

**EASTERN CAPE
PROVINCIAL TRESURY**

**PROVINCIAL SUPPLIERS
DATABASE UTILISATION
POLICY**

MAY 2008

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1. Purpose of the Provincial Supplier Database

The objectives of the creation of the electronic Provincial Supplier Database are:

- To assist Departments in the selection of screened suppliers from which to source goods and services, who are less likely to default on contracts that may be awarded to them;
- To protect Departments against suppliers who are in disrepute with the Province;
- To augment the effective implementation of preferential procurement policies;
- To provide reporting facilities to measure the progress of preferential procurement initiatives;
- To improve communication with Departments in the Province; and
- To contribute towards establishing an integrated and streamlined Supply Chain Management system in the Eastern Cape.
- To improve administrative efficiency and effectiveness by preventing duplication of effort by each Provincial Department having to establish and maintain its own database of suppliers.

2. Registration on the Suppliers Database

2.1 Who must register?

All potential suppliers of goods and services to any Department in the Eastern Cape, must register on the Eastern Cape Suppliers Database. Bid or quotation documents submitted by non-registered suppliers must be disqualified

2.2 When to register

A supplier must already be registered on the Suppliers Database at the time of submitting a bid or quotation to a Department. Specifically identified categories of suppliers are exempted from having to register as mentioned above. These categories of suppliers are listed in paragraph 4. below. Departments are therefore urged to advise their potential suppliers to apply for registration on the Suppliers Database as early as possible.

2.3 How to register

In order to apply for registration on the Provincial Suppliers Database, potential suppliers must complete a "SCMO 1" Application for Registration Form, and provide supporting documentation as required by Provincial Treasury. These documents are then to be submitted to Provincial Treasury. Documentation is available in both hard-copy (paper format), as

well as electronic format. The contact details to obtain documents in paper format are as follows:

2.3.1 Physical Address

Supply Chain Management Office
Shop 5
Ground Floor
Tyamzashe Building
Independence Avenue
Bhisho

2.3.2 Telephone Contact Details

Tel: 040 609 5679
Fax: 040 609 5617

2.3.3 Provincial Treasury website

Documents in electronic format are obtainable by visiting Provincial Treasury's website at www.ectreasury.gov.za. It is advisable that the electronic SCMO 1 be downloaded onto a personal computer/laptop first, before it is printed.

A SCMO 1 document that has not been completed in full will be returned to the applicant supplier, with an indication of the information still required in order to effect registration. It is thus essential to ensure the **correctness** and **completeness** of the SCMO 1 forms and in particular the correctness of the supplier's/applicant's contact details.

2.4 **Assistance with completion of forms**

Assistance with the completion of the SCMO 1 form can be obtained from each Provincial Department's Supply Chain Management Unit or from the Supply Chain Management Office within Provincial Treasury.

2.5 **Where to submit the forms**

Once the SCMO 1 form has been completed, it must be submitted to Provincial Treasury (as in section 2.3.1) by hand.

Suppliers must note that registration documentation, signed in the original, must be submitted to the above address, even if electronic documents have been completed online. Failure to do so **will** result in non-registration.

2.6 **How to use the supplier database**

2.6.1 **Selecting a supplier**

Departments can access the Suppliers Database via the Provincial Treasury intranet website. Information of registered suppliers will be available to each Department (a supplier is therefore not registered exclusively for one Department).

Before a bid is awarded or a quotation accepted, a Department must first verify whether the supplier is registered on the Database. If a supplier is not registered, a contract may not be awarded to the former.

Apart from determining the legitimacy of a supplier, a Department may also verify the equity ownership composition of a supplier, to determine how this supplier will contribute towards a Department's preferential goals.

The following data is provided for i.r.o. each registered supplier:

- Business name (trading name);
- Contact details;
- Registration status (approved, not approved, restricted);
- Products that it provides;
- SMME status; and
- Details on the performance history of the supplier as completed by Departments with a previous working relationship with the supplier.

