



Finance Policy FND_UCT_Purchasing_Threshold_PPP002

Objective The purpose of threshold values in purchasing is to ensure that:

- Procurement follows appropriate procedures in relation to the value of expenditure;
- the university obtains best value for money through a competitive process;
- the procurement process is transparent and fair;
- the risk to the university is managed;
- the interests of the university are protected;
- procurement conforms to UCT B-BBEE procurement policy

Scope Applies to the procurement of all goods and services at UCT, irrespective of the nature of the goods or services, and includes procurement of goods using purchasing cards.

Applicable to All purchases against all funds administered by the University.

Additional information

- Procurement Guideline [[PG001](#)]
- Green Procurement [[PG002](#)]
- Delegated Authority Limits [[GEN002](#)]
- Purchasing Policy [[PUR003](#)]
- Quotations, Tenders and RFPs Policy [[PUR004](#)]
- Broad-Based Black Economic Empowerment (B-BBEE) [[PUR005](#)]
- Vendor take-on practice note [[PUR007](#)]
- UCT Libraries Acquisition of Information Resources [[PUR008](#)]
- Purchasing Card (P-Card) [[PUR002](#)]

Includes all:

- Assets and equipment
- Consumable goods and services
- Consulting services
- Construction contracts including major and minor works

Policy Threshold values

Order value (incl. VAT)	Required procedure
Up to R10,000	No quote required
R10,001 – R50,000	One written quote unless the price is fixed at the time of the transaction (e.g. at point of sale or where purchased online)
R50,001 – R100,000	One written quote
Unless one of the Exclusions listed below applies, in which case at least one written quote must be obtained.	
R100,001 - R500,000	Minimum two written quotes
R500,001 – R1,000,000	Three written quotes
The Exclusions listed below do not apply.	
Above R1,000,000	A formal tender process is required.



Exclusions:

- **Preferred vendors** - Orders placed with UCT preferred vendors – (see [Preferred vendor list](#) on Procurement and Payment Services website).
This exclusion does not apply to ‘abnormal’ volumes, non-standard requirements, or occasional comparison of preferred vendors. However, the intention is to reduce the need for quotes, where pricing arrangements are in place with preferred vendors.
- **Existing contracts** - Orders fulfilling existing contracts which have been established by an appropriate quotation, tender, or Request for Proposal (RFP) process.
- **PCs and related** - Orders for PCs and related supplied by preferred vendors via ICTS against the preferred vendor’s price list.
- **Library acquisitions** – Refer separate policy for orders for Library Information resources [[PUR008](#)].
- **Foreign purchases** – see process and procedure on the import and export of goods [[PPP001](#)].
- **Sole supplier/source** - Orders placed with a sole supplier approved by PPS Vendor Management i.e. where there is only one source of supply for the purchase requirement.
- **Sole sourcing** - A “sole source” means a sole provider of a licensed or patented service or goods, where there is no competition and only one bidder exists (e.g. sole distribution rights). These may include the following:
 - Sole provider of items that are compatible with existing equipment, inventory items, systems, programs or services;
 - Sole provider of goods and services for which the department has established a standard; or
 - Sole provider of a factory-authorized warranty service.
 - Sole provider of utilities – e.g. Cape Town Government - Electricity, Water, Rates

 **Note**

Preference for a vendor, product or service does not constitute a sole supplier.

Sole supplier status must be determined and verified by PPS. Only PPS Vendor Management may assign sole supplier status.

Urgent/emergency orders: where unforeseen circumstances necessitate a single quote.

- In urgent cases and emergencies, a department may dispense with the invitation of tenders/quotations and may obtain the required goods or services by means of quotations by preferably making use of the database of preferred vendors.
 - Urgent cases are cases where early delivery is of critical importance and the invitation of competitive tenders/quotations is either impossible or impractical.
 - Emergencies are cases where immediate action is necessary in order to avoid a dangerous or risky situation
- The reasons for the urgency/emergency and for dispensing of competitive bids should be clearly recorded and approved by the ED: Finance or nominee by means of completion of the [MM026](#) deviation request.



Procedure *For written quotations*

- Form [\[MM024\]](#) can be used to request a quotation from the vendor and [\[MM025\]](#) to record the results of the request-for-a-quotation.
- A record must be kept of any oral quotation.
- All written quotations must be retained and filed for audit purposes.

For tenders

All formal tender processes are managed by Procurement and Payments Services, a division of the Finance Department. See Quotations, Tenders and RFPs Policy [\[PUR004\]](#).

General

- Comparative quotes or tenders may be called for orders below the threshold values if the fund holder deems it necessary or appropriate, or to test the market.
- Individual departments or faculties may set their own order value thresholds lower than the policy values.
- Even if contract prices have been agreed with preferred vendors, bulk orders may warrant (a) the calling for quotes from more than one preferred vendor for additional discounts or (b) a formal tender process.

Authority for a purchase



Note

In addition to these procurement procedures, all expenditure is subject to the approval of the relevant signatories as specified by Council in its schedule of Delegated Authority [\[GEN002\]](#).

Implementation responsibility

Fund holders are accountable and purchasers are responsible for the application of these processes and procedures, whenever expenditure is incurred against funds under their control.

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Policy owner	Executive Director: Finance
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