



ST STITHIANS COLLEGE

PROCUREMENT POLICY

Approved by:

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Date	Date	Date

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ACRONYMS

B-BBEE	Broad-Based Black Economic Empowerment
CAPEX	Capital/Projects/Building Expenditure
GRV	Goods Receipt Voucher
OPEX	Operational Expenditure
P&D	Planning and Development
PO	Purchase Order
RFx	Including but not limited to: Tender, Bid, Request for Information (RFI), Request for Proposal (RFP), Request for Quotation (RFQ)
SPR	St Stithians Procurement Representatives or delegated Procurement Agent
TEAR	Tender Evaluation & Adjudication Report



1 OVERVIEW

1.1 Policy Objective

1.1.1 St Stithians College is committed to the implementation of this Procurement Policy (hereafter referred to as the “Policy”) and its associated Procedure. The College will embark on a journey that supports its members in ensuring that these best-in-class procurement processes and good governance principles are applied as detailed in this Policy.

1.2 General

1.2.1 This Policy is applicable to all members, employees, Agents and contractors of St Stithians College (hereafter referred to as “the College”).

1.2.2 This Policy must be read in conjunction with Annexure 1 Procurement Code of Ethics and Annexure 2 Broad-Based Black Economic Empowerment Targets, which Annexures are formally incorporated into this Policy; and the St Stithians College Procurement Procedure (hereafter referred to as the “Procurement Procedure”).

1.2.3 The purpose of the Policy is to provide the principles and framework associated with the procurement of goods and services for all Capital (hereafter referred to as “CAPEX”) and Operational Expenditure (hereafter referred to as “OPEX”).

1.2.4 The Policy aims to ensure that the College’s governance requirements are adhered to at all times.

1.2.5 The Policy aims to guarantee that all procurement processes are carried out in a manner which mitigates risk, is fair, transparent, and delivers value for money for the College.

1.2.6 Through robust procurement processes resulting in the selection of suitable suppliers, the College will ensure that its commercial, social and environmental objectives are achieved.

1.2.7 This document details and provides specific requirements, objectives and principles which are to be applied when sourcing, tendering, procuring, ordering and the receiving of goods and services for the College.

1.2.8 The decision as to whether goods or services are procured for the purpose of being used, performed in-house or as an outsourced service, is an Executive Management decision.

1.2.9 The College encourages and supports the provision of goods and services provided by parents or past parents of children attending the College, and by alumni of the College, subject to Annexure 1 Procurement Code of Ethics, the provisions relating to conflict of interest; the furtherance of the College’s best interests; and in a manner which ensures that the College is in no way prejudiced.

1.3 Broad-Based Black Economic Empowerment Principles

1.3.1 This Policy, Annexure 1 attached hereto and the Procurement Procedure provides guiding principles which ensure that the College’s procurement activities contribute towards the Broad-Based Black Economic Empowerment (hereafter referred to as “B-BBEE”) objectives of South Africa.

1.3.2 In implementing this Policy, the College intends to contribute to the transformation of the South African economy by supporting, through its procurement and tendering practices, companies owned by previously disadvantaged individuals. The College also seeks to promote small business development.

1.3.3 The College shall ensure that the B-BBEE targets detailed in the Annexure 1 hereto are achieved.

1.4 Contravention of this Policy

1.4.1 Failure by any St Stithians College employee to act in accordance with the provisions of this Policy and/or failure to act with integrity during the conduct of any procurement activities on behalf of the College, may result in disciplinary action, in accordance with the relevant Human Resources Disciplinary Procedures.



