



SUPPLY CHAIN MANAGEMENT PRESENTATION

14 NOVEMBER 2019

GATEWAY TO DEFENCE SOLUTIONS

- **Regulatory Framework**
- **Sourcing Methodologies**
- **Bid Invitations**
- **Acceptable Bid**
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- **Bid Evaluation Phase**
- **Common Mistakes in bid documents**
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- **Regulatory Framework applicable to Procurement Process**
 - The Constitution of the Republic of South Africa;
 - Public Finance Management Act, 1999 (PFMA), Act 1 of 1999 as amended by Act 29 of 1999
 - Preferential Procurement Policy Framework Act no 5 of 2000
 - Prevention and Combating of Corrupt Activities No. 12 of 2004
 - Administration of Justice Act No. 3 of 2000
 - Promotion of Access to Information Act No.2 of 2000
 - Broad Based Black Economic Empowerment Act No.53 of 2003
 - National Treasury Regulations
 - National Treasury Circulars and Practice Notes

- **Request for Quotation (RFQ)**
 - The RFQ is a competitive, but faster procurement process, that is used for lower values and sourcing requests of lesser complexity.
 - This method of procurement is used for requirements up to R500 000.
 - Armscor request quotations for all goods and/or services from suppliers registered on the Central Supplier Database (CSD).
 - The closing time for Quotation will depend on the complexity of the requirement.
- **Request for bid (RFB)**
 - This is a method of sourcing where the specifications of the product and/or service are well defined. Request for bid is a formal sourcing process which is used for sourcing goods and services above R500 000,00.
 - The objective of competitive bids is to ensure that the bidding process is in accordance with a system that is fair, equitable, transparent, competitive and cost effective and complies with Armscor Management Documents and relevant legislation.
- **Deviation from normal sourcing procedures**
 - Sole supplier sourcing occurs when there is only one supplier for the required product or service.
 - Single supplier sourcing, unlike sole supplier sourcing, is a situation where there are other players in the market for the same product or service, but a particular supplier is preferred.

- **Bid Invitations**

- ✓ Advertisements inviting bids are published in the Armscor bid bulletins (www.armscor.co.za) as well as National Treasury e-tender portal.
- ✓ Bid documentation are issued by the SCM division to the requesting suppliers taking into account security requirements.
- ✓ Bids will have a minimum twenty one (21)-calendar day closing period unless otherwise stated.
- ✓ Bids must be submitted on or before the stipulated closing date and time.
- ✓ Late bids are NOT accepted.
- ✓ The bid documents must be submitted in a sealed packaging, with the number of the Request for bid, the closing dates, and the name and address of the prospective contractor clearly stated on the packaging.
- ✓ During the bid publication period, bidders may address queries to SCM division.

Acceptable Bid



- **Acceptable Bid**
 - A bid is acceptable if:
 - ✓ It complies in all respect with the specification(s) and condition of the bid;
 - ✓ The bidder has completed and signed all the prescribed bidding forms to enable the procuring entity to evaluate the submitted bid;
 - ✓ The bidder Tax matters are in order at the time of award of the bid under consideration
 - ✓ The bidder has the necessary capacity and ability to execute the contract.

Completion of Bid Documents



- The tender document has the following sections:
 - **KD 17, where all the applicable rules and requirements are outlined.**
 - The bidding structure information for the individual offeror/joint venture/consortium/subcontractor must be furnished
 - The CIPS registration and share certificates applicable must be submitted
 - Arms Control compliance requirements, local content designated sector
 - Pricing information, offer validity, delivery information
 - The authorised signatory must sign the tender documents
 - The company information page of the KD17 must be signed.
 - The last page of the KD17 (pricing information) must be completed

 - **KD 18 document (The price breakdown, when applicable must be furnished)**
 - Requires completion of the price basis; i.e items delivered into store/ex works etc
 - An indication of whether the prices are fixed or not
 - What the prices are subject to....ROE

Completion of Bid Documents Cont...



- **KD 18 document continued....**
- The amount to be remitted overseas, the applicable rate of exchange
- Price breakdown

- **KD 21 document**
- Is applicable when information on previous purchases is available

- **KD 24 document : B-BBEE information and requirements**

- **KD 25 document : Tax compliance requirements**
- A valid verification certificate (KD24), or pin code if available and valid tax clearance certificate (KD25) must be submitted.

- **KD 26 document : Declaration of interest requirements**
- The declaration of interest form (KD26) must be correctly completed and signed.

- **KD 27 document : Intellectual property requirements.**
- All critical and relevant information pertaining to the offer must be provided.

Bid Evaluation Phases



- **Information/Bidders Briefing Session**

- ✓ The bidders briefing session, if required is held at least a week after the bid publication date
- ✓ The particulars thereof (venue, date and time) are indicated in the bid document.
- ✓ If the briefing session is compulsory, it is indicated in the bid advertisement and the bid documents. Bidders who do not attend are disqualified.

- **SCM Compliance Check**

- ✓ During this phase, checks are performed to determine if the bidder has attended the briefing session (If compulsory), has submitted all the bid returnable as listed in the bid document.

Bid Evaluation Phases



- **Mandatory Requirement (Critical Criteria)**
 - ✓ These are requirements that must be complied with in full and thus failure to comply with even one of the requirement will result in your bid being disqualified and regarded as non-responsive.
- **Non-Mandatory Requirement (Functional Criteria)**
 - ✓ Requirements under this phase, will be given weights and scoring matrix will be provided in order to show how responses will be assessed, and with functional evaluation a minimum or cut-off score will be indicated as part of the bid document, any bidder that score less than the indicated threshold will be disqualified.
- **Presentation/Demonstration (Optional)**
 - ✓ During this phase, bidders who met the requirement of the functional criteria, will be invited to present or demonstrate to the Bid Evaluation Committee, the evaluation criterion applicable to this phase is also stated upfront as part of the bidding process so as not to catch bidders off-guard. Also minimum scoring applies.

Bid Evaluation Phases



- **Local Content (Optional)**

- ✓ Regulation 8 of the Preferential Procurement Regulations (2017), posits that *“the Department of Trade and Industry may, in consultation with National Treasury designate a sector, sub-sector or industry or product, where only locally produced services or goods or locally manufactured goods meet the stipulated threshold for local production and content.”*
- ✓ The list of designation made is continuously updated by National Treasury and publicised on their website.
- ✓ A bidder that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tender.

- **Price and B-BBEE**

- ✓ The final phase of evaluation, is the Price and B-BBEE evaluation phase, which can either be a 80/20 (R30k to R50m) or 90/10 (above R50m), during this phase price can be a disqualification factor, whereas the B-BBEE is not.

Common Mistakes



• Common Mistakes

- Clerical Mistakes and Omissions
 - Responsive bid should, in all respects, comply with the specifications and conditions of the bid as set out in the bid document without material deviation.

- Arithmetic Errors
 - The governing principle is that it is wrong for a public sector institution to take advantage of a mistake that has been made if the institution is aware of the mistake.
 - The second principle is that the bidder's competitiveness should not be impacted by any changes that arise once the error has been identified.

- Bidders not complying with the specific requirements in the request for the bid.

- Bids not received on time.

- Non delivery

Questions and Answers



Thank you.

“Meticulous planning will enable everything a man does to appear spontaneous” ~ Mark Caine