



Finance Policy FND\_Purchasing\_PUR003

**Objective** To provide governance in respect of the procurement of goods and services, to ensure that risks are effectively managed and that the interests of UCT are protected.

**Scope** Applies to the procurement of all goods and services at UCT, irrespective of value or nature of the goods or services.

**Applicable to** The policy applies to all funding administered by UCT, irrespective of source, and to anyone involved in the process of procuring goods or services for or on behalf of UCT.

**Additional information**

- In addition to UCT's policies and procedures, UCT undertakes to reasonably comply with the specific procurement conditions of donors and funders subject to sign off by the Purchasing Manager.

- **UCT also undertakes to comply with the Amendment of section 34 of Act 101 of 1997**

Section 34 of the Higher Education Act, 1997, is hereby amended by the addition

of the following subsections:

"(4) an employee must in writing -

(a) before he or she assumes office, declare any business that may raise a conflict

or possible conflict of interest with the public higher education institution concerned; and

(b) notify the public higher education institution concerned of any conflict or

possible conflict of interest before such public higher education institution procures any goods or services from the employee or an organisation within

which the employee holds an interest.

(5) An employee may not conduct business directly or indirectly with the public higher education institution at which he or she is employed that entails or may entail a conflict of interest with the public higher education institution unless the Council of such public higher education institution is of the opinion that-

(a) the goods, product or service in question are unique;

(b) the supplier is a sole provider; and

(c) it is in the best interest of the institution.

(6) An employee may not on behalf of that public higher education institution contract with himself or herself or any entity in which he or she has a direct or indirect financial or personal interest.

(7) Contracting referred in subsection (6) relates to conduct that is aimed at receiving any direct or indirect personal gain that does not form part of the employment relationship contemplated in subsection (1)"



- Procurement and Payment Services (PPS) subscribes to a code of ethics identical to the code of ethics of the Chartered Institute of Purchasing and Supply (CIPS) adopted by the CIPS Council on 11 March 2009.
- **Related policies, practice notes and guidelines:**
  - Delegated Authority Limits [[GEN002](#)]
  - Threshold values for purchasing [[PPP002](#)]
  - Quotations, tenders and Request For Proposal (RFP) [[PUR004](#)]
  - Broad-Based Black Economic Empowerment (B-BBEE) [[PUR005](#)]
  - Libraries Acquisition of Information Resources [[PUR008](#)]
  - Purchasing Card (PCard) [[PUR002](#)]
  - Reimbursements [[PAY005](#)]
  - Asset [[AST001](#)]
  - [Conflict of Interest](#)
  - [Health and safety](#)
  - Green Procurement [[PG002](#)]

#### Definitions

- *Vendor*: any of a Preferred vendor, Trade vendor, or a Temp vendor.
- *Preferred vendor*: a UCT accredited Trade vendor with whom UCT has negotiated preferential pricing, quality and service for one or more commodity for a specific period. See UCT Preferred Vendor list.
- *Trade vendor*: a vendor on SAP (UCT's ERP system), with whom UCT transacts, but where no formal agreement is in place.
- *Temporary vendor*: should **only be used once**, for transactions where no SAP Trade vendor or Preferred Vendor exists for the specific goods or services required. Using this type of vendor leaves UCT exposed to risks and hidden costs.

#### Policy

- The procurement process should follow the optimum and appropriate method for the type of expenditure in order to ensure a cost effective “procure to pay” process. Refer: Procedure - [Purchasing options](#).



#### Note

A price saving for a department may translate into significant additional processing costs and risks for UCT, e.g. the use of Temp Vendors.



#### Caution

Reimbursements should only be requested for the very few purchases that cannot be made by purchase order or PCard. (See Reimbursements Policy [PAY005](#))

- Purchase orders may not be raised without a duly authorised request. Where procurement is via a purchase order, the order must be placed with the vendor prior to the invoice being raised. (See [Invoice Requirements](#))
- The procurement process must follow appropriate procedures in relation to the value of expenditure (see Threshold values for purchasing [PPP002](#) and Delegated Authority Limits [GEN002](#).) Under certain circumstances, deviations will be considered. (See Quotations, tenders and RFPs [PUR004](#))



#### Note



These policies and procedures also apply to the purchase of assets. Whilst the department may source the asset from a Vendor, PPS reserves the right to be involved with the negotiation of price, terms and conditions with such Vendor, as well as ensuring policy compliance prior to any commitment being made to such Vendor. PPS furthermore reserves the right to challenge the selection by the department of the relevant Vendor and to request the department to source the asset from an alternative Vendor. (See Asset Policy [AST001](#)).

