

## **1. Goods**

Goods are tangible products, e.g. calculators, paper cutters, answering machines, furniture, computer hardware and software, audio-visual equipment, photocopy equipment, printing and facsimile equipment, medical supplies, trolleys, fans, air-conditioners, etc.

## **2. Services**

Services are non-tangible commodities that include equipment rental, installation and repairs, service contracts such as research and other consulting services, international mail delivery, courier services, travel services, etc.

## **3. Database of potential service providers**

The office administrator or finance officer will investigate the prices and services of different vendors, in order to obtain the best services and prices. A database of the different vendors will be kept for future reference. This database will be updated regularly. This database will include the name, address and contact numbers, description of business and products, rating of services rendered, timeliness, etc. A file will also be kept for priced catalogues received from different vendors. The catalogues will be filed under the company's name and alphabetically.

## **4. Appointment of consultants**

The Foundation will from time to time, need to contract specialists to do work on behalf of the organisation. Proposals and quotations should be received from at least 3 consultants for services valued at R50,000 or above.

The chief executive officer should encourage the use of a variety of consultants and new consultants should be encouraged to submit proposals. The chief executive officer should be able to motivate her/his choice of consultant to the executive committee of the Foundation.

The Foundation will maintain a database of potential service providers.

### **4.1. Terms of Reference**

Any job should have clear, written terms of reference that outline the scope of the work to be done and serves as the basis for any contractual agreement.

Selection in every instance will be guided by the following criteria:

- Price of the supplies;
- Past experience and level of knowledge, expertise, or specialization;
- Approach and methodologies for providing the supplies;
- Extent of ownership by LGBTI-identifying people, Black people, and women and/or affirmative action policy and practice;
- Regional location;

- Capacity to deliver a high quality service or product;
- Turn around time; and
- Brand association value.

A contract must be signed between the Foundation and each service provider before any work starts. All new products developed through service provision contracts will be copyrighted to the Foundation as outlined in the consultant's contract.

## **5. Procurement Options**

- All procurement less than R50,000: contracts may be awarded preferably but not limited to suppliers registered on the database of suppliers. The chief executive officer shall authorise such procurement in consultation with at least one other staff member.
- All procurement between R50,000 and R250,000: a minimum of three potential suppliers (preferably from, but not limited to, those registered on the database of suppliers) will be requested to respond to the project specifications. The chief executive officer shall authorise such procurement in consultation with at least one other staff member.
- All procurement above R250 000 up to R500,000 per contract value will be done through a procurement committee process which will consider at least three potential suppliers, preferably chosen from (but not limited to) the database of suppliers. Procurement committees should consist of at least three members to be appointed by the chief executive officer. All potential suppliers must be scored according to the criteria above. The committee should try to make a decision by reaching consensus after deliberation. However, if consensus is not reached, the committee may determine the successful supplier by determining the supplier with the highest overall score. All deliberations of procurement committees, including scoring sheets, must be documented and signed by all committee members.
- All procurement above R500,000 per contract value will be done through an open, public tender process. Decisions will be made by a procurement committee. Procurement committees should consist of at least three members to be appointed by the chief executive officer. All potential suppliers must be scored according to the criteria above. The committee should try to make a decision by reaching consensus after deliberation. However, if consensus is not reached, the committee may determine the successful supplier by determining the supplier with the highest overall score. All deliberations of procurement committees, including scoring sheets, must be documented and signed by all committee members. It is, however, recognised that for business operational reasons, a closed tender process may be a more appropriate option. Where the chief executive officer feels that such an instance has arisen, application must be made in writing to the executive committee for authorisation and a clear motivation to deviate from the normal tender process must be given. The executive committee will review the motivation and make a decision.

All decisions with regard to choice of supplier will be done in writing, including e-mail and fax.

### **5.1. Open Tenders**

#### **5.1.1. Advertising**

Where the prospective contractors are to be identified through advertising, the chief executive officer must determine and justify which publication will reach the intended suppliers. Ideally, communication platforms with a regional reach should be used.

All advertisements must be placed at least three weeks before the intended date of awarding the contract with the closing date for all tenders to be submitted within a minimum of fourteen working days from the date of the publication of the advertisement. The advertisement and the tender documents should state that the total contract value to be given.

### **5.1.2. Tender documents**

Tender documents shall clearly state the work to be carried out, the location of the work, the goods to be supplied, the place of delivery, the schedule for delivery or completion, minimum performance requirements, and the warranty and requirements, as well as any other pertinent terms and conditions. The tender documents shall also specify any factors, in addition to price, which will be taken into account in evaluating tenders, and how such factors will be quantified or otherwise evaluated.

