority or delegate must appoint one of the members of the Bid Evaluation Committee as the chairperson of the Committee. The chairperson must be an official with the rank of at least a manager.

10.4. Award Structures

10.4.1 Award Functions

10.4.1.1 The relevant Bid Adjudication Committee considers the report and recommendations made by the Bid Evaluation Committee or the delegated official(s) who performed the evaluation and makes:

- A final award; or
- A recommendation to the CEO and/or the Board to make a final award; or

10.4.1.2 The relevant award structure assesses the process followed in making the recommendation to ensure that the SCM policy has been complied with in full.

10.4.1.3 The relevant award structure/Bid Adjudication Committee must ensure that:

- All necessary quotation/bid documents have been submitted.
- Disqualifications are justified and that valid and accountable reasons/motivations were furnished for passing over of quotes/bids.
- Scoring, as applicable, has been fair, consistent and correctly calculated and applied.
- Respondents/ bidders declarations of interest have been taken cognisance of.
- All bidders confirmed that they were not involved in any form of collusive bidding (or bid rigging)

10.4.1.4 The Bid Adjudication Committee must consider and rule on all reports/recommendations regarding the amendment, variation, extension, cancellation or transfer of contracts awarded.

10.4.1.5 The Bid Adjudication Committee may also, if and when required to do so, consider for approval the recommendations of the Bid Specification Committee in order to ensure that:

- A proper and unbiased specification is compiled for the specific requirement.
- A proper TOR is drawn up for the service required clearly indicating the scope, the functionality, the evaluation criteria as well as their weights

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and values.

- Strategic sourcing principles were applied and that the market was properly researched and analysed.
- The necessary funds are available.
- If and when applicable, in addition to the GCC, appropriate special requirements and conditions of contract are specified.
- The preference point system prescribed, is consistent with the requirements of the PPPFA Regulations 2017.

- 10.4.1.6 The relevant award structure must obtain clarity from members of the Bid Evaluation Committee if required.
- 10.4.1.7 The delegated official or the BAC shall approve the recommendation submitted and award the contract if delegated to do so.
- 10.4.1.8 The award structures shall inform the Board of the awards as delegated.
- 10.4.1.9 Where the relevant, delegated award structure, finds that the recommendation is not correct or not in The Gauteng Gambling Board's best interest after consultation with the BEC, the reasons for not supporting the recommendation are submitted to the Accounting Authority for finalisation of the adjudication and award.
- 10.4.1.10 According to the prescripts of the PPPFA and its Regulations, a contract may only be awarded to a bidder who scored the highest number of points, unless objective criteria justify the award to another bidder. Should this be the case, the Accounting Authority should be able to defend the decision not to award the bid to the bidder who scored the highest points in any court of law.
- 10.4.1.11 The Bid Adjudication Committee and the Accounting Authority has the power to amend or cancel concluded agreements if delivered goods and services do not conform to specifications.
- 10.4.1.12 Any decision regarding the adjudication of a contract is final.
- 10.4.1.13 If the award structures other than the Accounting Authority are not delegated to award a specific bid, they shall comment on the recommendations made and forward it together with the report to the relevant delegate who shall finally award the contract.
- 10.4.1.14 All award structures shall refer the recommendation back to the BEC when they do not agree with the recommendation to endeavour to sort out the differences if they are process related.

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10.4.1.15 Should the award structures other than the Accounting Authority not agree with the recommendations made by the Bid Evaluation Committee, only the Accounting Authority may make the final award.

10.4.1.16 The award of bids shall be published in the Government Bulletin and other media by means of which the bids were advertised, as prescribed in terms of Treasury Regulation 16A6.3 (d).

10.4.2 Establishment of Award Structures

10.4.2.1 The Accounting Authority shall establish the necessary award structures to perform the award/adjudication of quotations and bids (see the Accounting Authority's delegated powers).

10.4.2.2 The following award structures must be provided for:

- A delegated official for awards up to the quotation threshold
- At least one standing Bid Adjudication Committee for awards above the quotation threshold and as delegated by the Accounting Authority.
- The Accounting Authority for awards not formally delegated to any other award structure.

10.4.2.3 The award structure for a specific quotation/bid cannot be an official who:

- Performed the evaluation or made a recommendation in respect of that quotation/bid.
- Served on the Bid Evaluation Committee, which processed that quotation/bid.

10.4.2.4 No advisor may form part of the final decision-making process regarding the award of bids.

10.4.2.5 The Accounting Authority may utilise the services of any other institution's Bid Adjudication Committee if and when required.

10.4.2.6 Each member shall have a secundus (substitute) where feasible. This substitute must attend the meeting in the absence of a member and will have the same voting rights and powers as the appointed member.

10.4.2.7 A quorum for the meeting shall be at least sixty percent (60%).

10.4.3 Composition of Award Structures

10.4.3.1 The BAC should be appointed in writing by the Accounting Authority.

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10.4.3.2 The chair person should be the CFO

10.4.3.3 Secretariat:

- An official from the SCM Unit must be made available to act as secretary.

10.4.4 **Duties and powers of the various committee members**

10.4.4.1 The Chairperson:

- Has a casting vote as well as a deliberate vote.
- Retains all his/her rights as a member.
- May adjourn a meeting.
- May rule on points of order which will be final.
- May withdraw any proposal or other matters under discussion before it is put to the vote.
- Convene extraordinary committee meetings on request.

10.4.4.2 The Chairperson shall:

- Preside over and maintain order during a meeting and ensure that business is conducted in an orderly manner.
- Before opening a meeting, ensure that it is properly constituted.
- Protect the rights of every member.
- Vacate his/her seat to the Vice-Chairperson (elected from members), should he/she wish to partake in a discussion in a partial manner or in case of a conflict of interest.
- Regulate participation in discussions.
- Deal with items in sequence of the agenda.
- Ensure that members know exactly what they are required to vote on.
- Ensure that only one member holds the floor at any one time.
- Provide guidance by directing the meeting, but shall not dominate.
- Conduct meetings in a formal manner.

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- Formulate clearly the decisions to be minuted and sign and approve the minutes after they have been verified for correctness.

10.4.4.3 The COO is the Vice-Chairperson of BAC:

- Has the same powers and duties as members and in addition, where necessary, shall-
 - In the absence of the chairperson, preside as chairperson.
 - Take the seat of and act as chairperson, should the chairperson wish to partake in partial discussions or in case of a conflict of interest.
- Where both the chairperson and the vice-chairperson are absent from a meeting, the members may elect one of their members to preside at such meeting.

10.4.4.4 The Secretary shall:

- In conjunction with the chairperson compile an agenda and determine dates of meetings. The agenda of the meeting serves as the program and unless the Committee decides otherwise, the items and sequence may not be changed during the meeting.
- Give notice of proposed meetings to committee members.
- Process and distribute all submissions/reports together with the agenda to committee members at least three working days before the actual meeting takes place.
- Minute all decisions taken at meetings.
- Adhere strictly to the stipulations of the National Archives of South Africa Act, Act No 43 of 1996 and accompanying directives.
- Ensure that the proceedings at meetings are recorded mechanically.
- Give written feedback of all decisions taken by the committee.
- Be responsible for all the administrative tasks of the committee.
- Record decisions taken on specific awards for noting to the Board.

10.4.4.5 The Members shall:

- Be fully conversant with the powers and limitations of the Committee as well as all legislation, directives and the Accounting Authority's delegations pertaining to SCM and shall act in accordance with the legislation, directives

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and delegations.

- Apply their minds to matters at hand in order to take meaningful and accountable decisions and in the event of doubt or uncertainty, to propose that matters be referred back for clarification.
- In advance, but no later than at the time of the receipt of the declaration of interest form, furnish a written apology should he/she not be able to attend a meeting.
- Strive to be punctual for meetings and to stay for the duration of a meeting.
- Prepare properly for each meeting by studying the agenda, submissions, reports and recommendations.
- Be familiar with meeting procedures in order to make a contribution in the correct manner.
- Refrain from repetition and duplication of contributions by other members.
- Sign a declaration of confidentiality and impartiality.
- At all times observe ethical and professional conduct
- Must declare all gifts received and invitations accepted to social events received from prospective suppliers or contractors

10.4.4.6 Members have the right to:

- Have advance knowledge of the agenda.
- Submit proposals and participate in proceedings.
- Vote and have a dissenting voice and have the reasons therefore recorded.

10.4.4.7 Co-opted members/advisors:

- Have the same powers and duties as members, excluding the right to vote on any matter under discussion.
- Members of the Bid Evaluation Committee may present their reports/recommendations to the BAC and clarify any issues but shall not have any voting powers.

10.4.4.8 Observers:

- On request, the chairperson may allow officials to attend a meeting as observers. Observers have no participation in the proceedings, except to

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advise the representative (member) or the committee if permitted by the chairperson. Observers should be cautioned to maintain the confidentiality of the discussions and should sign the declaration of confidentiality and impartiality as an observer.

- 10.4.4.9 A member of any Bid Committee, technical advisor or user representative who contravenes or fails to comply with the aforementioned must summarily be dismissed from his/her role and appropriate steps taken against the person.

10.4.5 Resolution of disagreements on award of contracts

- 10.4.5.1 Where the relevant award structure disagrees with the recommendation of the relevant Bid Evaluation Committee on the adjudication of a contract, the request with the recommendation of the Bid Evaluation Committee, the commentary and reasons of the award structure is to be submitted to the Accounting Authority for a final decision.

- 10.4.5.2 The Accounting Authority may obtain advice as deemed necessary, including advice from outside The Gauteng Gambling Board.

10.5. Disposal Committee

10.5.1 Composition of A Disposal Committee

- 10.5.1.1 A Disposal Committee should consist of at least three officials.

- 10.5.1.2 The CEO must appoint one of the members of the Disposal Committee as the chairperson of the committee, normally this would be the Head of Supply Chain Management.

- 10.5.1.3 One of the members of the Disposal Committee must be proficient in logistics management/ asset management,

- 10.5.1.4 In addition to the abovementioned members of the Disposal Committee, the chairperson may at any time during the process of evaluation of specialised stores/equipment, co-opt additional members who possess specialised knowledge in the relevant field in writing.

- 10.5.1.5 An official who is in direct control of stores/equipment, which is to be evaluated may not serve as a member of the Disposal Committee, but can assist the Disposal Committee in the evaluation process.

10.5.2 Functions of a Disposal Committee

- 10.5.2.1 To inspect all items that appears on the disposal certificate.

- 10.5.2.2 To make recommendations on the following issues:

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- Whether items should be disposed of.
- The appropriate disposal method.
- Ensure the disposal is accounted for in the financial records.
- Maintain a disposal register.

10.6. Manager/s

- 10.6.1 The section head/ manager are the official of the department responsible for the management of each section's core function within the limits of the approved budget.
- 10.6.2 The section head/ manager are responsible for facilitating the process of procuring goods and services according to the prescribed processes.
- 10.6.3 The section head/ manager must also:
- 10.6.3.1 Assist in identifying potential sources of expertise.
- 10.6.3.2 Note any exceptions to the procurement process for approval.
- 10.6.3.3 Maintain adequate documentation and systems in support of the above.
- 10.6.3.4 Manage the project to completion.
- 10.6.3.5 Complete the end of project evaluation.
- 10.6.4 The section heads / managers report directly to the CEO/ CFO / COO as per the approved organisational structure.

11. PROCUREMENT PRINCIPLES

11.1. Procurement principles

- 11.1.1 The Gauteng Gambling Board shall adhere to the procurement principles as noted hereunder.
- | | |
|------------------------|--|
| Transparency | The procurement process shall be open and predictable and shall afford each prospective bidder timely access to the same and accurate information. |
| Equal treatment | All bidders and providers shall be treated equally throughout the whole procurement process and shall be given access to the same information. |

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Effectiveness	The Gauteng Gambling Board shall strive for SCM system effectiveness and shall carry out its procurement processes as cost-effectively as possible while meeting the commercial, regulatory and socio-economic goals of government in a balanced manner appropriate to the procurement requirement.
Efficiency	The Gauteng Gambling Board shall strive to standardise and simplify procedures where appropriate to enhance SCM system effectiveness and shall carry out its SCM processes as cost-effectively and efficiently as possible. The Gauteng Gambling Board shall strive to build relationships with providers, shall ensure good working practices and shall encourage innovative solutions for providers.
Competitiveness	The Gauteng Gambling Board shall satisfy its requirements through competition unless there are justifiable reasons to the contrary.
Fairness	All bidders and contractors shall be dealt with fairly and without unfair discrimination. Unnecessary constraints shall not be imposed on bidders/contractors and commercial confidentiality shall be protected.
Ethics	All providers shall be treated equally whilst promoting certain empowerment objectives, all stakeholders shall conduct business and themselves professionally, fairly, reasonably and with integrity, all interests shall be disclosed and all breaches shall be reported.
Proportionality	The product/service requirements stipulated in the specification/terms of reference and the qualification requirements attached thereto must be appropriate, necessary and in reasonable proportion to the product/service being procured.
Uniform application	The Gauteng Gambling Board shall ensure the application of a SCM policy and a streamlined SCM process and documentation that is uniformly applied by The Gauteng Gambling Board, all things being equal. The procurement process shall be simple and adaptable to advances in modern technology to ensure efficiency and effectiveness.
Responsibility	Each practitioner shall be responsible for their decisions and actions relative to their SCM responsibilities, the SCM process as well as in the implementation of

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concluded contracts. The Gauteng Gambling Board shall have a system, when warranted by circumstances, to investigate and hold liable both employees and relevant private parties dealing with The Gauteng Gambling Board, for their decisions and actions relative to their procurement responsibilities, the procurement process as well as in the implementation of concluded contracts.

- | | |
|---|---|
| Openness | The Gauteng Gambling Board shall ensure a procurement process and a subsequent contract award and implementation according to the predetermined specification in line with the best practice procurement principles. |
| Value for money | <p>The Gauteng Gambling Board shall achieve value for money through the optimum combination of whole life cost and quality (or fitness for purpose) to meet the customer's requirements while maximising efficiency, effectiveness and flexibility.</p> <p>The Gauteng Gambling Board shall apply the following TCO philosophy to the procurement of goods and services in achieving value for money.</p> <p><input type="checkbox"/> TCO = Price + Administration (maintenance and process) + Quality/Usage + Supplier Value-add.</p> |
| Commitment to safety, health and the environment | <p>The Gauteng Gambling Board is committed to the health and safety of its personnel and its providers in the application of its SCM process.</p> <p>The Gauteng Gambling Board is committed to the preservation of the environment, minimising pollution and the improved use of natural resources in the application of its SCM processes and more specifically in the design of the specifications/terms of reference for each requirement.</p> <p>The Gauteng Gambling Board shall apply preventative measures in situations of scientific uncertainty where a course of action could harm the environment.</p> |

12. ETHICS IN SUPPLY CHAIN MANAGEMENT

12.1. General

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- 12.1.1 The Gauteng Gambling Board commits itself to a policy of fair dealing and integrity in the conducting of its SCM activities.
- 12.1.2 All officials rendering SCM Units and role players in the SCM system are required to promote:
 - 12.1.2.1 Mutual trust and respect.
 - 12.1.2.2 An environment where business can be conducted in a fair and reasonable manner and with integrity.
- 12.1.3 All officials rendering SCM Units should ensure that they perform their duties efficiently, and effectively, in accordance with the relevant legislation and regulations.
- 12.1.4 The Gauteng Gambling Board will abide by the Gauteng Gambling Board Code of Conduct², the Code of Conducts for bid adjudication committees³, Bid Evaluation Committees and Bid Specification Committees. These Codes shall direct all SCM practitioners and role players in their conduct within and with the Gauteng Gambling Board. Non-compliance shall be subject to the appropriate action.

12.2. The highest ethical standards

- 12.2.1 An official rendering the SCM Unit, 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 Accounting Authority in writing.
- 12.2.2 The Accounting Authority shall take all reasonable steps to prevent abuse of the SCM system in terms of Treasury Regulation 16A9.2 (a). The Accounting Authority has the power to disregard the bid of any bidder if that bidder, or any of its directors have:
 - 12.2.2.1 Abused the Gauteng Gambling Board's SCM system.
 - 12.2.2.2 Committed fraud or any other improper conduct in relation to such system.
 - 12.2.2.3 Failed to perform on any previous contract.
- 12.2.3 All allegations against a practitioner or any other role player, of corruption, improper conduct or compliance failure with the SCM system shall be investigated by the Accounting Authority or the delegate who will, when justified:
 - 12.2.3.1 Take steps against such official or other role player and inform the Provincial Treasury of such steps.