- Deliberately splitting purchase orders to bypass the delegated authority/threshold limits ([GEN002](#)/[PPP002](#)) and thus avoid certain procedures, such as the prescribed procedures in respect of tendering and/or the requirement for three written quotes to be obtained by UCT, is unacceptable. This may result in disciplinary action for any person found to have contravened such delegated authority/threshold limits.
- All quotes, tenders and requests for proposal, as well as online catalogues, whether as a result of an agreement between UCT and a vendor, or a contract negotiated by the Purchasing Consortium of Southern Africa (PURCO SA), or by means of Regional agreements (Western Cape Universities) are given in commercial confidence. These prices must be used solely for the purpose of purchasing goods on behalf of UCT. **These prices must not be disclosed to third parties.** Private purchases by staff using UCT funds are not allowed. Some vendors, however, may offer UCT pricing directly to staff, on a cash basis.
- All procurement is subject to [UCT standard terms and conditions of purchase](#) as well as any additional terms and conditions which have been negotiated for a specific transaction or contract. Any deviation from these terms and conditions has to be approved by the Purchasing Manager.
- Purchasing decisions must be taken with standardisation as a consideration, since significant cost savings can be achieved through standardisation of brands and commodities.
- Where contracts are established, having been facilitated by PPS in conjunction with the legal representative of UCT, management thereof may reside with either the responsible Executive Director/Head of Department/fund holder, or with PPS, dependent on the goods and services procured ([GEN002](#)). PPS will keep a record of the signed original contract for audit purposes.
- Vendors are obliged to comply with all policies of UCT as well as municipal, provincial and national safety, health and environment related legislation with particular reference to the [UCT Health and Safety](#) requirements.
- All goods and services purchased by UCT should aim to be environmentally acceptable, in terms of UCT's Green guidelines [[PG002](#)].



**Procedure • Requesting a purchase**

Best practice requires that no purchase should be made without a request that has been authorised by the fund holder and relevant additional authority as per the delegation authority limits [[GEN002](#)]. The requester should provide the purchaser with a duly authorised request form [MM010](#) or [specific requisition form](#). See [Requesting a purchase order: best practices](#).

**• Purchasing options**

As per the table below, Preferred vendors must be used wherever possible. The choice of vendor determines the payment method, as prescribed below.

	<b>Option</b>	<b>Use when...</b>	<b>See</b>
A.	Preferred vendor	a Preferred vendor exists for that commodity	<a href="#">Preferred vendor list</a> For special procedures for some vendors: – Pick 'n Pay – Makro – Courier – Travel  See <a href="#">Requesting a purchase order: best practices</a> .
B.	Trade vendor	no Preferred vendor exists but a suitable vendor is already on SAP	Where to Buy list (under construction)
C.	PCard	- online purchasing is established with certain Preferred vendors (e.g. Waltons) - there is no suitable UCT SAP vendor and the vendor accepts card payment - it would otherwise result in reimbursement or Temp vendor payment e.g. journal /membership subscriptions, conference fees, hotel accommodation	PCard policy <a href="#">PUR002</a> Reimbursements policy <a href="#">PAY005</a> <a href="#">Waltons UCT catalogue</a>
D.	Temporary vendor	none of the above applies, i.e. as a last resort, and only to be used a maximum of three times.	<a href="#">Procedure: Getting a vendor listed on SAP</a>

 **Note**

UCT standard terms of payment are 30 days from date of invoice.



• **Purchasing specifications**

The specification of goods and/or services should reflect the required quality of goods and/or services required. Higher quality goods and/or services could, but may not necessarily, justify a higher cost. The following factors can assist in describing the desired quality of the goods and/or services required:

- Detailed specifications
- Product grades and brand names
- Commercial standards i.e. SABS
- Samples
- Chemical compositions
- Blueprints and drawings

**Implementation responsibility** Fund holders and authorised SAP purchasers in accordance with the Delegated Authorities Limits [[GEN002](#)].



**Note**

All Heads of Department (HOD's) are responsible for ensuring that policies and procedures are communicated to and implemented by the responsible individual(s), including research staff. Faculty/PASS finance managers must ensure that appropriate controls exist to support the implementation of policies.

**Contact** Finance helpdesk  
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 021 650 2111

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<b>Policy owner</b>	Executive Director: Finance
<b>Responsible for update</b>	Director: Procurement & Payment Services (PPS), Finance
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