2 SCOPE OF THIS POLICY

- 2.1 Save for the exclusions listed in 2.6 below, St Stithians Procurement Representative (hereafter referred to as “SPR”) is responsible for the management of all procurement activities for goods and services required by the College.
- 2.2 The College’s Head of Finance will be responsible for the management and overseeing of all Procurement activities.
- 2.3 The SPR will be responsible for the administering and facilitation of the end-to-end Procurement process detailed in the Procurement Procedure.
- 2.4 This Policy is applicable to all employees of the College (and their Agents) involved, in any way, with the sourcing and procurement of goods and/or services for the College’s educational, operations and/or capital and/or building projects.
- 2.5 Deviations from this Policy are only permitted once a Policy Deviation Notice has been approved in strict accordance with the Procurement Procedure, authorised by the Rector as the Chief Executive Officer and the Head of Finance (or their delegated representatives).
- 2.6 In the following instances, it is not necessary to generate a Purchase Order (hereafter referred to as a “PO”) or enter into a Legal Contract:
 - 2.6.1 Personal reimbursements (with prior approval only);
 - 2.6.2 Utility services;
 - 2.6.3 Petty Cash;
 - 2.6.4 Temporary Labour/Weekly paid contractors.

3 PROCUREMENT GOVERNING PRINCIPLES

- 3.1 Procurement Approaches and Types: All procurement at the College can be classified into one of the following procurement types and each procurement process is detailed in the Procurement Procedure:
 - 3.1.1 Tactical Purchasing:
 - a. This approach will be utilised for the purchasing of the College’s requirements that are:
 - i. Once-off/ad hoc and/or non-frequent and/or low in order value; and
 - ii. Easily procured from numerous suppliers in the market on a PO.
 - b. This type of procurement process requires a written Request for Quote (RFQ) be issued to at least two (2) potential bidders in the market;
 - c. A minimum of one (1) quote needs to be received prior to a valid PO being issued to the selected supplier;
 - d. All POs shall make reference to the St Stithians General Conditions of Purchase, which can be located on the St Stithians College website.
 - 3.1.2 Strategic Procurement:
 - a. This approach will be utilised for the procurement of the College’s requirements that:
 - i. Are frequent or specialised, unique and high in contract value; and/or
 - ii. Are only supplied by limited or sole suppliers; and/or
 - iii. Require a formal contract to mitigate the high-risks associated with the transactions.
 - b. These requirements will be sourced through a formal competitive tender process (RFP) which shall be issued to at least three (3) potential bidders in the market for a specific Scope of Works/Service;
 - c. This procurement process should result in a long term (one to a five year) Legal Contract being signed by the supplier and the College.
 - 3.1.3 Capital/Building/Project Procurement:
 - a. Will be defined as the procurement of the College’s requirement (goods and services) for capital/ building projects;



- b. When required, the College may elect to utilise a Request for Information (RFI) process in order to prequalify suppliers to be included on the College bidders list prior to issuing an RFP.
 - c. A formal competitive tender process (RFP) process is required and shall be issued to at least three (3) potential bidders in the market for a specific CAPEX project Scope of Work/Service;
 - d. This procurement process should result in a Legal Contract being signed by the supplier and the College for the duration of the project.
- 3.2 Conflict and Declaration of Interest:
- 3.2.1 An annual Declaration of Interests will be completed by all members of the College's Council and Senior Management Team.
 - 3.2.2 All College employees (or their Agents), who are involved in any way, in the procurement process, must declare upfront all interests, either direct or indirect, which they may have with any of the bidders on the Bidders List, and recuse themselves from the evaluation process to avoid any perceived or actual favouritism in the procurement process.
- 3.3 Gifts and Entertainment:
- 3.3.1 All College employees are to maintain the highest standard of integrity in all business relationships, by rejecting any practices which could reasonably be deemed as improper. By accepting inappropriate gifts or entertainment which may result in unnecessary embarrassment or damage the College's reputation. Specific concerns arise when the acceptance of entertainment and gifts are in anyway connected with an actual or perceived potential business transaction.
 - 3.3.2 All gifts and entertainment, in relation to Procurement, whether accepted or declined and irrespective of value – must be disclosed and registered on a St Stithians Gifts and Entertainment Register which will be maintained by each College Department and School.
 - 3.3.3 On an annual basis, the Head of Finance may conduct a St Stithians Gift and Entertainment Register audit on each department and school for the identified period.
- 3.4 Contract Creation:
- 3.4.1 Contracts will be created, negotiated, executed and managed by the SPR, or their duly appointed legal Agent; in collaboration with the end-user/budget holder, if required.
 - 3.4.2 A Legal Contract shall be concluded for the procurement of goods and/or services that are categorised as:
 - a. Strategic;
 - b. Capital/Building/Projects.
- 3.5 Contract Approval:
- 3.5.1 Approval of a Tender Evaluation & Adjudication Report (hereafter referred to as a "TEAR") must be obtained from the Tender Committee, recommending on behalf of the College, the awarding of any Contract. The Tender Committee's TEAR approval will instruct the SPR to compile the Contract.
 - 3.5.2 The Tender Committee's approved TEAR Report accompanied with the Contract are to be presented to the Rector for final approval and Contract signature.
 - 3.5.3 For Capital / Building projects, the Tender Committee will approve the recommendation of the TEAR, after which the TEAR is approved by the Planning & Development Committee (hereafter referred to as the 'P&D' Committee), prior to being presented to the Rector for final approval and Contract signature.
- 3.6 Contract Amendments:
- 3.6.1 All Contract amendments must be approved in line with the College Authorisation Matrix.