² National Treasury Practice Note Number SCM4 of 2003

³ National Treasury letter dated 24 March 2006

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12.2.3.2 Report any conduct that may constitute an offence to the SAPS.

12.3. Declaration of Bidder's Past SCM Practices

12.3.1 The standard bidding document pertaining to the declaration of bidder's past SCM practices must accompany all bids invited and Bidders are required to complete and sign the declaration. (SBD 8).⁴

12.4. Declaration of Interest

12.4.1 If a SCM practitioner or other role player, or close family member, partner or associate of such practitioner or other role player, has any private or business interest in each procurement process (RFQ, RFB, RFI) and contract to be awarded, that practitioner or other role player MUST:

12.4.1.1 Disclose that interest.

12.4.1.2 Withdraw from participating in any manner whatsoever in the process relating to the contract.

12.4.2 An official rendering SCM Units must recognise and disclose any conflict of interest that may arise.

12.4.3 All delegated officials of award structures and members as well as the secretary should be required to declare their financial interest annually.

12.5. Collusive practices (bid rigging)

12.5.1 Section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, prohibits any agreement between, or concerted practice by firms, or a decision by an association of firms, if it is between parties in a horizontal relationship and if it involves collusive bidding/ tendering (or bid rigging).⁵

12.5.2 In order to deter any form of collusive bidding (bid rigging), bidders must confirm that they have not entered into any such practices by completing a certificate to that effect.

12.5.3 The standard document pertaining to the certification of the independent bid determination must accompany all price quotations, advertised competitive bids, limited bids and proposals.

12.5.4 The Gauteng Gambling Board is required to utilise the information contained in the Certificate of Independent Bid Determination to ensure that when bids are considered all reasonable steps are taken to prevent any form of bid rigging.

12.6. Equal treatment

⁴ National Treasury Practice Note 7 of 2009/2010

⁵ National Treasury Practise Note dated 10 July 2010

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- 12.6.1 All SCM practitioners and other role players must treat all suppliers and potential suppliers equitably.

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12.7. Accountability

- 12.7.1 A SCM practitioner and other role players must be scrupulous in their use of public/organisational property and funds.

12.8. Openness

- 12.8.1 Officials should give reasons for their decisions and actions.

12.9. Confidentiality

- 12.9.1 Any information that is the property of The Gauteng Gambling Board or its suppliers/service providers shall be protected at all times.
- 12.9.2 No information regarding any bid/contract/bidder/contractor may be revealed as such an action will infringe on the relevant bidder's/ contractors personal rights.

12.10. Independence

- 12.10.1 All SCM practitioners and role players may not use their position for private gain or to improperly benefit another person.

12.11. Gifts and hospitality

- 12.11.1 All SCM practitioners and role players, including the members of the Bid Evaluation and Bid Adjudication Committees, must ensure that officials do not compromise the credibility or integrity of the SCM system and may therefore not accept any gifts or hospitality.
- 12.11.2 The Gauteng Gambling Board shall maintain a gift and hospitality register at Legal where all the gifts and hospitality accepted must be noted.
- 12.11.3 Any gifts/invitations accepted must be reported to the Accounting Authority by the CEO within 5 working days after receiving the gift.

12.12. Irregular expenditure

- 12.12.1 In terms of Section 51(1)(b)(ii) of the PFMA, accounting officers and accounting authorities are required to take effective and appropriate steps to, amongst others, prevent irregular expenditure.
- 12.12.2 Section 57(c) of the PFMA provides that an official in a public entity must take effective and appropriate steps to, amongst others, prevent irregular expenditure, within that official's areas of responsibility.
- 12.12.3 In terms of Section 51 (1) (f) and 54 (1) of the PFMA, and National Treasury Instruction No. 1 of 2018/2019 which gives effect to the Irregular Expenditure

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Framework , all cases of irregular expenditure involving the procurement of goods and services must immediately be reported to the Provincial Treasury.

- 12.12.4 The CFO is responsible to maintain an irregular expenditure register as stipulated in the SCM Procedure Manual.
- 12.12.5 The Gauteng Gambling Board must take appropriate disciplinary steps in cases of irregular expenditure.
- 12.12.6 The Gauteng Gambling Board may forward submissions to the Provincial Treasury or the relevant authority to request condonation for non-compliance with the PFMA or other legislation respectively where good reasons exist and where steps can be highlighted to avoid reoccurrence of this type of irregular expenditure.
- 12.12.7 In instances where irregular expenditure is not considered relevant for condonation or where Provincial Treasury or the relevant authority does not condone the irregular expenditure, immediate steps must be taken to recover the irregular expenditure from the responsible employee, if he/she is liable in law.
- 12.12.8 All irregular expenditure incurred must be forwarded to the finance division to disclose as a note to the annual financial statements.

12.13. Fraud and corruption

- 12.13.1 The Prevention and Combating of Corrupt Activities Act, Act No 12 of 2004 shall be adhered to.
- 12.13.2 The Gauteng Gambling Board is to ensure that all officials, clients and other stakeholders (including providers) are made aware of the implications of The Prevention and Combating of Corrupt Activities Act by way of its bidding processes.
- 12.13.3 The fraud prevention plan of the Gauteng Gambling Board shall be followed when fraud and corruption is detected.
- 12.13.4 A SCM practitioner or other role player must assist the Accounting Authority in combating corruption and fraud in the SCM system.
- 12.13.5 The Accounting Authority or the delegate must reject a proposal for adjudication if he/she determines that the provider recommended for adjudication, has engaged in corrupt or fraudulent activities in competing for the contract in question.

12.14. Combative practices

- 12.14.1 The use of combative practices shall not be allowed.

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12.15. Internal abuse of the Preferential Procurement System

- 12.15.1 The Accounting Authority shall ensure that the preferential procurement system is not abused for any purpose, neither for the benefit of The Gauteng Gambling Board nor for the benefit of any potential provider/contractor or individual.
- 12.15.2 All conduct, dealings and actions are to be bona fide.
- 12.15.3 Any employee suspected of acting contrary to this policy, will be dealt with in terms of the disciplinary code of The Gauteng Gambling Board.

12.16. External abuse of the Preferential Procurement System, inclusive of fronting

- 12.16.1 The Gauteng Gambling Board shall vigorously pursue all legal remedies available in the event that the preferential procurement points system is abused, particularly through, for example, but not limited to the following ways:
 - 12.16.1.1 That a provider or contractor is suspected of contravening Regulation 13 of the PPPFA.
 - 12.16.1.2 Has promised, offered or given a bribe during the bidding process and/or after conclusion of the contract.
 - 12.16.1.3 Has acted in a fraudulent manner or in bad faith or in any other improper manner during the bidding process or after conclusion of the contract.
 - 12.16.1.4 That an agreement was entered into with the contractor on the strength of information furnished by him/her, and it became apparent after conclusion of such agreement that the information provided was incorrect.
- 12.16.2 The Gauteng Gambling Board will endeavour, where possible, to identify fronting before a contract is awarded.
- 12.16.3 To protect both parties to an agreement, potential providers, contractors and government officials must be made aware of the implications of any contraventions.
- 12.16.4 Potential providers shall be informed via the special conditions of contract and the applicable paragraphs in the GCC of implications of contraventions.
- 12.16.5 Where The Gauteng Gambling Board becomes aware of a possible fronting case, the process in accordance with the Constitution, the rules of Administrative Law and the Promotion of Administrative Justice Act, shall be followed as a starting point.
- 12.16.6 Where, after award of a contract it becomes evident that the award made to the organisation based on incorrect information constituting fronting, the appropriate

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action is to be taken in accordance with all legal remedies available.

12.17. Conduct of members of bid committees

- 12.17.1 The integrity of supply chain practitioners must never be compromised and the highest level of professional competence must be maintained. Courteous conduct is expected of all delegated officials and members.
- 12.17.2 All SCM and non-SCM practitioners and all bid committee members must acquaint themselves and be familiar with and adhere to all relevant SCM legislation, policy and procedures, guides, practice notes and circulars.
- 12.17.3 Conduct of all members of bid committees and non-members must be in accordance with the relevant legislative environment, the National Treasury's Code of Conduct for SCM practitioners, the Code of Conduct for Bid Adjudication, Bid Evaluation and Bid Specification Committees and instructions issued from time to time by National Treasury in this regard.
- 12.17.4 Members must accept that:
 - 12.17.4.1 A member's conduct at the meeting must not infringe on the rights of others.
 - 12.17.4.2 The chairperson must be respected.
 - 12.17.4.3 The chairperson has the right to interrupt and ask a member to stop speaking if the address is repetitive or irrelevant to the matter under discussion.
 - 12.17.4.4 A member must stop speaking if ruled out of order by the chairperson.
 - 12.17.4.5 Decisions are taken by general consensus or by a show of hands when a matter is decided upon by voting, with the exception of the Bid Specification and Evaluation Committees where only consensus decisions are made.
 - 12.17.4.6 Once a decision has been taken it is final and not open for discussion unless additional information which was not available at the time of decision making can be produced.
 - 12.17.4.7 Information and documentation are confidential.
 - 12.17.4.8 A member (including the chairperson or vice-chairperson) shall beforehand declare his/her interest regarding any matter serving before the Committee and the member will then recuse herself/himself during the discussion of that matter. No discussion by the member concerned will be allowed prior to the serving of that submission/report and such a member may not retain that specific submission/report. Any personal interest that may infringe, or might reasonably be deemed to infringe on a member's impartiality in any matter relevant to their duties must be recorded.

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12.17.4.9 In the case of the Bid Adjudication Committee, outvoted members must abide by the majority decision of the Committee.

12.17.4.10 No communication should be made with a bidder/contractor by any member prior to or after any meeting.

12.17.5 A member of any Bid Committee, technical advisor or user representative who contravenes or fails to comply with the aforementioned, must summarily be dismissed from his/her role and appropriate steps taken against the person.

13. RISK MANAGEMENT

13.1. Responsibility for risk management

13.1.1 The Accounting Authority or delegate shall ensure that The Gauteng Gambling Board has and maintains an effective system of risk management for the identification, consideration and avoidance of potential risks in the SCM system.

13.1.2 Aspects of risk management shall be allocated to the CFO, the SCM practitioners, the internal audit function and the Audit and Risk Committee, each of which shall ultimately be accountable to the Accounting Authority for the discharge of their responsibilities.

13.2. Application of risk management in SCM

13.2.1 The Accounting Authority or delegate shall determine the Gauteng Gambling Board's risk appetite.

13.2.2 Risks shall be identified upfront on a case-by-case basis.

13.2.3 Risks shall be allocated to the party best able to manage such risk.

13.2.4 The Gauteng Gambling Board must bear the cost of risks where the cost of transferring the risk is greater than that of retaining such risk and it must transfer the risk where this is not the case.

13.2.5 The bid and contract documentation must clearly state to whom the risk has been allocated and who should take responsibility for managing it.

13.2.6 **Guarantees**

13.2.6.1 Performance guarantees (also known as sureties/security) should be commensurate with the degree of contractual risk to which The Gauteng Gambling Board is exposed.

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14. PREFERENTIAL PROCUREMENT

14.1. Preference Point System

- 14.1.1 The application of preferential procurement and broad based black economic empowerment must be consistent with:
- 14.1.1.1 The Preferential Procurement Policy Framework Act and its Regulations.
 - 14.1.1.2 The Treasury Regulations.
 - 14.1.1.3 The Broad-Based Black Economic Empowerment Act and the Codes of Good Practice.
- 14.1.2 The Gauteng Gambling Board shall stipulate the applicable preference point system (80/20 or 90/10) in bid documents to be applied in adjudication.
- 14.1.3 No system has to be applied in respect of acquisitioning with a Rand value of less than R30 000 per case.
- 14.1.4 80/20 Preference points system will be utilized for acquisition of goods and services for a rand value equal to or above R30 000 up to R50 million (all applicable taxes), where 80 points is allocated for price and 20 points allocated for BBBEE.
- 14.1.5 90/10 point system above R50 million, where 90 points is allocated for price and 10 points allocated for BBBEE.
- 14.1.6 The relevant preference point formula as per the PPPFA and its Regulations must be used to calculate the points for price in respect of acquisitioning with a Rand value equal to, or above R30 000.
- 14.1.7 Where the lowest acceptable tender is below R50 million, the 80/20 preference points must be used.
- 14.1.8 If the lowest acceptable tender is above R50 million, the 90/10 preference point system must be used.

14.2. Prohibition of set-asides

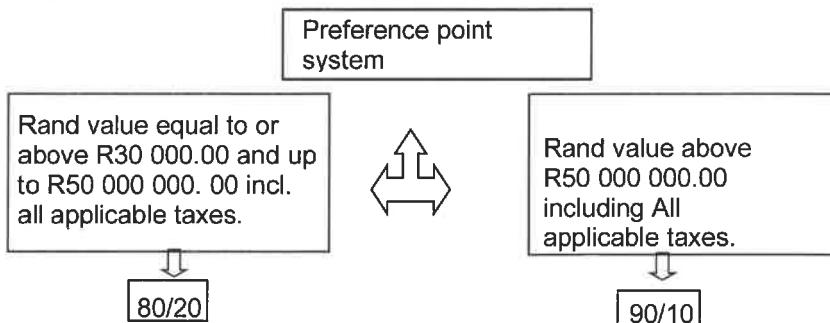
- 14.2.1 Set-asides are prohibited.
- 14.2.2 Exclusion of certain categories of potential providers from quoting/bidding is prohibited.

14.3. Application of the preferences

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14.3.1 Preference calculations or decisions, made during evaluations, shall be clear and documented.

14.3.2 The preference point system must be applied as follows:



14.3.3 If all bids received exceed the estimated Rand value linked to the preference point system applied, the bid invitation must be cancelled and re-invited stating the correct preference point system.

15. DEMAND MANAGEMENT

15.1. System of Demand Management

15.1.1 A system of demand management shall be informed via the translation of the annual performance plans of The Gauteng Gambling Board into current and future needs, to cost and budget for it.

15.1.2 The demand management system must ensure that the resources required to support the strategic and operational commitments of The Gauteng Gambling Board are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfies the needs of The Gauteng Gambling Board.

15.1.3 Correct implementation must ensure that controls exist for management to detect variances early and rectify them in a planned and orderly manner and to foster a culture of compliance.

15.2. Establishment of a cross-functional team

15.2.1 Demand management or planning shall be a cross-functional exercise and ensures that value for money is achieved.

15.2.2 Demand management should be co-ordinated and the cross-functional team should be appointed by The Gauteng Gambling Board SCM officials in consultation with end-users.

15.3. Participation in the strategic planning process

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- 15.3.1 As part of the strategic planning exercise, the various functions to be executed must be identified and the different resources required to execute the identified functions must be determined. These resources must be budgeted for.
- 15.3.2 The outcome of this activity should be a detailed planning document that outlines what goods, works or services should be procured, the manner in which they should be procured as well as the timelines to execute the procurement functions.
- 15.3.3 As part of the strategic planning process, a consultancy reduction plan must be developed by 31 March each year for implementation in the next financial year.⁶

15.4. Annual performance planning process

- 15.4.1 The SCM Unit shall participate in the annual performance planning process.
- 15.4.2 Each user department shall perform an annual needs analysis of strategic objectives and programmes involving the cross-functional team, to determine strategic sourcing that will ultimately provide best value for money.
- 15.4.3 **Planning exceptions**

- 15.4.3.1 If for any reason the section heads/ managers wishes to undertake unplanned procurement not provided for in the approved budgets, such procurement must be approved as delegated by the Board.

15.5. Analysis of the goods, works or services required

- 15.5.1 The demand management plan requires a detailed analysis of commodities that are required by the various departments in the Gauteng Gambling Board to ensure that the required goods and services are delivered/ rendered on time.
- 15.5.2 The Heads of SCM and Management Accounting in conjunction with the section heads/ departmental managers should conduct a spend analysis of past expenditure/ procurement.
- 15.5.2.1 Compile a detailed list of the goods, works or services required to execute the functions of The Gauteng Gambling Board.
- 15.5.2.2 Price quotations must be invited from prospective bidders listed on the Central Supplier database.
- 15.5.2.3 Invitation to bid must state that prospective bidders must be registered on the CSD prior submitting Bids (open tenders).
- 15.5.2.4 SCM must ensure that suppliers awarded business are registered on CSD prior issuing of the award letter, purchase order, signed contracts.
- 15.5.2.5 The Heads of SCM must provide CSD support for prospective suppliers who are unable to self-register or require assistance with registration.