2.6.2 Updating the Suppliers Database (changed supplier information)

A new registration form must be completed and submitted whenever the details of a registered supplier changes. However, only the relevant sections that apply to the changed information should be completed on the registration form.

It is the responsibility of the supplier to ensure that his/her information is updated on the Suppliers Database as soon as the change/s occur. Neither the Department nor Provincial Treasury can be held responsible when a supplier is not appointed in respect of a bid or quotation, due to outdated information on the Suppliers Database.

When submitting a bid, a supplier must complete and sign a declaration stating that the information on the Database, of the supplier submitting the bid, is still accurate and complete.

3. Exemption from registration on the suppliers database

Although this Policy determines that Departments are only to procure goods/services from suppliers registered on the Suppliers Database, it is common cause that in various instances it will be impracticable to procure specific goods or services from registered suppliers only.

The Provincial Treasury has therefore allowed for certain instances in which it is not mandatory for suppliers to be registered on the Suppliers Database. Departments must verify, by referring to the categories below, whether a supplier falls within any of the categories listed. **Only if the verification does lead to such a conclusion**, may a Department award a contract to an unregistered supplier.

The following groups of suppliers are exempted from registration:

- Suppliers in **industries where there is little or no competition** in respect of **supplying essential services/goods**. In this situation the consumer Department does not have a significant bargaining position and should therefore be allowed a certain degree of flexibility in procuring from available suppliers. These are suppliers that offer conference facilities and accommodation, such as hotels. Furthermore, suppliers of transport services, such as airline companies, car hire and bus service providers, are therefore also exempted;
- **Suppliers who are fully or partially government owned**. Examples of such include Eskom, Telkom, the Post Office, public tertiary institutions (that are government owned), national or provincial Departments and local government entities;
- **Limited suppliers who offer specialised goods/services** and where utilisation thereof is probably on a **once-off** basis;
- **State Information Technology Agency (SITA)** for procurement of any information technology equipment or software;
- **Medical practitioners;**
- Suppliers utilised under **circumstances of urgency or emergency**, as provided for in the Procurement Delegations Practice Note;
- Suppliers which are **contractors on national general period contracts;**
- Suppliers utilised when a Department procures goods or services with a total value not exceeding R2 000 per transaction, by following the petty cash procurement route; and
- **Small community newspapers and news media** (e.g. for advertising of bids and job opportunities). When it is anticipated that such suppliers will be engaged regularly they should be encouraged to register on the Database, due to the recurring nature of transacting with them.

When an unregistered supplier is to be utilised, the Accounting Officer or his/her delegate must record the relevant category of exempted supplier (with reference to the abovementioned list), with a brief motivation as to the reason/s for not procuring from a registered supplier. Such record must be appropriately filed for audit purposes.

4. Responsibility of Provincial Treasury

4.1 Supplier data capturing

The Suppliers Database Component of the Supply Chain Management Office in the Provincial Treasury is responsible for capturing the information from the completed registration application forms onto the Database. The time it takes this component to register a new supplier is

dependent on the accuracy and completeness of information supplied on the registration application form. In addition, the number of applications for registration received simultaneously, will also impact on the time taken to process an application.

The Suppliers Database Component in the Provincial Treasury will list successful applicants on the Suppliers Database Internet web page, accessible via the Provincial Treasury web site.

4.2 Feedback to an applicant on missing information

Provincial Treasury will return an incomplete registration document to the applicant supplier, with an indication of the information still required in order to effect registration. The supplier will not be registered until a complete registration form has been received by Provincial Treasury.

4.3 Feedback to suppliers on unsuccessful registration

Provincial Treasury will communicate to applicants when they have not been registered on the Database. This communication will be done in writing to the contact details as provided on the registration form. Reasons for not registering the supplier will be provided and the supplier will have the opportunity to appeal to Provincial Treasury.

4.4 Management of Database

The Database is managed and administered by the Suppliers Database Component in the Provincial Treasury. Continuous updating of Database information and ongoing registration of suppliers will be carried out by this Component, in addition to the general maintenance of the Database.