- 3.6.2 Contract amendments greater than fifty percent (50%) of the original Contract value shall not be allowed without a duly authorised Deviation Notice.
- 3.6.3 Where the requested Contract amendment results in a significant deviation from the initial Scope of Work/Service of the current Contract, the Head of Finance shall review the circumstances, and may approve the Contract amendment, request a new Contract to be placed or a new procurement process be initiated.
- 3.6.4 Contract extensions may not exceed 12 months, without a duly authorised Deviation Notice.

4 SEGREGATION OF DUTIES

- 4.1 The following rules are applicable to procurement at the College:
 - 4.1.1 The SPR will compile the Contracts and the Contracts will be signed by the College Rector (or the Rector's formally delegated authority).
 - 4.1.2 A minimum of two (2) people will open the tender proposals received from the bidders. Of these individuals, one (1) of the two (2) people who participate in the Tender Opening of the Proposals, shall not be involved in any way with the procurement process underway.
 - 4.1.3 The end-user/budget holder that has requested the procurement of goods or service, may not issue a tender or manage the procurement process.
 - 4.1.4 All Proposals received during a procurement process for Strategic and Capital Project procurement will be reviewed and adjudicated by both a technical and a financial representative of the College.
 - 4.1.5 The end-user/budget holder that requested the goods or services may not compile the Contract.
 - 4.1.6 A minimum of two (2) people from the College will sign the delivery note/GRV for goods being delivered to the College.
 - 4.1.7 The person/s involved in the procurement process should not be involved in the payment of the supplier's invoices.

5 SPECIAL NOTE FOR CAPITAL BUILDING PROJECTS

- 5.1 Professional Team Appointments for Projects
 - 5.1.1 The College Council will appoint a professional team, based on the recommendation of the Rector and the P&D Committee. The professional team will be appointed for five (5) years and this appointment may be renewed every five (5) years.
 - 5.1.2 The team will consist of the College Architect, Quantity Surveyor, Electrical Engineer, Structural Engineer and any other professionals considered necessary from time to time.
 - 5.1.3 The College representatives will include the Rector, the Head of Finance and the Head of Operations and any elected senior staff member from the College if required for a specific College related project.
 - 5.1.4 The appointed professional team will be reimbursed in terms of the Conditions of Contract for all preliminary drawings, sketch plans etc., that may be required to establish the viability of any reasonably appointed project. Therefore, the members of the professional team may only be approached to render a service through the P&D Committee, after the Rector and the P&D Committee have first approved the potential project.
 - 5.1.5 The professional team, may not be approached or appointed to work "at risk" or without a valid Contract or Purchase Order.
- 5.2 Key Role Definitions and Functions within the Procurement and Project Process
 - 5.2.1 Planning and Development (P&D) Committee roles:
 - a. Approve the Project and project specific requirements;
 - b. Approve the award of the Contract to the selected supplier/contractor;