⁶ National Treasury Instruction 1 of 2013/2014 re cost containment measures

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15.6. Assessment of available assets

- 15.6.1 Demand planning requires section heads/ departmental managers to determine annually details of available assets, redundant and obsolete assets and assets to be renewed in line with The Gauteng Gambling Board's non-current basset policy. This information is required as input for the Demand Management Plan.

15.7. Analysis of supplying industry/market

- 15.7.1 When analysing the relevant market segment per commodity, section heads/ departmental managers should:
- 15.7.1.1 Determine the possible suppliers/service providers who can deliver the commodity.,.
 - 15.7.1.2 Determine the available specifications/terms of reference.
 - 15.7.1.3 Determine the location of goods, where relevant, as well as lead and delivery times.

15.8. Annual operational plan

- 15.8.1 The SCM Unit should participate in the annual operational planning process. The annual operational plan is derived from the strategic plan and indicates the actions to be executed to achieve the outcomes of the strategic plan on an annual basis.
- 15.8.2 The first year of the strategic plan is known as the operational plan. It must provide a sufficiently detailed quantification of outputs and resources, together with service delivery indicators. The operational plan must not be a wish list, but shall be flexible and adjustable while remaining within the MTEF allocation.
- 15.8.3 The SCM Unit will develop a strategy /operation plan that will be in line with the TMR Policy of the DED.

15.9. Planning to obtain the required goods, works or services

- 15.9.1 The SCM Unit should apply strategic sourcing (as part of market analysis of demand management) principles to determine the optimum manner in which to acquire the required goods, works or services. This entails, amongst others, the following:
 - 15.9.1.1 Conduct an industry and market analysis of the goods, works or services to be obtained.
 - 15.9.1.2 Confirm that sufficient funds have been allocated for the procurement of the required goods, works or services.

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- 15.9.1.3 Considering the optimum method to satisfy the need.
- 15.9.1.4 Establish the frequency of the requirements.
- 15.9.1.5 Establish whether it would be cost-effective to have the goods available as a store item within The Gauteng Gambling Board.
- 15.9.1.6 Establish the lead time required by the potential suppliers to deliver.

15.10. Procurement plan

- 15.10.1 The SCM Unit shall annually compile a procurement plan at the beginning of each financial year when the strategic plan and budget have been approved. The identified requirements in the procurement plan are drawn from operational plan.
- 15.10.2 A procurement plan in the prescribed format and approved by the CEO or the delegate, containing all planned procurement for the financial year in respect of the procurement of goods, works and/or services which exceed R500 000 (all applicable taxes included) must be submitted to the Provincial Treasury before the cut-off date each year.
- 15.10.3 The procurement plan must be updated as changes occur. The Provincial Treasury must be informed of changes to the procurement plan as they are effected.

15.11. Compilation of a Bid Register

- 15.11.1 The SCM Unit should compile a bid register for all bids in excess of R500 000 that will manage the procurement process for each requirement.

15.12. Ad hoc needs analysis

- 15.12.1 Over and above the planned needs analysis, an ad hoc needs analysis has to be done for unplanned activities during the financial year.
- 15.12.2 The cross-functional team will perform a needs analysis on a case-by-case basis as and when required in order to determine a sourcing strategy for the appropriate product or service that will ultimately provide best value for money.

15.13. Scoping through a request for information (RFI)

- 15.13.1 If sufficient information is not readily available with which to draft terms of reference/specifications, a request for information (RFI) process may be followed in order to obtain more market information.

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15.13.2 The information collected in this fashion may not be used to lead to sourcing from one supplier only nor may it be used to write the ultimate specification/terms of reference around just one specific product.

15.13.3 It must be clearly stated in the RFI that the result of this process will not lead to an award and does not constitute a commitment.

15.14. Determining specifications/terms of reference

15.14.1 The Bid Specification Committee shall draw up clear specifications and terms of reference.

15.14.2 Include clear evaluation criteria prior to the invitation of the quotation/bid as offers may only be evaluated according to the criteria stipulated in the quotation/bid document.

15.14.3 Standards and technical specifications and terms of reference should promote the broadest possible competition, while assuring those critical elements of performance or other requirements for the goods and services being procured are achieved.

15.14.4 Bidding and contract conditions must not be included in specifications, but in the remainder of the full bid document.

15.15. Planning for publication

15.15.1 The Gauteng Gambling Board shall ensure that proper planning takes place at the beginning of the year by establishing as far as possible the Government Tender Bulletin publishing dates for that year and the date of the first bulletin for the following year.

16. PROSPECTIVE PROVIDER LIST PER COMMODITY

16.1. Establishment of the list of prospective providers

16.1.1 The Gauteng Gambling Board shall establish and maintain a list of prospective providers, for all identified commodities and per type of service, for the purpose of obtaining petty cash transactions, when practical, and quotations.⁷

16.1.2 The prospective provider list shall be used effectively to promote broad-based black economic empowerment.

16.1.3 The declaration form (SBD 4) must be used in documentation relating to applications by service providers to be registered on the list of prospective providers for goods and services.

⁷ National Treasury Practice Note No 8 of 2007/2008

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- 16.1.4 The prospective provider list must be re-advertised once a year.⁸
- 16.1.5 Prospective providers will be assessed in terms of predetermined evaluation criteria.
- 16.1.6 The Gauteng Gambling Board must perform a tax compliance check, in accordance with the procedure manual, before a supplier is added to its list of prospective providers.⁹

16.2. Updating of the list

16.2.1 Frequency

- 16.2.1.1 The prospective provider list must be updated at least quarterly in order to accommodate additional providers, especially newly established black empowered businesses and for adding or amending categories of requirements.
- 16.2.1.2 Prospective providers must be allowed to submit applications for listing at any time.¹⁰

16.2.2 Adding of categories

- 16.2.2.1 Categories can only be added if there is a recurring need for an item/service and there is no valid term contract for the item/service.

16.3. Utilisation of database to invite quotations

- 16.3.1 For all procurement below R500 000.00 (VAT incl.), The Gauteng Gambling Board shall invite quotations from the list of prospective providers (in the relevant commodity, category and regions/areas).
- 16.3.2 The Board must decide whether functionality will be applicable as part of the evaluation criteria for procurement events which are above R300 000.00 and less than R500 000.00.
- 16.3.3 Quotations that have achieved the minimum qualification score for functionality must be evaluated further in terms of the preference point system. The 80/20 preference point system must be utilized for all procurement of R30 000 – R500 000, where 80 is points allocated for price and 20 points allocated for BBBEE.
- 16.3.4 **The invitation of price quotations from the provider list shall be done on a rotation basis to ensure ongoing competition.**

⁸ National Treasury Practice Note No 8 of 2007/2008

⁹ National Treasury Instruction No 3 of 2014/2015

¹⁰ National Treasury Practice Note No 8 of 2007/2008

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- 16.3.4.1 Price quotations will be sourced from suppliers registered on the Gauteng Gambling Board database provided they are registered on CSD.
- 16.3.4.2 Rotation will be based on suppliers that are registered on the Gauteng Gambling Board supplier database.
- 16.3.4.3 Supplier database will be updated continuously based on new vendors received from CSD and those who submit to the GGB.

16.4. Removal from the prospective provider list

- 16.4.1 Prospective providers may be removed from the list in the following circumstances:
 - 16.4.1.1 on request from the supplier;
 - 16.4.1.2 for non-compliance with relevant legislation due to fraud and corruption (on the National Treasury List for Tender Defaulters);
 - 16.4.1.3 poor performance and/or fronting (on National Treasury Register for Restricted Suppliers);
 - 16.4.1.4 not tax compliant on the SARS electronic Tax Compliance Status system (TCS);
 - 16.4.1.5 if the supplier ceased to exist.

17. ACQUISITION MANAGEMENT: SYSTEM AND PROCESS HIERARCHY

17.1. System of Acquisition Management

- 17.1.1 Procurement of goods and services must only be in accordance with authorised procurement processes, either through quotations or through a bidding process and must be within the threshold values as determined by National Treasury.
- 17.1.2 The Accounting Authority shall not increase the different threshold values as determined by National Treasury.
- 17.1.3 Expenditure on goods and services may only be incurred in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.

17.2. Hierarchy for satisfying requirements

- 17.2.1 When a requirement becomes known, the noted hierarchy for satisfying requirements shall apply starting first with the hierarchy of obtaining stock from internal resources and then only satisfying requirements from external sources.

17.3. Obtain requirements from pre-established sources

- 17.3.1 There are a number of pre-established sources to consider:
 - 17.3.1.1 Items in stock, if applicable.

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17.3.1.2 Items on pre-established The Gauteng Gambling Board contract.

17.3.1.3 List of redundant, obsolete materials and supplies, if established.

17.3.1.4 Sourcing from other government institutions.

17.3.1.5 Contracts arranged by other organs of state.

17.4. Directives for specific types of requirements

17.4.1 The specific rules guiding specific circumstances and products shall also be taken into account together with the hierarchies for satisfying requirements.

17.4.2 Cost containment restrictions for various commodities

17.4.3 The Gauteng Gambling Board may not procure the following services from its available budget or through supplier contributions or sponsorships without prior approval from National Treasury¹¹:

17.4.3.1 team building requirements; or

17.4.3.2 social functions, including year-end functions.

17.4.4 The Gauteng Gambling Board may not incur catering expenses for internal meetings attended only by persons in its employ unless approved by the AA¹².

17.4.5 E-Commerce

17.4.5.1 The Accounting Authority may not acquire new information technology support for the implementation of the new SCM Unit without consulting the National Treasury, since the latter is currently working on the development of a systems master plan for an integrated financial management system. This plan will include the systems requirements, including e-Commerce requirements, to more fully support the adoption of the proposed integrated SCM Unit.

17.4.6 Public Private Partnerships

17.4.6.1 The Gauteng Gambling Board shall ensure that Treasury Regulation 16 is complied with when goods or services are procured through public private partnerships or as part of a public private partnership.

17.4.6.2 The appointment of transaction advisors to assist with the preparation, concluding and/or implementation should be done in accordance with the prescripts of the PPP Practice Note number 4 of 2004¹³

¹¹ National Treasury Instruction 1 of 2013/2014 re Cost containment measures

¹² National Treasury Instruction 1 of 2013/2014 re Cost containment measures

¹³ National Treasury PPP Practice Note No. 4 of 2004.

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17.4.7 Building, engineering or construction works

17.4.7.1 Procurement for works must be in accordance with the prescripts of the CIDB..

17.4.8 Disposals and rentals

17.4.8.1 Bids in these categories are dealt with in the same manner as other bids with the exception that since revenue is applicable; the objective is to receive the highest bidding price. The preferential procurement point system does not apply.

17.4.9 ICT related goods and/or services

17.4.9.1 The Gauteng Gambling Board may at their own discretion acquire the mentioned mandatory or non-mandatory services from SITA as listed in the National Treasury Practice Note Number 5 if 2009/2010.

17.4.9.2 Transversal Term Contracts. There are two types of transversal term contracts that are available for ICT related procurement, namely:

- transversal framing term contracts where the ICT related goods and/or services may be procured by means of quotations from pre-identified potential suppliers whose products meet the standard certification, and
- transversal term contracts which provide for the supply of ICT related goods and/or services at contracted prices.

17.4.10 Term contracts

17.4.10.1 A term contract is a contract entered into for the supply of goods, the rendering of services or the disposal of movable assets over a specified period of time, but not less than one year. The procurement dealt with through a competitive bidding process.

17.4.10.2 Once a term contract for a particular commodity has been concluded the request from the users will be expedited by ordering directly from the contract.

17.5. Procure requirements from external sources

17.5.1 Monetary thresholds (Read in conjunction with paragraph 20.1.2)

17.5.1.1 The thresholds set (inclusive of VAT), are as follows:

Petty cash:	Up to R2,000 (quotations not required)
Three verbal quotations:(Written confirmation from selected supplier)	Up to R10,000
At least three written quotations:	Above R10,000-R500,000 (also applicable to Preferential Procurement Regulations above R30 000.00)

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Tenders(Competitive bidding):	Above R500,000
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- Bids above R500 000 which has a range of options attached to it such as:
- Advertised bids.
 - Limited bidding.
 - Other procurement arrangements and procedures such as term contracts.

17.5.2 Requirements not available from a local supplier (procurement from abroad)

- 17.5.2.1 Should a requirement not be available from a local supplier within South Africa, international sourcing may be considered.
- 17.5.2.2 Services provided by only tertiary institutions can be procured through a tendering process. Such tertiary institution will be required to submit their B-BBEE status in terms of the specialised scorecard.

18. ACQUISITION MANAGEMENT: RANGE OF PROCUREMENT PROCESSES AND THRESHOLDS

18.1. General

- 18.1.1 Promote the principles of being fair, equitable, transparent, competitive and cost-effective through all procurement processes.
- 18.1.2 Subdivision of requirements to circumvent the Accounting Authority's delegated powers will not be tolerated.

18.2. Petty cash transactions up to R2 000 (Incl. vat)

- 18.2.1 Within the petty cash monetary threshold, satisfy the requirement according to the prescribed petty cash policy without inviting quotations or competitive bids by making use of the prospective providers list per commodity.
- 18.2.2 The Gauteng Gambling Board shall ensure that a petty cash policy and procedures is in place.
- 18.2.3 The petty cash policy must stipulate for which items and under which circumstances petty cash may not be utilised.
- 18.2.4 The petty cash procedure may not be used for items available on contract.

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18.2.5 Procurement by means of petty cash shall be authorised by the relevant Manager.

18.3. Verbal or written quotations up to and including R10 000 (incl. vat)

18.3.1 Requirements may be procured without inviting competitive bids or written quotations.

18.3.2 Obtain at least 3 verbal/written quotations from the list of prospective providers, where applicable.

18.3.3 Where no suitable providers are available from the list, quotations may be obtained from other possible providers not on the list.

18.3.4 If it is not possible to obtain at least 3 quotations, a motivation must be written by the requesting official and approved by the Accounting Officer/CEO or delegated official.

18.3.5 Place the order only against written confirmation from the selected provider.

18.4. Written price quotations above R10 000 and less than R500 000 (incl. vat)

18.4.1 Requirements may be procured by inviting written quotations from as many as possible providers on the prospective provider list.

18.4.2 Where no suitable providers are available from the list, quotations may be obtained from other possible providers not on the list.

18.4.3 If it is not possible to receive at least 3 quotations, the reasons should be recorded and approved by the Accounting Authority or the delegate.

18.4.4 The prescripts of the PPPFA and its Regulations must be applied, i.e. that preferential procurement be applied to all procurement in excess of R30 000 and that tax compliance pin must be obtained from above R30 000.

18.4.5 Depending on the nature and complexity of the requirement the competitive bidding process may be applied in the following circumstances:

18.4.5.1 Procurement of professional services.

18.4.5.2 Where providers for specific goods/services are unknown.

18.4.5.3 Any other ad hoc circumstance as determined by the delegate.

18.4.6 The Board must decide whether functionality will be applicable as part of the evaluation criteria for procurement events which are above R300 000.00 and less than R500 000.00.

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- 18.4.7 Quotations that have achieved the minimum qualification score for functionality must be evaluated further in terms of the preference point system. The 80/20 preference point system must be utilized for all procurement of R30 000 – R500 000, where 80 is points allocated for price and 20 points allocated for BBBEE.

18.5. Range of procurement processes above R500 000 (incl. vat)

- 18.5.1 A competitive bidding process shall be followed as far as possible.
- 18.5.2 Before inviting tenders, the Gauteng Gambling Board must:
 - 18.5.2.1 Properly plan for, and, as far as possible, accurately estimate the costs of the provision of the services, works or goods for which an invitation for tenders is to be made.
- 18.5.3 If, in a specific case it is impractical to invite competitive bids, The Gauteng Gambling Board may procure the required goods or services by other means such as through limited bidding, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the Accounting Authority or delegate. In this regard, the provisions of Chapter 19 below must be adhered to.
- 18.5.4 The Board must decide whether functionality will be applicable as part of the evaluation criteria.
- 18.5.5 Tenders that have achieved the minimum qualification score for functionality must be evaluated further in terms of the preference point system.
- 18.5.6 The 80/20 preference point system must be utilized for all procurement of Rand value up to R50 million, where 80 is points allocated for price and 20 points allocated for BBBEE.
- 18.5.7 The 90/10 preference point system must be utilized for all procurement above R50 million, where 90 is points allocated for price and 10 points allocated for BBBEE;
- 18.5.8 The Gauteng Gambling Board may include an open and transparent, competitive pre-qualification bidding process in which only pre-qualified suppliers may participate.
- 18.5.9 The prescripts of the PPPFA shall be adhered to.
- 18.5.10 Subdivision of requirements to circumvent the Accounting Authority's delegated powers will not be tolerated.