Periodic spot-checks will be performed on the Database to ensure that suppliers' data is still valid and accurate. Provincial Treasury cannot guarantee the prolonged quality of the information in the Database for all suppliers.

4.5 Verification of SCMO 1 information

After a supplier has been registered, the information supplied will be verified by means of audit procedures. If information is found to be incorrect/invalid and thus misleading, this may lead to de-registration of a supplier, resulting in restriction from participating in future bidding. In addition, the Province may apply legal remedies available to it, as set out in the SCMO 1. Standardized bid documents include a declaration from suppliers that their information on the Provincial Suppliers Database is still relevant and accurate. Remedies are available to a Department in the event of misrepresentation by a supplier.

4.6 Calculation and allocation of preference points

Preference points are not calculated on the Suppliers Database for each supplier. Departments calculate preference points in respect of each bid/quotation invited.

5. Responsibilities of Departments

Departments are the main benefactors of the information contained in the Suppliers Database, and as such have a shared responsibility to ensure the Database is maintained and is in good condition at all times. The following are some responsibilities that Departments must be aware of:

5.1 Promote awareness

Provincial Departments have been requested to assist in creating awareness of the Database among their known suppliers. In addition, Departments are being requested to include this Policy with bid documents issued by them, highlighting the necessity for registration on the Database.

5.2 Utilization of Database

The information in the Database is available for evaluation purposes in respect of bids or quotations submitted by registered suppliers. Departments must use the information available to them to ensure consistency and fairness in awarding of work/contracts to suppliers.

5.3 Verifying supplier information

Standardised bid documents include a declaration from suppliers that their information on the Provincial Supplier Database is still relevant and accurate (as mentioned above). If any discrepancies concerning the supplier information are identified after reasonable review of the bid documents, it must be brought to the attention of the Bid Evaluation and Bid Adjudication Committees.

The Department must inform the supplier immediately of such discrepancies. If the discrepancy in information is of material consequence on the awarding of preference points, the supplier may not be considered for the bid. If the discrepancy is of no consequence the supplier should be given the opportunity to update the information in the Database, in order to be considered for evaluation.

6. Responsibilities of Suppliers

6.1 Register on the Database

Suppliers are responsible for ensuring that they are registered on the Database before submitting bids or quotations. Suppliers are therefore encouraged to apply for registration as soon as possible and not to wait until having to submit a bid or quotation.

Suppliers must ensure that their details are correct and the forms (SCMO 1) are completed accurately, as inaccurate or false information may lead to non-registration.

6.2 Updating information on the Suppliers Database

Suppliers must inform the Supply Chain Management Office within Provincial Treasury of any changes in their details as soon as such changes occur. This is done by completing a new registration form where the information is updated, and submitting it to the Provincial Treasury as detailed in paragraph 2.3.

With the submission of each bid, a supplier must complete and sign a declaration, stating that the information on the Database is still accurate and complete. Such declaration has been incorporated into the standard bid documents.

6.3 Submission of Tax Clearance Certificate

A supplier must include a valid, original Tax Clearance Certificate (TCC) in its SCMO 1 document when it is submitted to Provincial Treasury. The supplier's tax status will always be reflected on the Suppliers Database, indicating whether Provincial Treasury is in possession of a valid TCC or not. A supplier must submit a new valid TCC to Provincial Treasury before a current TCC expires, to ensure that Departments will be able to consider that supplier in the possible awarding of a contract for which the supplier submitted a bid/quotation. If the Suppliers Database Component within Provincial Treasury is not in possession of a valid TCC of a supplier, this fact will be reflected on the Database and Departments may then not award any contracts to such a supplier.

7. Conclusion

The Provincial Suppliers Database will go a long way in streamlining Supply Chain Management in the Province and will continue to be of benefit to all participants to the Provincial SCM process.

8. Effective Date

This Policy takes effect from 1 August 2008.

PROF N KUSI
SUPERINTENDENT-GENERAL
& ACCOUNTING OFFICER
OF PROVINCIAL TREASURY