- c. Appoint the Principal Agent per project - the Principal Agent may be a professional appointment (Architect, Quantity Surveyor, Project Manager, or a volunteer member of the P&D Committee).
- 5.2.2 The Role Players:
- a. The College and the Architect shall define the Scope of Work (the final design and baseline documents, which consist of the final brief, drawings, design and budget programme);
 - b. The Quantity Surveyor shall, based on the Scope of Work, establish the Cost Estimate and develop the Bill of Quantities;
 - c. The College issues an RFI for Pre-Qualification purposes, as required;
 - d. The College and P&D Committee select eligible contractors to be issued an RFP;
 - e. The Procurement Process shall be implemented as per the Procurement Procedure.
- 5.2.3 The Principal Agent and/or SPR:
- a. Shall ensure that all the required TEAR Recommendation approvals are obtained from the Tender and P&D Committee;
 - b. Shall prepare Contract documentation for signature by the Rector;
 - c. Shall ensure that the Contract documentation is then signed by the Contractor and in doing so appoint the successful supplier/s on behalf of the College.

6 REFERENCE DOCUMENTS

- 6.1 The following documents should be read in conjunction with this Policy:
- 6.1.1 St Stithians Procurement Procedure;
 - 6.1.2 The Procurement Authorisation Matrix;
 - 6.1.3 Diversity Plan/Transformation Statement.



7 ANNEXURES

ANNEXURE 1 – PROCUREMENT CODE OF ETHICS

1 PURPOSE

- 1.1 This document provides a set of Policy guidelines by which all the St Stithians College's (hereafter referred to as "the College") employees should be bound when interacting with suppliers. While procurement and purchasing ethics maybe interpreted subjectively, this document recommends a Policy that is as unambiguous as possible. The acceptance and adherence to the principles contained herein protects not only the interests of the College but those involved in the procurement and purchasing processes.
- 1.2 The College regards integrity, commitment, professionalism, the identification of risk, and prudence as central to every aspect of the College's activities.

2 INTRODUCTION

- 2.1 The operating and capital expenditure of the College is substantial and utilises a considerable network of suppliers. The importance of the College's relationship with its suppliers, the impact of ethical practices in this relationship and the College's reputation, is summed up in the following excerpt:

"Although purchasing has developed somewhat into a science of its own, its decisions remain largely a matter of personal judgment and it is necessarily carried on, to a great extent, through personal contacts and relationships. The purchaser is the custodian of the (College's) funds, responsible for their conservation and prudent expenditure. Moreover, through contacts and dealings with suppliers, the purchaser is a custodian of the (College's) reputation for courtesy and fair dealing.

For all these reasons, a high ethical standard of conduct is essential. The purchaser must not only act ethically, but must be above the suspicion of unethical behaviour. Such conduct is seen as an essential pre-requisite for the promotion and maintenance of good supplier relationships."

(Steward F. Heinritz; "Purchasing; Principles and Applications")

- 2.2 It is important to note the following:
 - 2.2.1 Several suppliers to the College are directly or indirectly involved with one or more of the schools within the College, adding an important dimension to the relationship;
 - 2.2.2 The economic health of suppliers can be affected by the conduct and behaviour of the College;
 - 2.2.3 The integrity and reputation of the College is dependent on how employees interact with suppliers and with those, perhaps, already directly or indirectly associated with the College.
- 2.3 All College employees will observe the highest ethical principles when entering into procurement and purchasing interactions with suppliers.
- 2.4 These principles are summarized in the following guidelines:
 - 2.4.1 Personal interests which may impinge on impartiality when dealing with suppliers will be declared in a Declaration of Interests to the College's Executive Committee on an annual basis.
 - 2.4.2 Confidential information received in the course of duty will be respected. Information given in the course of duty will be true and fair.



- 2.4.3 Any procurement and purchasing arrangement which hinders fair competition among potential suppliers should be avoided.
- 2.4.4 Gifts or hospitality which may be seen to influence an employee to prefer one supplier over another will not be given or received.
- 2.4.5 Procurement and purchasing from a supplier may not depend upon a reciprocal relationship with the College.
- 2.4.6 No employee may use the procurement and purchasing influence of the College for personal purchases of any kind.
- 2.4.7 All procurement and purchasing agreements will be made with the College as purchaser – no other relationship with a supplier will affect this arrangement;
- 2.4.8 No employee will use the College's procurement and purchasing influence to obtain preferential prices beyond which the supplier would usually provide.
- 2.4.9 No item will be acquired in contravention of copyright laws. No software, in particular, will be acquired through illegal copying.
- 2.4.10 Any requirements prescribed by South African law will be identified and complied with in all cases.