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18.6. Competitive bidding

- 18.6.1 Competitive open bidding shall be used for all procurement above a transaction value above R500 000 (Including all taxes);
- 18.6.2 The responsibility for advertisement costs will be that of the relevant accounting authority;
- 18.6.3 The applicable providers on the prospective provider list must be invited to submit bids.
- 18.6.4 Bids shall be advertised in at least the Government Tender Bulletin and in any other appropriate media to reach the target market, and to ensure greater exposure to potential bidders, should the Accounting Authority or the delegate deem it necessary.
- 18.6.5 Two-Stage Bidding may be used for the invitation of major contracts.
- 18.6.6 Pre-qualifying of bidders may be used for large complex works.

18.7. Establishment of a list of approved providers

- 18.7.1.1 Where goods or services of a specialised nature are required on a recurring basis, a list of approved providers (a panel) for the supply of the goods or services may be established through the competitive bidding process.

18.8. Limited bidding

- 18.8.1 Limited bidding is only to be used if justification exists and the necessary approval has been obtained within the framework of the Delegation of powers document.
- 18.8.2 The Gauteng Gambling Board will use limited bidding only in the following exceptional circumstances:
 - 18.8.2.1 Where the Gauteng Gambling Board applied the competitive (open) bidding process, but the bids received were all non-responsive, thus the time required to go out on the same process has elapsed.
 - 18.8.2.2 Where the Gauteng Gambling Board can buy under exceptionally advantageous conditions that only arise in the very short term.
 - 18.8.2.3 In the event that a change of provider would compel The Gauteng Gambling Board to obtain spare parts or additional equipment or services that are not compatible or interchangeable with existing equipment or services that were obtained from an original provider.

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- 18.8.2.4 The goods, services or works to be bought have to be designed by the provider.
- 18.8.2.5 When goods, services or works can only be supplied or rendered by a particular provider and no reasonable alternative or substitute exists.
- 18.8.2.6 There are legislative, technological or safety reasons to restrict purchases to providers who have proven their capability.
- 18.8.2.7 In cases of urgency due to unforeseen circumstances where lack of planning or negligence did not play a role.
- 18.8.2.8 In cases of emergency.
- 18.8.3 The 3 categories of limited bidding which may be used are multiple source, single sourcing and sole source.
- 18.8.4 Exception reporting in terms of Treasury Regulation 16A6.4 must be done. (See chapter 29 with regard to reporting)
- 18.8.5 This paragraph must be read together with the provisions of chapter 19, to the extent applicable.

18.9. Direct negotiation

- 18.9.1 Direct negotiations shall only be permitted after approval by the Accounting Authority or the delegate and shall be conducted in such a manner that none of the stakeholders is advantaged or prejudiced. Thus care should be taken to ensure that such a process does not allow the bidder concerned a second (unfair) opportunity and is not to the detriment of any other bidder.
- 18.9.2 Direct negotiations may only take place under the following circumstances:
 - 18.9.2.1 In cases of urgency due to unforeseen circumstances where lack of planning or negligence did not play a role and where following the standard competitive bidding process or the process prescribed for urgency would not be in The Gauteng Gambling Board's best interest.
 - 18.9.2.2 Owing to a catastrophic event, there is an urgent need for the goods or services (an emergency), making it impractical to use other methods of procurement because of the time involved in using those methods.
 - 18.9.2.3 In cases where preferred bidders were identified as preferred bidders through a competitive bidding process.
 - 18.9.2.4 In the case of competitive negotiation because of the technical character of the goods or construction, or because of the nature of the services, it is necessary for the procuring entity to negotiate with suppliers or service providers. Thus in the aforementioned case the first round of a two-stage bidding process has

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taken place where inter alia capacity and acceptability was established.

- 18.9.3 The official that can contractually commit The Gauteng Gambling Board in this regard must lead the negotiation and must be supported by the user department and the SCM Unit.
- 18.9.4 This paragraph must be read together with the provisions of chapter 19, to the extent applicable.

19. PROCUREMENT OF GOODS AND SERVICES BY MEANS OTHER THAN THROUGH THE INVITATION OF COMPETITIVE BIDS/ DEVIATION FROM PROCUREMENT REQUIREMENTS

19.1. General

- 19.1.1 In terms of Treasury Regulation 16A6.4 read together with Treasury Practice Note 6 of 2007/2008; Treasury Practice Note 8 of 2007/2008, and Treasury SCM Instruction Note 3 of 2016/2017, it is recognised that there will be instances when it would be impractical to invite competitive bids.
- 19.1.2 In this regard, Treasury Regulation 16A6.4 provides for such instances where accounting officers or accounting authorities are allowed to dispense with competitive bidding processes to procure goods and services by other means.
- 19.1.3 This provision is intended for cases of emergency where immediate action is necessary or if the goods and services required are produced or available from sole service providers. The reasons for such action must be recorded and approved by the accounting officer or accounting authority.
- 19.1.4 Any other deviation will be allowed in exceptional cases subject to the prior written approval from the relevant Treasury.
- 19.1.5 In terms of the above Practice Notes, the accounting officer and accounting authority is required to report within 10 (ten) working days to the relevant Treasury and the Auditor-General , all cases where goods and services above the value of R1 million (VAT included) were procured in terms of Treasury Regulation 16A6.4.
- 19.1.6 The report must include the description of the goods and services, the names of the suppliers, the amounts involved and the reasons for dispensing with the prescribed competitive bidding processes.

19.2. Urgent procurement

- 19.2.1 Irrespective of monetary value, an urgent procurement process will only apply where early delivery is of critical importance to deliver on the GGB's business imperatives and strategic goals and where the utilisation of the standard

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procurement process is either impossible, or impractical, as long as it is not as a result of lack of planning or poor planning.

- 19.2.2 In urgent cases The Gauteng Gambling Board may dispense with the invitation of bids and may obtain the requirement by means of quotations by preferably making use of the list of prospective providers per commodity or otherwise in any manner to the best interest of The Gauteng Gambling Board.
- 19.2.3 The appropriate course of action for urgency shall be justifiable under the circumstances.
- 19.2.4 When urgency is identified by the user, the case is to be presented to the CFO for consideration and recommendation to the CEO for approval.
- 19.2.5 The nature of the urgency and the details of the justifiable procurement process followed in the circumstances will be recorded and reported at the next Board meeting.
- 19.2.6 As part of the request, the user must provide in writing with the following:
 - 19.2.6.1 The three quotations obtained from the supplier database where possible;
 - 19.2.6.2 The nature of the urgency;
 - 19.2.6.3 The date and time of the urgent event;
 - 19.2.6.4 The details of the procurement action to be taken; and
 - 19.2.6.5 The envisaged result if the standard procurement procedure has to be followed.
- 19.2.7 The CFO is to evaluate and recommend each case and submit it to the CEO for award. The CEO must make a recommendation for approval by the Board in the event of procurement events above R1 million.
- 19.2.8 The CFO must record all such incidents for quarterly reporting to the CEO and the Board.
- 19.2.9 This paragraph must be read together with the provisions of paragraph 19.1 above.

19.3. Emergency procurement

- 19.3.1 Irrespective of monetary value, an emergency procurement process will only apply in serious, unexpected and potentially dangerous circumstances which require immediate rectification, and pose an immediate risk to health, life, property or environment which calls the GGB to action and there is insufficient time to invite competitive bids:

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- 19.3.1.1 In the event of a threat or interruption in The Gauteng Gambling Board's ability to execute its mandate.
 - 19.3.1.2 In the event of an immediate threat to the environment or human safety.
 - 19.3.2 The Gauteng Gambling Board may dispense with the invitation of bids and may obtain the requirement by means of quotations by preferably making use of a panel of pre-qualified service providers per commodity (if established), or otherwise in any manner in the interest of the GGB.
 - 19.3.3 The appropriate course of action for emergency shall be justifiable under the circumstances.
 - 19.3.4 When urgency is identified by the user, the case is to be presented to the CFO for consideration and recommendation to the CEO for approval.
 - 19.3.5 The nature of the emergency and the details of the justifiable procurement process followed will be recorded and reported at the next Board meeting with the monetary value and underlying facts of each case.
 - 19.3.6 Where an emergency is identified by the user division, it must be evaluated by the CFO who must recommend each case and submit it to the CFO for approval and action to be taken.
 - 19.3.7 The user division must immediately inform the CFO of the emergency, alternatively within 24 (twenty-four) hours in writing of the following:
 - 19.3.7.1 The nature of the emergency;
 - 19.3.7.2 The date and time thereof;
 - 19.3.7.3 The details of the procurement action to be taken;
 - 19.3.7.4 The envisaged result if the standard procurement procedure had been followed.
 - 19.3.8 The CFO must record all such incidents for quarterly reporting to the CEO and the Board.
 - 19.3.9 This paragraph must be read together with the provisions of paragraph 19.1 above.
- 19.4. Procurement of Legal Services**
- 19.4.1 The database of preferred suppliers in accordance with the process set out in paragraph 16.3 above should form the basis from which attorneys are appointed

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in respect of matters where a fixed price quotation with the Rand value above R10 000 and less than R500 000 (incl. vat) is applicable, and/or where a competitive bidding processes was followed where the Rand value exceeds R500 000.00.

- 19.4.2 The normal procurement processes as set out above pertaining to threshold values must be followed in the appointment of these legal services.
- 19.4.3 Any deviation from this SCM Policy must be fully documented by the relevant end user in the legal services division and submitted to the Board as the accounting authority for approval.
- 19.4.4 The deviation must detail the full reasons for non-adherence to this policy and the impact of not adhering to the policy with consideration to the applicable PFMA prescripts.
- 19.4.5 All cases where legal services above the value of R1 million (VAT included) were procured by means of deviation and in line with the legal framework as set out in paragraph 19.1 above must be reported to the relevant Treasury and the Auditor-General within 10 (ten) working days.
- 19.4.6 In respect of legal services procured through written price quotations with a fixed Rand value above R10 000 and less than R500 000 (incl. VAT), it is recognised that if the legal services in question pertain to litigation, such a fixed price may be exceeded due to the nature of litigation matters being unpredictable, particularly when the following substantive and procedural factors are considered:
 - 19.4.6.1 The complexities of the case, including but not limited to the legal issues both substantive and procedural, the multiplicity of respondents and the impact of a decision on the legal issue(s) under consideration on the case in question;
 - 19.4.6.2 Depending on the nature of the dispute, legal issues and the complexity of the matter, counsel as well as other industry experts may have to be appointed;
 - 19.4.6.3 The duration of the dispute is not dependant on the GGB alone, but on the other litigating parties and the strategy they adopt;
 - 19.4.6.4 In the event that there is an unfavourable outcome against the GGB, the courts will impose a cost order against the GGB which may result in the fixed price quotation being exceeded;
 - 19.4.6.5 Appeal processes could result in the fixed price quotation being exceeded;
 - 19.4.6.6 The strategic importance of the case to the GGB which could contribute to the GGB appealing the judgment of the lower courts and thus contributing to the long duration and excess costs;

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- 19.4.6.7 Urgent court applications launched by the GGB or against the GGB;
- 19.4.6.8 Other external factors pertaining to litigious matters outside the control of the GGB.
- 19.4.7 In the event of the fixed price quotation being exceeded in litigious matters in instances where the circumstances above present, then the end user must follow the processes in this policy pertaining to deviation, as set out in paragraph 19.4.3; 19.4.4 and 19.4.5 above. The processes must be followed irrespective of the deviation event exceeding the R500 000.00 fixed quotation price but are below R1 million.
- 19.4.8 In addition to the requirements of the deviation processes as set out above, the end users shall compile a report on a quarterly basis detailing the legal spend for each case, including the nature and complexity of the case, and the details of the legal service providers appointed for each case. The report shall further contain projections and a motivation where the legal spend is likely to exceed R500 000. The reports must be submitted to the CFO, so as to monitor the budget on each case and to ensure that this policy is adhered to, and to ensure that legal services are procured from service providers on a rotation basis in such a manner that ongoing competition amongst suppliers is promoted.
- 19.4.9 The quarterly report will be in relation to procurement events for all legal services pertaining to price quotations with a fixed Rand value above R10 000 and less than R500 000 (incl. vat), as well as those were legal services are procured by means of a competitive bidding process in respect of services exceeding R500 000 and a list of approved providers (a panel) was established.
- 19.4.10 The quarterly reporting process as contemplated above, shall be adhered to irrespective of the value of the procurement event.
- 19.4.11 The above processes are applicable with the necessary alterations in respect of other professional services.

19.5. Procurement from abroad

- 19.5.1 The Gauteng Gambling Board may procure from abroad if it can be certified in writing that:
- 19.5.1.1 The product/service cannot be sourced locally or through local representatives and that no other similar product will serve the purpose.
- 19.5.1.2 A local sourcing process was undertaken without any success and therefore obtaining approval from the Accounting Authority or delegate.
- 19.5.1.3 The prices of the locally available supply/service are exorbitant.
- 19.5.2 For procurement outside the boundaries of South Africa, the same process is

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followed as for the procurement within South Africa, except for the following:

- 19.5.2.1 Determining international advertising mechanisms.
- 19.5.2.2 Determining the utilisation of conditions applicable to foreign countries, such as Incoterms, if required.
- 19.5.2.3 Determining if the price should be indicated in foreign currency, and if so, which currency.
- 19.5.2.4 The estimated cost Free on Board (FOB) in foreign currency plus conversion factors.

20. ACQUISITION MANAGEMENT: APPOINTMENT OF CONSULTANTS

20.1. General

- 20.1.1 The normal policy and procedures apply to the appointment of consultants.
- 20.1.2 The Accounting Authority must, comply with the National Treasury's instructions issued in respect of the appointment of consultants.

20.2. Cost containment measures

- 20.2.1 Before contracting consultants, The Gauteng Gambling Board must conduct a gap analysis to confirm that The Gauteng Gambling Board does not have the requisite skills or resources in its full time employ to perform the assignment in question.¹⁴
- 20.2.2 The appointment of consultants may only be approved by the Accounting Authority on presentation of the noted business case. Other deviations must be dealt with in terms of National Treasury Instruction Note no 1 of 2013/2014 and Gauteng Treasury Instruction Note no 4 of 2013/2014.

20.3. Minimum requirements when appointing consultants

- 20.3.1 When appointing consultants, strive to satisfy the following minimum requirements:
 - 20.3.1.1 Meeting the highest standards of quality and efficiency.

¹⁴ National Treasury Instruction Note 1 of 2013/2014 re cost containment measures

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20.3.1.2 Obtaining advice that is unbiased, that is, being delivered by a consultant acting independently from any affiliation, economic or otherwise, which may cause conflicts between the consultant's interests and those of government.

20.3.1.3 Ensuring the advice proposed, or assignment executed, meets the ethical principles of the consultancy professions.

20.4. Approaches

20.4.1 The different approaches that may be followed are:

20.4.1.1 Quality and cost based selection (QCBS where quality of services to be rendered and cost are used as selection criteria and which should be used most commonly Technical evaluation precedes the financial evaluation)

20.4.1.2 Quality-Based Selection (QBS) used for complex assignments where innovation should be demonstrated; where the best experts are required or where the assignment could be carried out in different ways. Quality is the most important consideration.

20.4.1.3 Selection under a fixed budget which is used for simple assignments where specifications are precisely defined and budgets are fixed. Technical proposals are evaluated first, as in the QCBS approach

20.4.1.4 Least-cost selection which is used where assignments are simple, where skills are readily available or where the organisation has a constrained budget for the specific requirement.

20.4.1.5 Selection based on consultants' qualifications.

20.4.1.6 Single-source selection which requires the use of a transparent and equitable pre-selection process, to request only one amongst a few prospective bidders to make a proposal for justifiable reasons.

20.4.1.7 Selection of individual consultants.

20.4.2 Establishment of a list of approved service providers

20.4.2.1 Where consultancy services are required on a recurring basis, a panel of consultants/list of approved service providers for the rendering of these services may be established.

20.4.2.2 These panels/lists are for services of a routine or simple nature and should be established through the competitive bidding process.

20.4.2.3 The terms of reference for these services should clearly specify the scope and content of the work to be done.

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20.4.2.4 The services should be procured from the panel members on a rotation basis in such a manner that ongoing competition amongst suppliers is promoted.

