

PURCHASING THRESHOLD POLICY

[PPP002]



Policy owner:	Executive Director: Finance
Responsible for update:	Director: Procurement and Payment Services (PPS), Finance
Prior update:	December 2017
Update:	Updates to threshold values and inclusion of two categories that allow for closed tenders approved by Chief Operating Officer (COO), February 2020
Approved by:	Council, December 2017

<http://www.staff.uct.ac.za/staff/finance/operations/policies-guidelines>



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CONTENTS

1. Objective.....	3
2. Scope.....	3
3. Applicable to.....	3
4. Policy.....	3
5. Procedure.....	4
6. Related Policies and Guidelines.....	5
7. Additional Information.....	5
8. Implementation Responsibility.....	5
9. Contact.....	5

ACRONYMS

B-BBEE	Broad-Based Black Economic Empowerment
PURCO	Purchasing Consortium
RFP	Request for Proposal
HOD	Head of Department
PCard	Purchasing Card
PPS	Procurement and Payments Services, a division of the Finance Department
ICTS	Information and Communication Technology Services





1. 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.

2. 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.

3. APPLICABLE TO

All purchases against all funds administered by the University.

4. POLICY

Value Threshold	Required Procedure	Notes
Up to R25,000	No quote required	
R25,001 – R100,000	One written quote	
R100,001 - R500,000	Minimum two written quotes	
R500,001 – R1,000,000	Three written quotes or Closed Tender	Closed Tender requirements: <ul style="list-style-type: none"> • Minimum of two bidders • 80/20 B-BBEE scoring matrix to be used
R1,000,001 - R5,000,000	Closed or Open Tender	Closed Tender requirements: <ul style="list-style-type: none"> • Minimum of three bidders • 80/20 B-BBEE scoring matrix to be used Open Tender requirements: <ul style="list-style-type: none"> • 90/10 B-BBEE scoring matrix to be used
Above R5,000,000	Open Tender	Open Tender requirements: <ul style="list-style-type: none"> • 90/10 B-BBEE scoring matrix to be used

Exclusions

- PURCO vendors – Orders placed with the PURCO vendors [\[Preferred Vendors\]](#).
- Existing contracts – Orders fulfilling existing contracts which have been established by an appropriate quotation, tender, or RFP process.
- PCs and related – Orders for PCs and related consumables, supplied by contracted vendors via ICTS Acquisitions.





- 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 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;
 - Sole provider of a factory - authorised warranty service; or
 - Sole provider of utilities – e.g. Cape Town Government - Electricity, Water, Rates Preference for a vendor, product or service does not constitute a sole supplier.



Note: Advice on Sole supplier status must be referred to PPS Vendor Management.

- Travel and conference related bookings – where the order is placed for multiple attendees, and the threshold limits are exceeded due to volume.

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 PURCO 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 by means of completing the [MM026] deviation request.

5. PROCEDURE

For Written Quotations

- Form [MM024] can be used to request a quotation from the vendor and [MM025] to record the results of the quotation requests.
- A record must be kept of any oral quotations, however oral quotations are not advisable.
- All written quotations must be retained and filed for audit purposes.

For Tenders

- All tender processes are managed by PPS. Tender policy is governed by [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 PURCO vendors, bulk orders may warrant:
 - The calling for quotes from more than one PURCO vendor for additional discounts; or
 - 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 Limits [GEN002].

6. RELATED POLICIES AND GUIDELINES

- Procurement [PG001]
- Green Procurement [PG002]
- Delegated Authority Limits [GEN002]
- Purchasing [PUR003]
- Quotations, Tenders and RFP [PUR004]
- B-BBEE [PUR005]
- Vendor take-on [PUR007]
- UCT Libraries Acquisition of Information Resources [PUR008]
- PCard [PUR002]

7. ADDITIONAL INFORMATION

Includes all:

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

8. 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.

The HOD is responsible for ensuring all policies and procedures are communicated to and implemented by the responsible individual(s), including research staff. The Faculty/PASS finance manager has to ensure reasonable controls exist to support the implementation of policies.

9. CONTACT

Senior Contracts Manager - Tenders and B-BBEE
021 650 3751

Senior Contracts Manager - Vendor Management
021 650 2484