3 DECLARATION OF INTEREST

- 3.1 A conflict of interest can arise when an employee is involved in a personal activity which may interfere with the interests of the College.
- 3.2 Any perceived interest which may impinge or might reasonably be perceived by others to affect the judgment of the employee to the detriment of the College and/or its suppliers must be avoided.
- 3.3 All outside interests which fall within this category must be disclosed to the College's Executive in writing every twelve (12) months. Interest of this type can be financial, i.e. an investment in a company supplying goods to the College. Indirect interests could include family members whose interests may affect the objectivity of an employee.

4 CONFIDENTIALITY OF OFFICIAL INFORMATION

- 4.1 Confidential information received in the course of duty must be respected and should not be used for personal gain.
- 4.2 The College's interest must be protected by dealing confidentially with College and supplier information.
- 4.3 College or supplier information which is generally not available to the public may not be disclosed.
- 4.4 No College or supplier information should be disclosed to external parties, unless warranted.
- 4.5 It is not the College's intention to exclude suppliers in which College employees may have a personal interest from providing or delivering services. These suppliers could provide an efficient and effective service, at a reasonable price, to the benefit of the College.
- 4.6 Where a St Stithians Procurement Representative or a supplier is in possession of inside or confidential information of which competitors have no knowledge, that individual or company is being unjustly favoured. Such information should not be used for personal gain.
- 4.7 College tender documents must include a clause whereby College employee interests can be disclosed by the tenderer/supplier.
- 4.8 Information that is provided to suppliers or to any party involved in the purchaser / supplier relationship must be true and accurate at all times.

5 FAIR COMPETITION AMONG SUPPLIERS

- 5.1 A long-term relationship with a supplier can be to the advantage of the College provided that the relationship does not exclude fair competition in the marketplace for the College's business. Particular caution is needed where these potentially restrictive relationships



between the College and an existing supplier are based on a personal relationship between an employee of the College and a counterpart of the supplier.

6 UNDUE INFLUENCE CAUSED BY GIFTS, ENTERTAINMENT AND HOSPITALITY

- 6.1 In the interests of maintaining a good relationship with parents and/or suppliers, an employee will not accept any favours which may influence the employee to prefer one parent or supplier over another.
- 6.2 In order to maintain existing relationships or secure additional business, suppliers may invite a College employee to luncheons, dinners or even donate gifts. Any gift from a supplier or parent which may alter the judgement of a College employee to accept terms that would not normally be accepted should be considered unethical and not be entertained.
- 6.3 It is important that the timing of such gifts be considered. Under no circumstances may gifts or entertainment be accepted by any employee during a procurement processes relating to the adjudication of tenders, contract and price negotiations for goods and services.
- 6.4 Moderate hospitality is an accepted courtesy of a “business” relationship. However, the recipients should not allow themselves to reach a point where they might be considered to have been influenced in making a purchase decision as a result of accepting such hospitality.
- 6.5 It is suggested that only the following gestures be regarded as acceptable:
 - 6.5.1 Occasional lunches and dinners provided that the company is already a supplier of goods or services or with whom the College is not involved with negotiations;
 - 6.5.2 Advertising material, for use within the College environment, that has little or no real value and on which the name of the supplier is engraved;
 - 6.5.3 Tickets to local sporting events;
 - 6.5.4 Gift should not exceed a defined monetary value.
- 6.6 The frequency and scale of hospitality should not be significantly greater than a recipients’ employer would be likely to provide in return. When in doubt as to what is acceptable in terms of gifts or hospitality, the offer should be declined; or advice sought from the Head of Finance.
- 6.7 All gifts and entertainment whether accepted or declined and irrespective of value – must be disclosed and registered on a St Stithians Gifts and Entertainment Register which will be maintained by each College department.