21. ACQUISITION MANAGEMENT: DEALING WITH UNSOLICITED BIDS/PROPOSALS/CONCEPTS

21.1. General

21.1.1 The Gauteng Gambling Board is not obliged to consider unsolicited bids/proposals/concepts received outside its normal bidding/procurement process.¹⁵

21.2. Unsolicited bid

21.2.1 Unsolicited bids/proposals must be considered in accordance with National Treasury Practice Note No. 11 of 2008/2009.

21.2.2 The Accounting Authority of an institution is not obliged to consider an unsolicited proposal but may consider such a proposal only if the bid includes at least the following information:

21.2.2.1 The product or service offered in terms of the quote/bid is a unique innovative concept that will be exceptionally beneficial to or have exceptional cost advantages for The Gauteng Gambling Board.

21.2.2.2 The person who made the offer is the sole provider of the product of service.

21.2.2.3 The need for the product or service by the Gauteng Gambling Board has been established during its strategic planning and budgeting processes.

21.2.3 If the proposal meets the requirements of the Gauteng Gambling Board as stipulated in the approved checklist for unsolicited bids.

21.2.3.1 Proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement of the bidder;

21.2.3.2 An offer in writing clearly setting out the proposed cost of the goods or services; and

21.2.3.3 A value proposition which demonstrates a clear measurable, foreseeable efficiency gain for the GGB.

¹⁵ National Treasury Practice Note 11 of 2008/2009

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- 21.2.4 The Board must reject the unsolicited proposal if the proposal:
- 21.2.4.1 Relates to known institutional requirements that can, within reasonable and practical limits, be acquired through conventional competitive bidding methods;
 - 21.2.4.2 Relates to goods or services which are generally available;
 - 21.2.4.3 Does not fall within the institution's powers and functions; and
 - 21.2.4.4 Does not comply with Treasury Regulations.
- 21.2.5 The accounting authority of an institution must upon receipt of an unsolicited proposal in writing notify the relevant treasury within ten working days of such receipt.
- 21.2.6 When procuring goods or services as a result of an unsolicited bid an accounting authority must ensure that:
- 21.2.6.1 The prescribed bidding documents have been completed; and
 - 21.2.6.2 A recommendation is made through the bid adjudication process prior to a final award being made by the accounting authority.
 - 21.2.6.3 The authority to approve a final award as a result of an unsolicited bid may not be delegated by the accounting authority.
 - 21.2.6.4 These are bids that may be submitted to the Commission by external service providers marketing an idea that could add value to the Commission's business.
- 21.2.7 The GGB is not obliged to consider an unsolicited proposal but may consider such a proposal only if it meets the following requirements:
- 21.2.7.1 A comprehensive and relevant project feasibility study has established a clear business case; and
 - 21.2.7.2 The product or service involves an innovative design; or
 - 21.2.7.3 The product or service involves an innovative approach to project development and management; or
 - 21.2.7.4 The product or service presents a new and cost-effective method of service delivery.
- 21.2.8 It is not permissible that the GGB itself should invite these and neither its employees are allowed to go out and invite such kind of bids. If an external organization / individual approaches the GGB, only then can such be considered and must be approved by the Accounting Authority as presented to him/her by the relevant business unit or department.

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21.3. Unsolicited proposals/ concept

- 21.3.1 If the unsolicited proposal is a PPP, The Gauteng Gambling Board must comply with the requirements of Treasury Regulation 16 and the practice notes relevant hereto.
- 21.3.2 If the unsolicited proposal is not a PPP, The Gauteng Gambling Board must undertake a comprehensive evaluation of the unsolicited proposal.
- 21.3.3 If The Gauteng Gambling Board decides to proceed with the unsolicited proposal, The Gauteng Gambling Board must negotiate an unsolicited proposal agreement with the proponent.
- 21.3.4 The allocation of responsibility for developing bid documents in accordance with The Gauteng Gambling Board's Supply Chain Management system, provided that development of the document must always be under the supervision of The Gauteng Gambling Board.
- 21.3.5 Upon receipt of an unsolicited proposal, The Gauteng Gambling Board must (in writing) notify the National Treasury contact person, via the Provincial Treasury, within ten working days of such receipt.

22. QUOTATION/BID COMPILATION

22.1. Language of quotation/bid documents

- 22.1.1 The Gauteng Gambling Board shall compile all documentation in English.

22.2. Calling for bids

- 22.2.1 Bids must be invited by the official rendering the SCM function.

22.3. Advertising of bids

- 22.3.1 All bids must at least be advertised in the Government Tender Bulletin and on the Gauteng Gambling Board website.
- 22.3.2 For bids relating to the construction industry, the prescripts of the Construction Industry Development Board (CIDB) require that the bid be advertised on the CIDB iTender System.
- 22.3.3 The Gauteng Gambling Board must, where in the award of tenders, local production and content is of critical importance, advertise such tenders with such

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a specific tendering condition.

- 22.3.4 Bids must be advertised for at least 21 consecutive days before closing time, except in urgent cases when bids may be advertised for such shorter period as the Accounting Authority or the delegate may determine.
- 22.3.5 No bids may be advertised or close between 15 and 31 December as most firms are closed during this period and advantageous bids can therefore not be ensured. However, if circumstances requires otherwise, a submission for approval must be made to the Accounting Authority or the delegate in this regard.

22.4. Closing time of bids

- 22.4.1 Bids of The Gauteng Gambling Board close at 11:00 on the day indicated in the bid documents.
- 22.4.2 The closing of bids must be strictly observed.

22.5. Determining the closing period

- 22.5.1 **Normal closing period for a tender** is not less than 21 days from the date of the publication of the invitation to bid.
- 22.5.2 **Where a shorter period is involved, care must be taken that a reasonable time, normally not less than 14 days in the case of a tender is requested in writing from the accounting authority.**
- 22.5.3 **Request for quotation less than R500 000 must be done in 5 days, any deviation must be approved by the accounting authority.**

22.6. Determining the validity period

- 22.6.1 The validity period should allow The Gauteng Gambling Board sufficient time to finalise the evaluation and award of the quotation/bid.
- 22.6.2 Bids must be valid for at least 60 days from the closing date of the bid. A longer period may be set if problems with the evaluation is envisioned, but preferably not longer than 90 days. Approval is to be obtained within the Accounting Authority's delegated powers for periods other than 60 days.
- 22.6.3 An extension of validity must be requested in writing from all bidders before the expiry date.

22.7. Availability of bid documents

- 22.7.1 Bid documents must be ready and available before the requirement is

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advertised.

- 22.7.2 Bid documents may be collected by or may be e-mailed or posted or couriered to prospective bidders.

22.8. Sale of bid documents

- 22.8.1 The Gauteng Gambling Board shall under normal circumstances not sell its bid documents, but make it available free of charge.

22.9. Responses received

- 22.9.1 The Gauteng Gambling Board shall maintain a register/list of responses to the advertisement or the individuals/organisations targeted in the case of quotations.

- 22.9.2 The response list must contain the following information:

- 22.9.2.1 Bid number.

- 22.9.2.2 Name of the bidder who documents were issued to.

- 22.9.2.3 Name of the person/organisation that collected the bid on behalf of the bidder.

- 22.9.2.4 Name of the person/organisation on whose behalf the document is collected, the phone number, the fax number and contact person of the prospective bidder.

- 22.9.2.5 The date and time the document was collected or the date the document was posted/e-mailed.

22.10. Elements for inclusion in bid documents

- 22.10.1 The Gauteng Gambling Board's bid documents shall promote uniformity by at least standardising bid documents where possible.

- 22.10.2 Bid documentation including the general conditions of contract, shall be in accordance with the instructions of the National and Provincial Treasury.

- 22.10.3 Bidders shall all receive the same information in documentation and should be assured of an equal opportunity to obtain additional information on a timely basis to ensure fairness.

- 22.10.4 Where feasible, large requirements may be divided into smaller more manageable requirements to accommodate EME's.

- 22.10.5 Where feasible, promote subcontracting and joint ventures with EME's.

- 22.10.6 Bid documentation shall include evaluation and adjudication criteria, including the criteria prescribed in the PPPFA and its Regulations.

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22.10.7 The following must be included in the bid documents as conditions:

22.10.7.1 Consultants may only be remunerated (as a maximum) at the following rates:

- "Guideline for fees" , issued by the SAICA; or
- "Guide on Hourly Fee Rates for Consultants, issued by the DPSA; or
- Those prescribed by the body regulating the profession of the consultant.

22.10.7.2 Domestic hotel accommodation may not exceed R1400 per night per person (incl. dinner, breakfast and parking) as per

22.10.7.3 Air travel is restricted to economy class

22.10.7.4 Claims for kilometres may not exceed the rates approved by the Automobile Association of South Africa.

22.10.8 Local production and content

22.10.8.1 The Gauteng Gambling Board must, in the case of designated sectors, where in the award of tenders local production and content is of critical importance, advertise such tenders with a specific tendering condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered.

22.10.8.2 Where there is not a designated sector, The Gauteng Gambling Board may include, a specific tendering condition, that only locally produced services, works or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescripts and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury.

22.10.8.3 All tenders issued where local production and content is a criterion, must be measurable and audited.

22.10.8.4 The exchange rate to be used for the calculation of local content must be the rate published by the SARB on the date of the advertisement of the tender.

22.10.8.5 Only the South African Bureau of standards approved technical specification number SATS 1286:201x must be used to calculate local content.

22.10.9 Quotation/bid documentation pack

22.10.9.1 An official(s) responsible for the SCM Unit is responsible for compiling the bid documents on receipt of a request by the user department accompanied by specification/terms of reference as compiled by the Bid Specification Committee and the approval received from the Accounting Authority or delegate.

22.10.9.2 The quotation/bid documentation pack will consist of the following:

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- Bid number, description of the requirement, name of the organisation by which it is required and the closing date and time.
- Standard bid documents that should be included, as a minimum, but are not limited to the following:
 - Invitation to Bid that is the bidders' consent if signed to enter into a contract under the conditions specified in the bid documents, should the offer be accepted.
 - Tax Clearance requirements (from above R30 000). The document must provide for the bidder to grant written confirmation upon submission so a bid that SARS may, on an on-going basis, during the contract term, disclose the bidder's tax compliance status to the Gauteng Gambling Board.¹⁶
 - Relevant pricing schedule.
 - Declaration of interest (from above R10 000).
 - Declaration of bidder's past SCM practices (from above R10 000).
 - Certificate of Independent Bid Determination (from above R10 000).
 - Preference Point Claim Form in terms of the Preferential Procurement Regulation, 2017¹⁷ (from R30 000)
 - Declaration Certificate for Local Production and Content for Designated Sectors (from above R10 000)
- Specification/TOR.
- General conditions of contract.
- Special contract conditions.
- Copy of the formal contract or service level agreement (SLA) where applicable.

22.10.9.3 When functionality will be evaluated the following must be clearly specified in the invitation to quote/bid:

- Evaluation criteria for measuring functionality
- Weight of each criterion
- Applicable values
- Minimum qualifying score for functionality.

22.11. Pre-bid information sessions

22.11.1 For all bids above R1 million an information session must be held, minutes of the meeting should be provided to all prospective bidders in the case of non-compulsory session and only to those who attended in the case of compulsory sessions. Any additional information, clarification, correction of errors, or modifications of bid documents should be sent to each recipient of the original bid documents in sufficient time before the closing date and time for receipt of bids to enable bidders to take appropriate actions.

¹⁶ National Treasury Instruction No 3 of 2014/2015

¹⁷ Implementation Guide: PPR, 2011 date1 Dec 2011

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22.11.2 For bids below R1million, pre-bid information sessions are not compulsory.

22.12. Changing of information before closing time

22.12.1 It is preferable to cancel a bidding invitation and to invite fresh bids if conditions or the specification or any other information have to be materially changed before the closing time or if mistakes are discovered in the documents before the closing time.

22.13. Postponement of closing date

- 22.13.1 The closing date may be postponed only if all prospective bidders can be advised of the postponed date in writing before the original closing date.
- 22.13.2 In the case of an advertised bid invitation, the closing date may be postponed only if the postponed date can be advertised in the Government Tender Bulletin and other media where applicable, before the original closing date.

23. RECEIVING AND OPENING OF RESPONSES

23.1. Receiving and opening procedures for quotations up to R500 000

23.1.1 A fair and transparent process shall be followed for the closing, receiving, opening and processing of quotations. The following shall apply:

23.1.2

Verbal/ written quotes up to R10 000	Written quotes above R10 000 and below R30 000	Written quotes from R30 000 and up to R500 000
<ul style="list-style-type: none"> • Delegated official to obtain and receive the quotes • Award to be approved by a different delegated official. 	<ul style="list-style-type: none"> • Quotations to be submitted in writing by hand, or per email • Bid box procedures may be used where the circumstances so require. 	<ul style="list-style-type: none"> • Quotations to be submitted in writing by hand, by post or per email • Bid box procedures may be used where the circumstances so require.

23.2. Receiving and opening procedures for bids above R500 000

23.2.1 A fair and transparent process shall be followed for the closing, receiving, opening and processing of bids.

23.2.2 A bid box shall be visible on the premises of The Gauteng Gambling Board and shall be accessible between 08:00 and 16:30 Mondays to Thursdays and from 08:00 to 16:00 on Fridays excluding public holidays.

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- 23.2.3 A bid box shall always be locked, unless bids are collected in order to prevent unauthorised removal of bids.
- 23.2.4 At least two officials must be present during opening of bids on the date and precise time of closing as specified.
- 23.2.5 At the precise closing time of the bid, the bid box is locked to prevent late submission of bids into the box where after all bids in the box are removed for processing.
- 23.2.6 Bidders are allowed to be present at the bid closure/opening. If requested by any bidder, the name of the bidders and, if practical, the total amount of each bid and of any alternative bids, should be read aloud. The names of the bidders and their individual total prices should be recorded when bids are opened.
- 23.2.7 Information on bids received must be captured in a bid register. The names of the bidder, date and time the bid was received, will be recorded.
- 23.2.8 A lockable facility for the storing of bids must be available.
- 23.2.9 Within ten (10) working days after the closure of any advertised competitive bid, the names of all bidders that submitted bids in relation to that particular advertisement must be published on the Gauteng Gambling Board website. Where practical (as determined by the Accounting Authority), the total price and the preferences claimed by the respective bidders must also be published. The information should remain on the website for at least thirty (30) days.

23.2.10 Admission of quotations

- 23.2.10.1 Unless otherwise stated, written quotations below R30 000 (VAT incl.), received electronically may be accepted as valid if received before the closing time.
- 23.2.10.2 For quotations from R30 000 up to R500 000 submitted electronically, The Gauteng Gambling Board shall request only the recommended bidder to deliver its proposal in original hard copy within 2 working days of the request from The Gauteng Gambling Board. This shall be a condition of the request for quote.

23.2.11 Admission of bids

- 23.2.11.1 Bids received by facsimile transmitter, telegram, telex, e-mail or similar media do not meet the requirements and must be summarily rejected.
- 23.2.11.2 Only original bid documents or photocopies of facsimiles, which are submitted in the prescribed manner and where all essential forms are originally **signed in ink** before submission, may be accepted as valid.
- 23.2.11.3 Bidders shall be allowed to submit bids by post, by courier or by hand into the

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bid box or at the physical address of The Gauteng Gambling Board (reception, over the counter at the SCM Unit as applicable) before the closing time of the bids.

23.2.11.4 All bids will then be kept unopened in safe custody until the closing date and time of the bids.

23.2.12 **Bids received late**

23.2.12.1 Bids are late if it is received at the address indicated in the bid documents after closing date and time.

23.2.12.2 Bids received late shall not be considered and shall be recorded and returned unopened to the bidder if the bidder detail can be determined from the envelope.

23.2.12.3 Where no bid or no acceptable bid has been received, the bid has to be re-advertised if the need still exists.

23.3. **Confidentiality**

23.3.1 After the opening of bids, information relating to the evaluation process may not be disclosed to interested parties or other persons not officially concerned with the process, until the successful bidder is notified of the award.

24. EVALUATION PROCESS

24.1. General

24.1.1 All bids duly lodged shall be taken into consideration and evaluated.

24.1.2 The Gauteng Gambling Board shall base evaluation solely on an examination of the relevant statutory and/or predetermined evaluation criteria.

24.1.3 Evaluation criteria shall promote the areas of technical compliance/ability and preferential procurement and finance (commerce).

24.1.4 Members involved in the evaluation process shall be honest, fair, impartial, and transparent.

24.1.5 All evaluators/members of bid evaluation committees should be cleared at the level of “**CONFIDENTIAL**” and should be required to declare their financial interest annually.

