




Finance Policy	FND_ Broad-Based Black Economic Empowerment (B-BBEE) _PUR005
Objective	To promote compliance with the Broad-Based Black Economic Empowerment Act (B-BBEE) through UCT's procurement practises in order to enhance the B-BBEE status of UCT.
Scope	All goods and services procured for or on behalf of UCT.
Applicable to	Anyone involved in the process of procuring goods or services for or on behalf of UCT.
Additional information	All vendors applying to do business with UCT will be categorised in terms of their B-BBEE level of compliance. Related policies: <ul style="list-style-type: none">• Purchasing [PUR003]• Quotations, Tenders and Requests for Proposals (RFP) [PUR004]
Definitions	<ul style="list-style-type: none">• <i>Trade vendor</i>: a vendor on SAP (UCT's ERP system), with which UCT transacts, but where no formal agreement is in place.• <i>Preferred vendor</i>: an UCT-accredited Trade vendor with whom UCT has negotiated preferential pricing, quality and service for one or more commodities for a specific period. See Preferred Vendor list.• <i>One Time Vendor (OTV) or temporary vendor</i>: may only be used once, for transactions where no Trade vendor or Preferred Vendor exists on SAP for the specific goods or services required. Using this type of vendor leaves UCT exposed to risks and hidden costs.• <i>Vendor</i>: any of a Trade vendor, Preferred vendor or a OTV.• <i>Exempted Micro-Enterprises (EMEs)</i>: vendors with an annual total turnover of R5 million or less qualify as Exempted Micro-Enterprises.
Policy	To the extent reasonably possible, all goods and services should be procured from B-BBEE-compliant vendors.  Caution OTV's are generally excluded from B-BBEE spend reporting due to a lack of B-BBEE information and should be used with caution. <ul style="list-style-type: none">• Vendors are required to submit original and valid B-BBEE verification certificates or certified copies thereof, together with quotations, tenders, and RFPs.• EMEs may submit a letter from their accounting officer e.g. auditor. EMEs automatically receive a Level 4 B-BBEE status or alternatively a Level 3 B-BBEE status where black and/or female ownership exceeds 50%.• UCT will give preference to those vendors that have demonstrated a commitment to the development of B-BBEE, but will not exclude non-compliant vendors of goods and services where it is in the interest of UCT to use such a vendor.• Vendors who do not submit B-BBEE verification certificates or are non-compliant contributors to B-BBEE, do not qualify for preference points for B-BBEE. However, they should not be disqualified from the bidding process. Refer PUR004 for scoring.
Procedure	<ul style="list-style-type: none">• All goods and services should be sourced from Preferred vendors which are selected subject to this policy.• All tender processes must be facilitated by Procurement and Payment Services (PPS), according to the procedures prescribed in the UCT policy for quotations, tenders and RFPs [PUR004] to ensure transparency and B-BBEE compliance.• B-BBEE certificates are valid for one year. Therefore PPS reviews the B-BBEE status of vendors on an ongoing basis.• PPS monitors B-BBEE spend and measures and reports on compliance with this policy to the Executive Director of Finance.



B-BBEE rating of vendors

- B-BBEE criteria for selection as a Preferred vendor are based on accreditation by external rating agencies approved by the Department of Trade and Industry.
- All vendors will be evaluated and rated in accordance with the following seven weighted criteria: ownership, management, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.

Level	B-BBEE Recognition Level
1	135% (e.g. R1 – R1.35)
2	125%
3	110%
4	100% (e.g. R1 =R1)
5	80%
6	60%
7	50%
8	10%
Non-compliant (9)	0%

Per the above table, every vendor has a level of recognition. Selecting a Vendor with a level 1 status allows 135% of every Rand spent to be claimed by UCT as B-BBEE spend, while selecting a Vendor with a level 8 status only allows for 10% of every Rand spent to be claimed by UCT as B-BBEE spend.

Implementation responsibility

Although ultimate accountability resides with PPS to ensure that B-BBEE compliant vendors are available, responsibility for implementation of transformation objectives, including B-BBEE, resides with the Deans of UCT and Heads of Department in respect of their areas of responsibility.

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Policy category	PUR - Procurement & Payment services (PPS)
Policy Owner	Manager, PPS
Last reviewed	New policy
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