7 CONTRACTUAL AUTHORITY AND LIABILITY

- 7.1 To ensure that the College is not exposed to contractual liability through the actions of employees acting outside their limits of authority, it is necessary that such levels of authority are clearly documented, published, updated and adhered to.
- 7.2 Where an employee enters into an agreement, whether verbally or in writing, with an outside party the College could be committed contractually with the risk of irrecoverable loss.
- 7.3 It is the responsibility of Executive/Management to compile levels of procurement and purchasing authority matrices.

8 SHARP PRACTICES

- 8.1 The term “sharp practice” is best defined as evasion and indirect misrepresentation just short of actual fraud on the part of the purchaser. Illustrations of sharp practices include:
 - 8.1.1 Discussing large quantity purchases with a potential supplier in order to gain large volume discounts when, in fact, the actual requirements are small in volume that would not earn quantity discounts in the normal course of events;



- 8.1.2 Inviting bids from suppliers whom the purchaser has no intention of patronizing and using these quotations for the sole purpose of negotiating down other quotes from suppliers who are considered to be potential suppliers.
- 8.2 Sharp practices constitute misrepresentation by the employee concerned and the College, and must be avoided.
- 8.3 Although it is legitimately expected of a purchaser to make full use of the College's purchasing power, this factor should operate to the mutual benefit of both the College and the supplier.

9 RECIPROCITY

- 9.1 Purchases from an authorized supplier should not be made on the basis that the supplier purchases services from the College. The College's decision to use the services of a supplier must be totally independent from the supplier's decision to utilize the services of the College, for whatever reason.
- 9.2 Where suppliers of identical goods and services compete for the College's business, cognisance should be taken of existing relationships. Parents of children at the College, and alumni of the College, may be considered provided that support services etc., are comparable to that provided by other suppliers and the College is in no way prejudiced.

10 PURCHASES FOR PERSONAL USE

- 10.1 No employee may use the purchasing power of the College for personal purchases of any kind except with a recommendation from their head/manager and authorized by the Head of Finance.

11 PREFERENTIAL PRICES

- 11.1 This deals with the difference between a "best price" and a "preferential price":
 - 11.1.1 Procurement and purchasing agents for the College must try to obtain the best price for approved goods and services;
 - 11.1.2 Volume or quantity discounts are normal and should be negotiated where possible;
 - 11.1.3 However, no College procurement Representative/purchaser may knowingly incite or receive a preferential price (that is, a price lower than the supplier charges others for the same product where the quantities and methods of sale are the same) through manipulation or coercion or where the supplier is not acting on the basis of free will.

12 COPYRIGHT AND SOFTWARE PIRACY

- 12.1 Certain items purchased by the College, including books, other written material, videos, audiotapes and computer software, are subject to copyright and, in some cases, "restricted use" clauses which are included in the purchase agreement.
- 12.2 To comply with local and international law, as well as the terms of a purchase agreement, no employee may copy or use these products in contravention of these laws and agreements.
- 12.3 In some cases, breach of copyright may result in severe financial penalties. Moreover, the relationship between the College and the supplier of these copyright materials could be severely compromised.

13 ETHICS AND RESTRICTIONS IMPOSED BY SOUTH AFRICAN LAW

- 13.1 While there is no South African legislation dealing directly with ethical practices in procurement and purchasing agreements, employees of the College entering into



procurement, purchasing negotiations and agreements must assume responsibility for establishing any restrictions decreed by South African common law, now or in the future, and apply with such in all cases.

ANNEXURE 2 – BROAD-BASED BLACK ECONOMIC EMPOWERMENT TARGETS

1 B-BBEE PROCUREMENT TARGETS

- 1.1 The College shall on an annual basis measure, record and report on their actual B-BBEE discretionary spend achievements with transformed suppliers with a valid Level 1 to 4 BEE Certification.
- 1.2 The Head of Finance shall on an annual basis update the B-BBEE targets for the next financial year, if required.
- 1.3 The B-BBEE Spend Targets for 2018 to 2024 shall be detailed below once the College has completed their internal audit to establish the current baseline data and the targets have been set.

Year	B-BBEE Spend Targets on Discretionary Spend:
2018 - 2020	<i>To be determined</i>
2020 – 2022	<i>To be determined</i>
2022 – 2024	<i>To be determined</i>