24.1.6 No person should interfere with the SCM system of The Gauteng Gambling Board; or amend or tamper with any quotation/bid after its receipt.

24.1.7 Using cost estimates as a benchmark to regard bids as unacceptable or non-responsive is not allowed.

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24.2. Evaluation

- 24.2.1 For evaluation of proposals within the quotation threshold, where the requirement is not technically complex and where there are no major risks involved, formalized evaluation committees are not compulsory and the relevant delegate may perform the evaluation and submit the recommendation to the relevant award structure.
- 24.2.2 The evaluation will still be based on an examination of the relevant statutory and/or predetermined evaluation criteria.
- 24.2.3 For evaluation of proposals within the quotation and bid threshold, where the requirement is technically complex and major risks can be involved, a BEC shall evaluate the proposals received and submit a recommendation regarding the award of the quote/ bid to the relevant adjudication structure.
- 24.2.4 Quotes/ bids must be evaluated against the predetermined criteria as stipulated in the quote/ bid document. The criteria to be taken into account, are inter alia:
 - 24.2.4.1 Compliance with the bid submission instructions
 - 24.2.4.2 Local production and content, if applicable.
 - 24.2.4.3 Functionality, which includes presentations, if applicable
 - 24.2.4.4 Price
 - 24.2.4.5 Preferential procurement
- 24.2.5 All or only the short-listed bidders may be invited for presentations to the BEC after the evaluation of functionality based on the content of the proposal, if the quote/ bid document provide for this option. The score obtained during the presentation may only influence the functional score.
- 24.2.6 Only providers, who have achieved the minimum qualification score for functionality, where applicable, must be evaluated further on price and B-BBEE. Providers who did not achieve the minimum qualification score for functionality must be eliminated from further evaluation.

24.3. Reasons for rejection

- 24.3.1 The Gauteng Gambling Board must reject a proposal for the award of a contract if the recommended bidder has committed a proven corrupt or fraudulent act in competing for the particular contract.
- 24.3.2 The Gauteng Gambling Board may disregard the bid of any bidder if that bidder, or any of its directors:
 - 24.3.2.1 Have abused the SCM system of The Gauteng Gambling Board.

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24.3.2.2 Have committed proven fraud or any other improper conduct in relation to such system.

24.3.2.3 Have failed to perform on any previous contract and the proof exists.

24.3.2.4 Have been found guilty by the Competition Commission of restrictive practices or collusive bidding/ tendering.¹⁸

24.3.3 Such actions must be communicated to the National Treasury.

24.4. Cancellation and re-invitation of tenders

24.4.1 In the event that, in the application of the 80/20 or 90/10 preference point system as stipulated in the tender documents, all tenders received exceed the estimated Rand value for the stipulated preference point, the tender invitation must be cancelled.

24.4.2 If one or more of the acceptable tenders received are within the prescribed threshold for the stipulated preference point, all tenders must be evaluated according to the preference point stipulated in the tender document.

24.5. Compliance check procedures

24.5.1 Before actual evaluation the official(s) responsible for the SCM Unit shall do a compliance check that the quotation/bid documentation complies with the predetermined conditions and that all required forms and information are submitted, completed in full and legible.

24.5.2 Compulsory disqualifying criteria are at least:

24.5.2.1 if the declaration part of the tender document was not completed and signed.

24.5.2.2 if a valid, original tax clearance certificate is not provided with the documents on the closing date and time.

24.5.2.3 If a no price was indicated, it will be regarded as, no price no quote/bid.

24.6. Signing of bids

24.6.1 In order to avoid confusion regarding precisely what must be signed for a valid bid, the Invitation to Bid or photocopy thereof must be signed in ink.

24.6.2 All declarations must also be signed to qualify as valid claims.

24.7. Local production and content

¹⁸ National Treasury Practice Note dated 21 July 2010

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24.7.1 With regard to local production and content, Declaration C should be submitted with the bid documentation at the closing date and time of the bid in order to substantiate the declaration made in terms of the local production and content.

24.7.2 If the bidder did not comply with the minimum requirement for local production and content as stipulated in the quote/ bid document, the proposal must be eliminated from further evaluation.

24.8. Tax Clearance Certificates

24.8.1 The Gauteng Gambling Board must reject any bid from a supplier who fails to provide written proof from SARS that the supplier either has no outstanding tax obligations or has made arrangements to meet outstanding tax obligations.

24.8.2 As proof that there are no outstanding tax obligations, a valid Tax Clearance Certificate must be submitted in the original together with the bid.

24.8.3 If the Gauteng Gambling Board is in possession of a provider's original, valid Tax Clearance Certificate, it is not necessary to obtain a new Tax Clearance Certificate each time a price quotation or bid is submitted from that specific provider. This provision may be applied only if the closing date of the price quotation or bid falls within the expiry date of the Tax Clearance Certificate that is in the Gauteng Gambling Board's possession. Whenever this ruling is applied, cross-reference must be made to the original, valid Tax Clearance Certificate for audit purposes.

24.8.4 Prior to the award of a bid, the Gauteng Gambling Board should verify the Tax Clearance Certificate submitted by a potential contractor via eFiling. Print screenreview of all verifications should be kept for audit purposes.

24.8.5 From 1 April 2015 SARS will not issue any paper based Tax Clearance Certificates and will be replaced by new electronic Tax Compliance Status System (TCS) that should be used for verification of a bidder's tax compliance status.¹⁹

24.8.6 **The Central supplier database and tax compliance status PIN are the approved methods that will be utilised to verify tax compliance as the South African Revenue Services does not issue TCC nut has made online provision available via eFiling, for bidders to print their own TCC which they can submit with their bids or price quotations.**

24.9. Submission and signing of declarations or certificates

24.9.1 In all cases where the relevant preference claim form has to be submitted and a

¹⁹ National Treasury Instruction 3 of 2014/2015

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provider had the intention to claim as evidenced by the fact that he did fill in the preference form or gave other indications of wishing to claim preference, the bidder must be allowed to complete and/or sign the declaration.

- 24.9.2 Recommendations with regard to such matters must be submitted to the relevant delegate.

24.10. Declaration of Interest

- 24.10.1 An official who is involved in the evaluation and recommendation process, or who is in any way involved with the procurement process, shall also certify, as part of the recommendation that he/she complies with The Prevention and Combating of Corrupt Activities Act.

- 24.10.2 All officials who can influence the award of a quotation/bid are seen as officials who are involved in the recommendation process.

- 24.10.3 The register of attendance of disclaimer for the members of the Bid Evaluation Committee and the Bid Adjudication Committee must contain the following:

24.10.3.1 "I, the undersigned, accept that all information, documentation and decisions regarding any matter serving before the Committee are confidential. I, therefore, undertake not to make known anything in this regard. I also declare that I did not purposefully unlawfully favour or prejudice anyone in the decision making process in the recommendation and award of the quotation/bid."

- 24.10.4 All officials who are involved in the decision making process must sign a similar affidavit.

24.11. Certificate of Independent Bid Determination (SBD9)

- 24.11.1 If a bidder has failed to submit this certificate together with the bid documentation, the bidder must be requested, in writing, to submit the signed form within seven (7) working days of notification²⁰.

- 24.11.2 Failure to submit the signed form within seven (7) working days of notification may result in the invalidation of the bid.

- 24.11.3 The Gauteng Gambling Board must refer a bidder or contractor who, based on reasonable grounds or evidence obtained by The Gauteng Gambling Board, has engaged in the restrictive practice (horizontal relationship and involves collusive bidding) referred to Section 4(1)(b)(iii) of the Competition Act, to the Competition Commission for investigation and possible imposition of administrative penalties.

24.12. Providers' own conditions

²⁰ National Treasury Practice Note dated 21 July 2010

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- 24.12.1 The conditions as contained in the quotation/bid documents enjoy precedence. All providers must accept these conditions. However, it sometimes happens that providers set their own conditions, which might be in conflict with the quotation/bid conditions. Such own conditions set by providers can be recommended for acceptance where it is in the interest of the Gauteng Gambling Board to do so and where the interests of other providers are not prejudiced.
- 24.12.2 Where the providers' own conditions are not in the best interest of the Gauteng Gambling Board, the provider must be requested to withdraw the conditions.
- 24.12.3 If providers are not prepared to withdraw unacceptable or conflicting conditions, reasons why such conditions must be accepted must be submitted to the relevant award structure for approval or alternatively the quotation/bid may be passed over.

24.13. Consideration of additional information

- 24.13.1 Information received after the closing date, may only be taken into consideration if it would not influence the original recommendation made, which must be based on the original information received from providers.
- 24.13.2 During the consideration of quotations/bids, communication by The Gauteng Gambling Board with providers may take place only with the express prior approval of the relevant award structure.

24.14. Cancellation of quotations/bids

- 24.14.1 Should it be determined through the evaluation process that no acceptable quotations/bids were received; a recommendation to cancel the quotation/bid must be submitted for approval as part of the evaluation report.
- 24.14.2 The reasons why no acceptable quotations/bids were received by the closing date and time must be investigated before a decision is made as to what alternative process must be followed to satisfy the requirements.
- 24.14.3 The requirement may now be re-advertised / re-invited or a specific number of pre-identified service providers may be targeted.
- 24.14.4 The evaluation report must contain the request for cancellation accompanied by the perceived reasons determined through the investigation as well as a recommendation on the alternative process to be followed to satisfy the requirements.
- 24.14.5 The relevant award structure shall approve all cases where quotations/bids:
 - 24.14.5.1 Are to be cancelled.
 - 24.14.5.2 New quotations/bids are to be solicited because of the cancellation.

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24.14.5.3 Negotiations with the preferred bidder are to take place to determine a reduction in the scope and/or a reallocation of risk and responsibility. A substantial reduction in the scope or modification to the bidding documents may require re-bidding.

24.14.6 Where quotations/bids are to be cancelled all bidders must be informed in writing of the cancellation or the cancellation must be advertised in the Government Tender Bulletin and on the Gauteng Gambling Board website.

24.14.7 The Gauteng Gambling Board may cancel a tender, prior to the award if:

24.14.7.1 Due to changed circumstances, there is no longer a need for the service, works or goods requested.

24.14.7.2 Funds are no longer available to cover the total envisaged expenditure.

24.14.7.3 No or no acceptable quotations/bids were received.

24.15. Confirmation of prices

24.15.1 A legal contract cannot be concluded by the acceptance of an offer where it is obvious to any reasonable person that a price is out of line with other market prices and/or previous quoted prices. Confirmation of whether the price is correct or not, must be obtained from the provider in such cases.

24.15.2 Only confirmation of the correctness of the price must be undertaken not negotiation for a better price.

24.16. Amendment of prices prior to lapse of validity

24.16.1 An amendment of a quoted price during the original validity period is not allowed.

24.17. Comparison of quoted prices

24.17.1 The quoted prices of all items must be brought to a comparative basis, where applicable, by deducting preferences and other benefits, and adding implied contract price adjustments in the case of non-firm prices and delivery and other costs where applicable.

24.17.2 Where purchases are accompanied by a maintenance contract and the future costs of the maintenance are known, the discounted present value of all the future costs must be added to the purchase cost in order to calculate a comparative price. Where these costs are not known, a typical scenario must be set in the quotation/bid document and priced by each provider in order to obtain comparative prices.

24.17.3 The quoted prices of providers who are not registered in terms of the VAT Act,

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must for purposes of comparison be accepted as being inclusive of VAT. The Gauteng Gambling Board must do price comparisons on these quoted prices and any transaction as a result of acceptance of such quoted prices will under no circumstances be subject to the levying of an additional tax.

24.18. Comparative prices: bids for contracts with a duration of more than three years

- 24.18.1 Where bids for contracts with a duration of more than three years are received, comparative prices, where necessary, must be calculated on the basis of the discounted net present values of the various offers.
- 24.18.2 A specific escalation rate determined by the market factors should form part of the bid. This rate will then be used to calculate the tariffs for each of the future years.

24.19. Determining point for price

- 24.19.1 The PPPFA prescribes that the lowest acceptable bid must receive 80 or 90 points for price.
- 24.19.2 The point for price must be determined by the following formula:

$$Ps = 80 \left(1 - \frac{Pt - P_{min}}{P_{min}} \right) \quad \text{OR} \quad Ps = 90 \left(1 - \frac{Pt - P_{min}}{P_{min}} \right)$$

Where

Ps = Points scored for comparative price of tender or offer under consideration

Pt = Comparative price of tender or offer under consideration

Pmin = Comparative price of lowest acceptable tender or offer.

- 24.19.3 Points must be rounded off to the nearest 2 decimal places.

24.20. Allocation of preferences

- 24.20.1 Bidders who qualify as Exempted Micro Enterprises (EME's) in terms of the Broad Based Black Economic Empowerment Act, must either submit:
 - 24.20.1.1 a certificate issued by a registered auditor, accounting officer as contemplated in the Close Corporation Act²¹ or an accredited verification agency OR
 - 24.20.1.2 a sworn affidavit (annually) confirming annual total revenue of R10 million or less and level of black ownership signed by the EME representative and attested

²¹ Close Corporation Act, 1984 (Act No. 69 of 1984) (section 60(4))

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by the commissioner of oath.²²

- 24.20.2 Bidders with a total revenue of between R10 million and R50 million qualify as a Qualifying Small Enterprises (QSE's) and need only to submit a sworn affidavit (annually) confirming annual total revenue of R10 million or less and level of black ownership. A formal SANAS certificate is also acceptable.
- 24.20.3 Bidders other than EME's or QSE's must submit valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating **issued by verification agency accredited by SANAS.**
- 24.20.4 The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and must be in accordance with notices published by the Department of Trade and Industry in the *Government Gazette*.
- 24.20.5 The B-BBEE status level attained by the tenderer must be used to determine the number of points out of the 20/10 points for preferential procurement. The points must be awarded as follows:

B-BBEE Status Level of Contributor	Procurement up to R50 000 000 (all taxes incl.)	Procurement above R50 000 000 (all taxes incl.)
	Number of points	Number of points
1	20	10
2	18	9
3	14	6
4	12	5
5	8	4
6	6	3
7	4	2
8	2	1
Non-compliant contributor	0	0

- 24.20.6 The point obtained above must be added to the point for price to determine the total score per bidder.
- 24.20.7 A trust, consortium or joint venture will qualify for points for their B-BBEE status level as a legal entity, provided that the entity submits their B-BBEE status level certificate.
- 24.20.8 A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-BBEE scorecard as if they were a group structure and that such a consolidated B-BBEE scorecard is prepared for every tender.

²² Codes of Good Practice (the new codes) dated October 2013

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- 24.20.9 A person must not be awarded points for B-BBEE status level if it is indicated in the tender documents that such a tenderer intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a tenderer qualifies for, unless the intended subcontractor is an exempted micro enterprise that has the capability and ability to execute the contract.
- 24.20.10 The Gauteng Gambling Board must act, against any tenderer or person, when it was detected that the B-BBEE status level of contribution was claimed or obtained on a fraudulent basis.
- 24.20.11 If feasible to contract above R30 million an organ of state must apply subcontract to advance designated groups.
- 24.20.12 Tenders above R30 million must be advertised with a condition that 30% of the contract must be subcontracted to :
- (a) an EME or qualifying QSE
 - (b) an EME or QSE that is 51% owned by black people
 - (c) an EME that is 51% owned by black people who are youth
 - (d) an EME that is 51% owned by black people who are women
 - (e) an EME that is 51% owned by black people with disabilities
 - (f) an EME that is 51% owned by black people who are military veterans
 - (g) 51% owned by black people living in rural areas or underdeveloped area or township.
- The GGB must make available the list of suppliers registered on CSD to provide the required goods or services in respect of the applicable designated groups mentioned in the relevant tender for which the tenderer must select a supplier.

24.21. Combining price and preference points

- 24.21.1 The points scored by a tenderer in respect of the level of B-BBEE contribution must be added to the points scored for price as calculated.
- 24.21.2 The contract must be awarded to the tenderer who scores the highest total number of points unless objective criteria justify the award to another tenderer.

24.22. Extension of validity period

- 24.22.1 Extension of validity must be finalised while the quotations/bids are still valid.
- 24.22.2 If a bidder should reduce his/her quoted price as a result hereof, the reduction may be considered only if the provider would have been the successful contractor irrespective of the reduction. In other words the case is evaluated at the original quoted price and if successful, it is accepted at the reduced price.

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24.22.3 In cases where the quoted price is increased when the validity period expires and the quotation/bid concerned is either no longer recommended for acceptance or is recommended for acceptance at the higher price, the disadvantageous or incremental costs must be reported to the Board.