Prospective contractors will all be provided the same information, and shall be assured of equal opportunities to obtain additional information on a timely basis. A tender briefing meeting may be arranged whereby potential contractors may meet with the chief executive officer or her/his designated representative to seek clarifications.

Prospective contractors will be required to submit tenders valid for a period of at least 90 days from the closing date of the tender. This must be specified in the tender documents. The 90-day period is to allow the Foundation to complete the comparison and evaluation of tenders and obtain all the necessary approvals so that the contract can be awarded within that period. The Foundation should strive to evaluate and award a contract within 21 days of the closing date of the tender.

### **5.1.3. Evaluating Tenders**

The evaluation panel comprised of at least the relevant programme manager, the chief executive officer, and one other person, will determine whether the tenders (i) meet the eligibility requirements specified in the terms of reference, (ii) are substantially responsive to the tender documents, and (iii) are otherwise generally in order.

The responsible programme manager shall prepare a detailed report on the evaluation and comparison of tenders setting forth the specific reasons on which the recommendation is based for the award of the contract. Contracts should only be awarded to those service providers that in the opinion of the evaluation committee are most likely to complete the contract to a high level of quality, as described in the terms of reference.

All proposals should be evaluated against the criteria specified in the terms of reference.

Particular attention should be paid to the following:

- There are certain essential characteristics that the successful candidate must demonstrate. If a proposal does not satisfy any of the critical factors then it must be immediately rejected. A higher weighting should be applied to these characteristics.
- Certain characteristics may be desirable rather than critical and can be used to differentiate between proposals of a similar high quality.

- Using a weighted scoring method is not an end in itself but rather an equitable method to differentiate between proposals.
- The Foundation will use the following general guideline for weighting of different aspects of proposals in evaluating tenders:
  - Technical (no more than 70%);
  - Price (no more than 15%); and
  - Discretionary per project (no more than 15%) (e.g. BEE, gender or other economic empowerment issues when dealing with services providers from the Republic of South Africa).
- The relevant programme manager may contact the provided referees and record the reference comments given on the work previously performed by the service provider. References shall be contacted before the contract is signed.
- South African service providers must be determined to be compliant with the national revenue service regulations.

#### **5.1.4. Awarding of a Contract**

Successful contractors will be expected to sign a performance contract before commencement of work. Two original contracts must be signed. One copy must be given to the contractor and one retained by the Foundation.

#### **5.1.5. Conclusion of a Contract**

Contractors must submit invoices as prescribed by the contract to the relevant programme manager.

The programme manager will review the invoice and verify that it is in terms of the contract and that all work invoiced for has been satisfactorily completed or the ordered goods have been delivered in good quality.

The programme manager will sign the invoice as evidence of his/her approval.

Where the contract requires a deliverable before fees are paid, the programme manager must ensure that the contractor has provided all deliverables.

Contractors will be paid in terms of the contract. The standard payment terms are to be 30 days from receipt of a valid invoice. A valid invoice is an invoice that complies with the layout requirements of the contract and all work invoiced for has been completed and all deliverables delivered.

## **6. Fixed Assets**

### **6.1. Purchase of Fixed Assets**

Fixed assets will not be purchased unless they have been budgeted for. The procurement procedure will be followed for any fixed assets that are purchased. The asset is to be inspected by the finance manager upon receipt and verified to the suppliers' invoice. All fixed assets are to be adequately insured prior to delivery and entered immediately upon receipt to the asset register.

If fixed assets are donated, they will be entered to the books as an asset, and as a donation in the income accounts. If the cost/value is not available, a reasonable market value will be determined and used.

## **6.2. Disposal of Fixed Assets**

Disposal of fixed assets must have the prior written (minuted) approval of the Board. If the asset was purchased from the proceeds of a funding contract, the contract must be reviewed to determine whether authorisation is first required from the funder. Insurance will be adjusted and the asset will be removed from the fixed asset register upon disposal.

## **6.3. Fixed Asset Register**

A fixed asset register will be maintained, by the office administrator or finance manager/officer, containing the following details:

- Date of acquisition;
- Brief description of asset;
- Suppliers' name;
- Cost (or market value if donation and cost not known);
- Serial number (if applicable); and
- Location of asset.

The chief executive officer will request the office administrator to be responsible for carrying out periodic physical inspections of fixed assets and verifying them to the register. The chief executive officer will be responsible for seeing that the fixed asset register is regularly updated and maintained.

## **6.4. Accounting for Fixed Assets**

Fixed assets will be set up in the balance sheet. Depreciation will be applied at the appropriate rates as determined by the Foundation's auditors and finance manager.