24.23. New and unproven products

24.23.1 A bid may not be rejected summarily simply because the bidder or the product which he offers is unknown.

24.24. Country of origin

24.24.1 There is currently no embargo on the purchase of products from any foreign market.

24.25. Deviations from specifications

24.25.1 Quotations/bids with acceptable deviations from specification may be recommended for acceptance, provided that the competitiveness of another provider is not adversely affected.

24.26. Alternative offers

24.26.1 Regardless of whether the provider also submits offers conforming strictly to specification, alternative offers may be considered and accepted provided that the other providers are not prejudiced. If the alternative offer does not meet the specification requirements, in that it is lower than the specified requirements and the deviations are acceptable, the other providers must be approached in cases where they might possibly be prejudiced, with a view to obtaining offers for the delivery of a product or service with the same or similar acceptable deviations. Such cases must be submitted to the relevant Bid Evaluation Committee for consideration and the relevant award structure for approval.

24.27. Improvement on specification

24.27.1 A quotation/bid received which offers an improvement on the specification may be accepted provided that the other providers are not prejudiced.

24.28. Additional quantities

24.28.1 Before an award has been made, additional quantities may be accepted up to the maximum percentage provided for in the delegated powers.

24.28.2 All providers concerned must be approached for offers for the larger quantities.

24.28.3 Where the additional quantities are more than the percentage provided for in the delegated powers, a fresh or a supplementary bid must be invited.

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24.29. Samples

24.29.1 Notwithstanding the requirement that samples must be submitted not later than the date and time specified in the bidding documents, samples may be received up to the time that it is required for evaluation. The recommendation of a bid must, however, not be delayed because a sample, which was received late, still has to be evaluated.

24.30. Sub-contracting and joint ventures

24.30.1 It is incumbent upon the Gauteng Gambling Board to take care that:

24.30.1.1 Sub-contractors and partners in joint ventures are engaged in fair and reasonable conditions of contract.

24.30.1.2 Contractors who contravene the contract conditions potentially be designated as restricted persons.

24.30.2 Secured payment options may only be considered where it can be justified.

24.31. Equal offers

24.31.1 When offers are equal in all respects on a comparative basis, thus scoring equal total points, the successful provider must be the one scoring the highest number of preference points for B-BBEE.²³

24.31.2 However, when functionality is part of the evaluation process and two or more tenders have scored equal points including equal preference points for B-BBEE, the successful tender must be the one scoring the highest score for functionality.²⁴

24.31.3 Should two or more offers still be equal in all respects, the award shall be decided by the drawing of lots in accordance with the delegated powers.

24.31.4 Where bid prices for a portion of a series of sub-items within a bid are equal and it is necessary for these items to be obtained from the same bidder, then the lowest overall bid for that portion of the bid may be recommended for acceptance.

24.32. Clearance of providers prior to the award of a contract

24.32.1 Tax Clearance Certificate

²³ Implementation Guide PPPFA Regulation, 2011 par. 14.1

²⁴ Implementation Guide PPPFA Regulation, 2011 par. 14.2

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24.32.1.1 Prior to the award of a bid, the Gauteng Gambling Board should verify the Tax Clearance Certificate submitted by a potential contractor at any SARS branch office nationwide. Proof of such verification should be kept for audit purposes.

Utilise the tax compliance PIN to view tax compliance status and print the screen view of the tax compliance status

24.32.1.2 Records of all verifications should be kept for audit purposes.

24.32.2 **Restricted persons**

24.32.2.1 The Gauteng Gambling Board must check the National Treasury Database for Restricted Suppliers prior to awarding any contract emanating from advertised competitive bids, limited bids and written price quotations that are in excess of R10 000 to ensure that no recommended bidder, nor any of its directors, is listed as companies, directors or persons prohibited from doing business with the public sector.²⁵

24.32.2.2 This List of Restricted Suppliers is managed and maintained by the SCM Office within the National Treasury.

<http://www.treasury.gov.za/publications/other/Database%20of%20Restricted%20Suppliers.pdf>

24.32.3 **Tender defaulters**

24.32.3.1 Verify that the names of the preferred bidders and their directors/ trustees/ shareholders are not listed on the Register for Tender Defaulters.

<http://www.treasury.gov.za/publications/other/Register%20for%20Tender%20Defaulters.pdf>

24.33. **Recommendation, Evaluation and Adjudication Report**

24.33.1 For each procurement process, the recommendation must be documented in the relevant format for approval by the relevant delegate.

25. **AWARD**

25.1. **Award structures**

25.1.1 The award structures must ensure that a transparent review of the evaluation is undertaken.

25.2. **Awards up to R500 000**

25.2.1 The official delegated the adjudication and award function, shall finalise the award.

²⁵ National Treasury circular dated 30 September 2011

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25.2.2 All quotations up to R500 000 shall be finally adjudicated and awarded by the relevant delegated award structure.

25.3. Award structure above R500 000

25.3.1 The Bid Adjudication Committee shall be the Award Structure who will finally award bids above the monetary value of R500 000 and up to its delegated authority.

25.3.2 Above the delegated authority of the relevant Bid Adjudication Committee, the Bid Committee endorses the recommendation and the relevant, delegated award structure will finally award the bids.

25.4. Award based on points

25.4.1 The award of a quote/bid must be awarded to the respondent/tenderer who scored the highest total number of points for price and B-BBEE contribution level combined.

25.4.2 Should a quote/bid not be awarded to the highest scorer, the Gauteng Gambling Board should, within 7 working days, in writing, notify the Auditor-General and the National Treasury, , of the reasons for deviating.²⁶

25.5. NIP Programme

25.5.1 The Gauteng Gambling Board must, within 5 working days after the award of a contract that is in excess of R10 million (ten million rands), submit details of such a contract to *the dti*²⁷.

26. CONTRACTUAL COMMITMENTS

26.1. Conclusion of contracts

26.1.1 The official(s) responsible for the SCM Unit must finalise the adjudication by issuing the letter of acceptance, the contract form, including the service level agreement and formal contract, where applicable.

26.1.2 The acceptance of a successful bid must be in writing; the principle being that there must be a mechanism of proof of delivery.

26.1.3 Up to a predetermined monetary value for quotations, the official with the necessary delegated authority shall sign orders or other necessary documentation to commit the Gauteng Gambling Board.

²⁶ National Treasury Circular dated 27 October 2004

²⁷ National Treasury Practice Note 1 of 2005

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- 26.1.4 Up to a predetermined monetary value for quotations, the official with the authority to award may be the official who contractually commits the Gauteng Gambling Board.
- 26.1.5 Above the predetermined monetary value, an official with the necessary delegated authority to contractually commit the Gauteng Gambling Board shall sign the letters of acceptance and contract form or other necessary documentation to commit the Gauteng Gambling Board.
- 26.1.6 The official with the necessary delegated authority to commit the Gauteng Gambling Board, must be satisfied that all the necessary contractual conditions have been included prior to signing.
- 26.1.7 The Gauteng Gambling Board's contract documents shall promote uniformity across the entity.
- 26.1.8 Prior to signing a formal contract with a contractor, the Gauteng Gambling Board must ensure that such contract is legally sound to avoid potential litigation and to minimize possible fraud and corruption. This must include legal vetting. If a contract template is used that has already been legally vetted, the subsequent contract/s need not be legally vetted.²⁸
- 26.1.9 Both parties to the contract shall sign the contract form or formal contract in triplicate.
- 26.1.10 Original and signed copies shall be kept in a safe place for audit purposes in accordance with the Archives Act.

26.2. Formal contracts

- 26.2.1 The formal contract must form part of the quotation/bid documents, if required to be signed.
- 26.2.2 Formal contracts/ SLA are concluded only where this is stated as a requirement in the quotation/bid document.
- 26.2.3 If a formal contract is concluded, an order must still be placed with the successful provider.

26.3. Service Level Agreement

- 26.3.1 A service level agreement (SLA) may be compiled and signed if required.
- 26.3.2 Prior to signing a SLA with a contractor, the Gauteng Gambling Board must ensure that such SLA is legally sound to avoid potential litigation and to minimize

²⁸ National Treasury Instruction Note on Enhancing compliance dated 31 May 2011

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possible fraud and corruption. This must include legal vetting. If a SLA template is used that has been legally vetted, the subsequent SLA need not be legally vetted.²⁹

26.4. Time of conclusion

- 26.4.1 The contract is concluded at the time that the letter of acceptance is posted even if the contract form and formal contract is only signed at a later date, unless stated otherwise in the quotation/bid documents³⁰.

27. ACCESS TO BIDDING INFORMATION

27.1. Information access

- 27.1.1 All bidding information remains strictly confidential.
- 27.1.2 Every bidder shall be informed of final bid results.
- 27.1.3 The information of one bidder shall not be disclosed to any other bidder.

27.2. Informing the successful bidders

- 27.2.1 The successful bidder must be notified in writing or other mechanism for which proof of delivery can be established, of the acceptance of their bid within the original validity period of the bid.
- 27.2.2 The information of other bidders will not be disclosed to the successful bidder.

27.3. Informing the unsuccessful bidders

- 27.3.1 On written request, any bidder should be provided with the reasons why his / her own bid was unsuccessful.
- 27.3.2 Where performance guarantees have been provided with the bids the guarantees must be returned to the unsuccessful bidders within a period of 14 days.

27.4. Disclosure of information

- 27.4.1 Bids are not available for perusal by the public.
- 27.4.2 When divulging information, a balance must be struck between one party's right to access of information and the right to confidentiality of the other party.

²⁹ National Treasury Instruction Note on Enhancing compliance dated 31 May 2011

³⁰ GCC paragraph 31.2

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- 27.4.3 Where no bid has been accepted, particulars of the bids received are not made public.
- 27.4.4 The Gauteng Gambling Board can withhold information if the release or publication of the information:
- 27.4.4.1 Will impede law enforcement; or
 - 27.4.4.2 Will be contrary to the public interest; or
 - 27.4.4.3 Will harm the legitimate interests of the Gauteng Gambling Board; or
 - 27.4.4.4 Will hinder fair competition between providers by revealing any proprietary information of any bidder.

27.5. Dealing with complaints

- 27.5.1 A complaint received before an award is made, must be dealt with to the satisfaction of the CEO. The process followed is to be beyond reproach and responded to in writing before a final award is made to minimise the risk for the Gauteng Gambling Board.
- 27.5.2 A complaint received after an award has been made, must be responded to swiftly in writing and to the satisfaction of the CEO.
- 27.5.3 A supplier not satisfied with the ultimate written response by the Gauteng Gambling Board to a complaint, has the right to escalate such complaint to the Provincial Treasury, to the Public Protector and ultimately to a court of law.

27.6. Publishing of award

- 27.6.1 Awards shall be published in the Government Tender Bulletin and other media by means of which the bids were originally advertised.
- 27.6.2 The following information must be made available in the Government Tender Bulletin, on the Gauteng Gambling Board website and other media by means of which the bids were originally advertised:
- 27.6.2.1 Contract number and description
 - 27.6.2.2 Names of the successful bidder(s) and preferences claimed
 - 27.6.2.3 The contract price(s)
 - 27.6.2.4 If possible, brand names
 - 27.6.2.5 If possible, dates for completion of contracts.
- 27.6.3 Records of such publications must be retained for audit purposes.

27.7. Bids relating to the construction industry

- 27.7.1 Bids must be registered on the CIDB Register of Projects on award and progressively be updated until project completion for the promotion, assessment and evaluation of best practices on construction projects.

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28. SALES OF ASSETS AND GOODS AND LETTING OF ASSETS

28.1. Sale of assets and goods

- 28.1.1 With the exception of the preference point systems prescribed in the PPPFA and its Regulations, the Gauteng Gambling Board shall apply the same policies to the sale (resulting from the disposal process which includes scrapping) of assets and goods as for the procurement thereof.
- 28.1.2 Any sale of immovable State property must be at market related value unless National Treasury approved otherwise.
- 28.1.3 The determination to sell assets and goods must first be made in terms of the Gauteng Gambling Board's disposal policy.

28.2. Letting of assets

- 28.2.1 Letting of assets should be done in accordance with the National Treasury Regulations 16A7.

29. CONTRACT/PROJECT MANAGEMENT

29.1. General responsibilities

- 29.1.1 The relevant user department takes responsibility for day-to-day management and monitoring of a contract in line with the contractual conditions.
- 29.1.2 The SCM Unit and the Legal department is responsible for the management and administration such as monitoring, renewals, transfers, terminations, amendments and price adjustments of the contract/ SLA..

29.2. Managing the contract

- 29.2.1 The SCM Unit shall ensure that all reasonable steps are taken to properly enforce a contract.
- 29.2.2 The expenditure on the contract must be managed according to the available budget and any requirement for a variation on the contract must be addressed timeously.
- 29.2.3 The contractor's tax compliance status must be verified throughout the contract period. The relevant steps must be taken against the supplier if his tax compliance status is non-compliant.³¹

29.3. Correction of an incorrect acceptance

³¹ National Treasury Instruction No 3 of 2014/2015

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- 29.3.1 Mistakes in the letter of acceptance, contract form and/or formal contract must be reported immediately to the official in charge of the SCM Unit.
- 29.3.2 Every effort must be made without delay to recover the original letter of acceptance, contract form and/or formal contract from the contractor.
- 29.3.3 Where it is not possible to recover the original, all particulars of the incorrect acceptance must be reported to the relevant award structure together with a recommendation regarding the corrective steps that are envisaged.

29.4. Placing orders

- 29.4.1 Placing orders is the sole responsibility of the Gauteng Gambling Board.
- 29.4.2 Orders are to be placed in accordance with the contract and in accordance with the instructions of the financial policy.

29.5. Placing orders near the end of the contract period

- 29.5.1 Placing orders near the end of the financial year in order to only spend unused funds in the budgets is not allowed.
- 29.5.2 Except in the case of multi-year contracts, the Gauteng Gambling Board is prohibited from placing orders and receiving such goods/services in one financial year and arranging with suppliers to be invoiced and paid for in another financial year.
- 29.5.3 Where, for a given period of time, no valid contract exists, goods, services or works must be obtained in accordance with the delegated powers.
- 29.5.4 The obtaining of requirements must be restricted to what is absolutely necessary.

29.6. Contract monitoring

- 29.6.1 Monitor the contract constantly to ensure that contractual obligations are met and that contracts run with as little disruption as possible.
- 29.6.2 The SCM Unit must notify the user department timely of term contract expiry that will allow the user department sufficient time to decide whether to renew the contract.
- 29.6.3 The user department must ensure that the contractor performs according to the stipulations of the contract in delivering the goods or services on time, in the correct quantity and to the required standard.
- 29.6.4 Regular meetings with contractors to discuss progress, deliverables, foreseeable

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problems and/or amendments must be held during the contract period.

29.6.5 Trademark/Brand name

- 29.6.5.1 If a bid is accepted for a particular trademark/brand name, that trademark/brand name must appear on the product and substitute products must not be accepted.

29.6.6 Contract samples

- 29.6.6.1 Where a contract is awarded on the grounds of evaluation of a representative sample, such sample is kept for the contract period and is regarded as the contract sample. Deliveries are then compared with it in order to ensure that the quality does not deteriorate. However, if it does not correspond exactly with the contract sample, the consignment must be rejected and the contractor requested to remove and replace it immediately.
- 29.6.6.2 Samples kept by the Gauteng Gambling Board for control purposes may be accepted as partial execution of the contract, in which case the contractor must be requested to deliver only the balance. If a sample is not accepted as partial delivery, the contractor must be requested to collect it after termination of the contract.

29.7. Bids relating to the construction industry

- 29.7.1 Bids registered on the CIDB Register of Projects must be updated progressively until project completion for the promotion, assessment and evaluation of best practices on construction projects.

29.8. Non-contractual purchases

- 29.8.1 Small quantities of supplies or minor services may be procured outside of the contract in the following circumstances:

- 29.8.1.1 In cases of emergency; or
- 29.8.1.2 When the contractor's point of supply is not situated at or near the place where the supply or service is required; or
- 29.8.1.3 If the contractor's supplies or services are not readily available.

- 29.8.2 Purchases outside the contract must be restricted to requirements that are absolutely necessary to satisfy the immediate requirement and the action must always be justifiable against the contract conditions.

- 29.8.3 Acquisitioning procedures must in all instances be followed when procuring outside of existing contracts.

29.9. Payments

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- 29.9.1 Under normal circumstances payment is made for supplies in accordance with the contract conditions only after they have been delivered and, where applicable, installed, in good working order.

29.10. Over-/under-deliveries

- 29.10.1 Over- or under-deliveries may be accepted in accordance with the Accounting Authority's delegated powers.

29.11. Discounts on invoices

- 29.11.1 In cases where a discount is not a contract condition and a contractor indicates a discount on his/her invoice, this discount must be utilised if possible, for instance by making payment within the time limit specified on the invoice. However, orders must at all times be placed in accordance with the contract conditions, i.e. non-contractual discounts must not be taken into consideration when placing orders.

29.12. Insolvency, liquidation, death, sequestration or judicial management of contractors

- 29.12.1 In terms of paragraph 26 of the General Conditions of Contract issued by National Treasury, the Gauteng Gambling Board has certain options, which it may exercise in the case of insolvency.

- 29.12.2 The risk to the Gauteng Gambling Board is the determining factor and the choice with the smallest degree of risk is preferred.

29.13. Transfer and cession of contracts

- 29.13.1 The contractual conditions should stipulate the conditions under which transfers/cessions shall be considered and the process to be followed in such circumstance.

- 29.13.2 Applications for the transfer/cession of contracts must be completed and signed by both the transferor and the transferee and countersigned by two witnesses. Full reasons for the transferring of the contract must be provided and the transferee's ability to carry out the contract must be established and reported to the Accounting Authority or the delegate.

29.14. Transfer of contract payments

- 29.14.1 Transfer of payments may be considered in cases where a contractor makes application on an official letter signed by the CEO, or any other authorised person, for monies due to the contractor, to be paid to another person or organisation, such as a bank or supplier of materials.

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- 29.14.2 Contract payments may be transferred on the recommendation of the Gauteng Gambling Board and with the relevant award structure's approval only.
- 29.14.3 Written confirmation must be obtained from the contractor as requests for transfer of payment received from another person or organisation cannot be considered favourably.
- 29.14.4 Every application must be dealt with on its own merits. Favourable consideration will result only where it is not to the detriment of the Gauteng Gambling Board.

29.15. Contract variations/amendments

- 29.15.1 Contracts may be expanded or varied by not more than 20% or R20 million (including all applicable taxes) for construction related goods, works and/or services and 15% or R15 million (including all applicable taxes) for all other goods and/or services of the original value of the contract, whichever is the lower amount.
- This is not applicable to specific term contracts for which orders are placed as and when commodities are required, when at the time of awarding the contract, required quantities are not known.
- 29.15.2 Contracts may be amended/varied/modified according to the Accounting Authority's delegated powers to achieve the original objective of the contract.
- 29.15.3 Amendments may not materially alter the original objective; as such amendments should form part of a new bid invitation.
- 29.15.4 All contractual parties must agree to the amendment in writing.
- 29.15.5 No contract can be amended after the original contract has ceased to exist.

29.15.6 Extension of contract periods

- 29.15.6.1 The extension of a contract shall be finalised before the current expiry date of the contract.
- 29.15.6.2 Where prices are amended for the extended period, the reasonableness of the prices must be established.

29.15.7 Extension of delivery periods

- 29.15.7.1 Delivery periods may be extended according to the Accounting Authority's delegated powers.

29.15.8 Amendment of contract conditions

- 29.15.8.1 Amendments may be considered on their merits bearing in mind the best interest

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of the Gauteng Gambling Board. Amendments, which prejudice the Gauteng Gambling Board, can be agreed to only with the approval of the relevant award structure.

29.15.9 Amendment of specifications

29.15.9.1 Where a binding contract has been concluded, an amendment of the specification whether initiated by the contractor or by the Gauteng Gambling Board, can be made only after negotiation between the contractor and the Gauteng Gambling Board and through the facilitation of the relevant award structure.

29.15.10 Contractual price adjustments

29.15.10.1 The contractual conditions shall stipulate the circumstances under which price adjustments shall be considered, the intervals for adjustment, the base date for adjustments as well as the price adjustment formula and the process to be followed in such circumstances.

29.15.10.2 In cases of term contracts, price adjustments shall be considered on a quarterly basis and this condition shall be indicated in the bid document.

29.15.10.3 No price adjustments should preferably be considered for a contract period less than twelve (12) months.

29.15.10.4 The prescribed formula will be used for adjustment of prices due to the fluctuation of the indices.

29.15.10.5 Indices compiled by Statistics South Africa will be used for price adjustments.

29.15.10.6 Rate of Exchange (ROE) fluctuations are only allowed on the imported content of the commodity.

29.15.11 Non-contractual adjustment of prices

29.15.11.1 Non-contractual adjustment of prices is normally not allowed.

29.15.11.2 When contractors suffer a loss as a result of their own negligence, price adjustments not covered by the contract are not favourably considered. However, where a contractor suffers loss as a result of circumstances beyond his control, or as a result of incorrect action by the Gauteng Gambling Board and particularly when such loss might cause his/her downfall, non-contractual price adjustments may be considered by the Gauteng Gambling Board. Such adjustments are to the disadvantage of the Gauteng Gambling Board and the necessary Accounting Authority or the delegate approval must be obtained.

29.15.12 Reduction of prices

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29.15.12.1 The Gauteng Gambling Board must accept price reductions after award of a contract where this is advantageous to the Gauteng Gambling Board, unless the acceptance of the price reduction amounts to breach of contract.

29.16. Unsatisfactory performance

29.16.1 Continuously communicate unsatisfactory performance to contractors in writing compelling the contractor to perform according to the contract and thus to rectify or to restrain from unacceptable actions.

29.16.2 Apply the GCC rules where applicable.

29.16.3 Before action is taken in terms of the GCC or any other special contract condition applicable, the Gauteng Gambling Board must warn the contractor in writing that action will be taken in accordance with the contract conditions unless the contractor complies with the contract conditions and delivers satisfactory supplies or services within a specified reasonable time.

29.16.4. Restriction

29.16.4.1 The Gauteng Gambling Board may in terms of Treasury Regulations 16A9.2:

- Disregard the bid of any bidder if that bidder, or any of its directors-
 - Has abused the Gauteng Gambling Board's SCM system;
 - Has committed fraud or any other improper conduct in relation to such system; or
 - Has failed to perform on any previous contract; and

29.16.4.2 The Accounting Authority may restrict any supplier in line with par. 12 of the PPPFA and in line with Treasury Regulation 16A9.1(c) from doing business with the public sector for a period not exceeding 10 years if such a supplier obtained preferences fraudulently or if such a supplier failed to perform on a contract based on specified goals. Due process must be followed and National Treasury must be informed.

29.16.4.3 The Accounting Authority may also amend/uplift any restriction imposed by it.

29.16.4.4 The Gauteng Gambling Board must inform the National Treasury of any action taken in terms of the aforementioned paragraphs under the restriction heading.

29.17. Contract termination

29.17.1 The Gauteng Gambling Board must cancel a contract awarded to a supplier of goods or services:

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29.17.1.1 If the supplier committed any proven corrupt or fraudulent act during the bidding process or the execution of that contract.

29.17.1.2 If any official or other role player committed any proven corrupt or fraudulent act during the bidding process or the execution of that contract that benefited the supplier.

29.17.2 Termination of a contract may be considered for a variety of reasons, as stipulated in paragraphs 21.6, 23, 26 and 34.3 of the GCC, such as delayed deliveries, failing to perform any other contractual obligation or if the supplier has engaged in corrupt, fraudulent practices, restrictive practices or collusive bidding and insolvency.

29.17.3 Contract termination may be effected if allowed for in the contractual conditions and if both parties agree to the termination in writing.

30. LOGISTICS MANAGEMENT

30.1. Requisition

30.1.1 No issuing of store items or the commencement of the procurement process may take place without a properly completed requisition form.

30.2. Order administration

30.2.1 An order shall be placed based on the existence of a valid contract, bid or quotation (whichever is applicable) after the procurement process.

30.2.2 Each order shall be appropriately authorised by the delegated person.

30.3. Coding of items

30.3.1 All fixed assets are to be classified in terms of a unique identifying item number and description.

30.3.2 All items must be classified as either a non-consumable or consumable item for accounting purposes.

30.4. Inventory management

30.4.1 In cases where storage space is very expensive or not available, the just-in-time delivery principle must be used.

30.4.2 Minimum and maximum inventory levels for all store items shall be determined based on the usage, the lead and delivery times.

30.5. Asset management

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30.5.1 An asset record must be kept to determine which assets and quantities have been issued to a specific asset controller/holder.

30.5.2 Asset controllers must be appointed in writing.

30.5.3 All assets must be marked with a unique identifying asset number.

30.6. Fixed asset register

30.6.1 A central fixed asset register of all applicable assets or groups of assets of the Gauteng Gambling Board must be maintained at the finance division.

30.7. Stocktaking

30.7.1 All moveable assets recorded on an asset record are to be subjected to a stock take twice every financial year.

30.7.2 A stock take programme must be compiled.

30.7.3 A stock take report must be produced.

30.8. Handing and taking over procedures

30.8.1 Uninterrupted determination of responsibility and accountability must be maintained at all times. To ensure continuity, formal handing and taking over should take place whenever there is a change in personnel.

30.8.2 All inventory and equipment discrepancies must be properly recorded, investigated and records adjusted accordingly, when handing and taking over are effected between officials.

30.9. Discrepancies

30.9.1 Discrepancies are to be investigated when identified.

30.9.2 The investigation report with recommendations must be submitted to the CEO or delegate to decide whether identified losses are recoverable or irrecoverable. Losses or damages suffered by the Gauteng Gambling Board because of an act committed or omitted by a person working for the Gauteng Gambling Board, must be recovered from such a person, if such a person is liable by law.

31. DISPOSAL MANAGEMENT

31.1. General

31.1.1 Disposal of movable assets must be at market related value or by way of price quotations, competitive bids or auction, whichever is the most advantageous to

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the Gauteng Gambling Board, unless otherwise determined by the National Treasury.

31.2. Obsolescence planning

- 31.2.1 An obsolescence plan may be determined for an asset to ensure that when the asset can no longer be maintained or used for its original purpose, that there is a plan to replace it.

31.3. Renewal planning

- 31.3.1 A renewal plan must be determined for assets that have reached the end of its useful life.

31.4. Disposal decision

- 31.4.1 Asset disposal decisions such as selling, scrapping, destroying are to be made within an integrated service and financial planning framework.

31.5. Disposal strategy

- 31.5.1 The Gauteng Gambling Board shall establish a disposal strategy to determine the best mechanism of disposal for each asset.

31.6. Methods of disposal

- 31.6.1 Methods of disposal considered, must be in line with the allowed options and in line with the directives set for specific commodities such as for computer equipment.
- 31.6.2 The Gauteng Gambling Board must, when disposing of computer equipment, firstly approach any state institution involved in education and/or training to determine whether such an institution requires such equipment.
- 31.6.3 If there is no need, computer equipment may be disposed of by another approved disposal mechanism.

31.7. Alternatives to disposal

- 31.7.1 Where assets have been identified as under-performing, or no longer functionally suited to delivery needs, alternatives to disposal can be considered such as increased utilisation, refurbishment or an upgrade of the asset. The cost and benefit of such alternatives should be included in the disposal plan.

31.8. Disposal

31.8.1 Completion of a Disposal Certificate

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31.8.1.1 The Disposal Committee must complete a disposal certificate which must be forwarded to the CEO for finalisation and approval.

31.8.2 **Disposal Register**

31.8.2.1 The Gauteng Gambling Board will maintain a disposal register of all disposed items in a work sheet to the asset register.

32. RECORDING, REPORTING AND SUPPLY CHAIN PERFORMANCE MEASUREMENT

32.1. The Gauteng Gambling Board responsibility

32.1.1 The Gauteng Gambling Board must submit to the Provincial Treasury such SCM information as that Treasury may require and in such format and at such intervals as specified³².

32.1.2 The Gauteng Gambling Board will implement an information gathering, recording, reporting and performance measurement system to facilitate the above and to promote good governance.

32.2. RECORD KEEPING

32.2.1 Record keeping structure

32.2.1.1 Records can be maintained either manually or electronically in accordance with the Gauteng Gambling Board's Document Management Policy.

32.2.2 Records to be kept

32.2.2.1 The following records must be maintained:

- Record of gifts received
- Record of verbal and written quotations
- List of bid documents issued
- Record of ad hoc bids
- Record of Specific Term Contracts
- Record of urgency and emergency procurement
- Record of complaints received from bidders or contractors

³² National Treasury Regulation 16A11

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- Record of instances of fraud or corruption
- Record of fruitless and wasteful expenditure
- Record of circulars distributed within the Gauteng Gambling Board

32.2.3 Registers to be kept

32.2.3.1 Irregular expenditure register

32.2.3.2 Competitive bid register.

32.3. Reporting

32.3.1 The Gauteng Gambling Board shall report quarterly to the Board on the implementation of SCM and related matters.

32.3.2 The GGB will implement processes for quarterly reporting on legal spend relating to legal services rendered. Prior approval from the CEO or the Board as the case may be in respect of the monetary thresholds for procurement under the GGB's delegation of authority framework shall be applicable in respect of procurement events which are likely to exceed R500 000.

32.4. Reporting to Provincial National Treasury

32.4.1 SCM implementation

32.4.1.1 The Gauteng Gambling Board shall continue to report to Provincial Treasury on their progress in the implementation of SCM if there are any changes from year to year.

32.4.2 Contracts reporting questionnaire

32.4.2.1 The Gauteng Gambling Board shall submit reports electronically (on the National Treasury CRA system) to National Treasury in respect of each contract above the value of R100 000 (VAT Included) concluded during that month within 15 days of the end of each month.

32.4.3 Irregular expenditure reporting

32.4.3.1 Report all irregular expenditure immediately to the Provincial Treasury in line with the reporting principles set out in the National Treasury Irregular Expenditure Framework published as annexure A to National Treasury instruction note No. 1 of 2018/2019.

32.4.4 Restrictions Imposed by the Gauteng Gambling Board

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32.4.4.1 Report all restrictions imposed by the Gauteng Gambling Board immediately to the National Treasury.

32.4.5 Unsolicited proposals

32.4.5.1 Upon receipt of an unsolicited proposal, the Gauteng Gambling Board must (in writing) notify the Provincial Treasury contact person within ten (10) working days of such receipt.

32.5. Reporting: unsolicited proposals

32.5.1 Upon receipt of an unsolicited proposal, the Gauteng Gambling Board must notify the Provincial Treasury within ten (10) working days of such a receipt.

32.5.2 All concluded unsolicited proposal agreements must be reported in the annual report.

32.6. Exception reporting

32.6.1 The Gauteng Gambling Board shall, within 10 working days after the incident, report to Provincial Treasury and the Auditor-General in respect of all procurement above the value of R1 million (VAT included) done in terms of Treasury Regulation 16A6.4 (dispensing with prescribed competitive bidding process).

32.7. Prior Approval

32.7.1 The Gauteng Gambling Board shall seek prior written approval from the Provincial Treasury in exceptional cases other than an emergency or sole source procurement in respect of procurement by way of deviations from the normal bidding process.

32.8. Reporting to the dti

32.8.1 Contracts in excess of R10 million

32.8.1.1 The Gauteng Gambling Board must, within 5 working days after the award of a contract that is in excess of R10 million, submit details of such a contract to the dti.

32.8.2 Local production and content

32.8.2.1 Once bids containing local production and content requirements are awarded, The Gauteng Gambling Board must inform the dti of all the successful bidders and the value of the contract; and provide copies of contracts, the SBD6.2 certificates together with declaration C as submitted by the successful bidders.

32.9. Assessment/measurement of supply chain performance

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- 32.9.1 The Gauteng Gambling Board shall measure and monitor the SCM policy and process through a performance measurement system to ascertain whether government's objectives and targets set have been achieved. In this regard complete records pertaining to SCM will be kept.
 - 32.9.2 The Gauteng Gambling Board shall monitor and assess the performance of all contractors during the contract period.
 - 32.9.3 The Gauteng Gambling Board shall establish a procurement file detailing the contract, bid, quotations, the conditions and a history of execution shall supplement each contract.

APPROVAL AND AMENDMENT SHEET

DOCUMENT APPROVAL PROCESS

The signatories hereof, confirm the acceptance of their contents and recommend the adoption thereof

Version 1.0 - Final

Date March 2020

Summary This document is the Operating Expenditure Policy applicable to the
Gambling Board.

Signature

Date:-

CHIEF EXECUTIVE OFFICER

Signature

Date:

AUDIT AND RISK COMMITTEE CHAIRPERSON

Signature

Date:

BOARD CHAIRPERSON

Next revision date Annually