



# Purchasing Threshold Policy

[PPP002]

Department	: Finance
Policy owner	: Chief Financial Officer (CFO)
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# Purchasing Threshold

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## Acronyms

<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>HOD</b>	Head of Department
<b>ICTS</b>	Information and Communication Technology Services
<b>PCARD</b>	UCT Purchasing Card
<b>PAC</b>	Professional Appointments Committee
<b>PPS</b>	Procurement and Payments Services, a division of the Finance Department
<b>RFP</b>	Request for Proposal
<b>PURCO</b>	Purchasing Consortium

## 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; and
- 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 UCT PCards.

## 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"><li>• Minimum of two bidders</li><li>• Use 80/20 B-BBEE scoring matrix</li></ul>
R1,000,001 – R5,000,000	Closed or Open Tender	Closed Tender requirements: <ul style="list-style-type: none"><li>• Minimum of three bidders</li><li>• Use 80/20 B-BBEE scoring matrix</li></ul>
Above R5,000,000	Open Tender	Open Tender requirements: <ul style="list-style-type: none"><li>• Use 90/10 B-BBEE scoring matrix</li></ul>

## Exclusions:

- PURCO vendors – Orders placed with the PURCO vendors [[PURCO vendors](#)].
- UCT Preferred vendors – Orders placed with UCT Preferred vendors, who may or may not be PURCO vendor [[Preferred vendors](#)].
- Existing contracts – Orders fulfilling existing contracts which have been established by an appropriate quotation, tender, or RFP process.
- Procurement processes may exclude competitive bidding where transversal agreements have been established by PURCO SA, sister universities, or government entities, provided that approval has been obtained for participation.
- PCs and related – Orders for PCs and related consumables, supplied by contracted vendors via ICTS Acquisitions.
- Library acquisitions – Refer separate policy for [Libraries acquisition of information resources \[PUR008\]](#).
- Foreign purchases – see process and procedure on the [Import and export of goods \[PPP001\]](#).
- All Appointments made through the Professional Appointments Committee (PAC), which are subject to the PAC's established procedures and governed by its Terms of Reference.
- 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; orSole provider of utilities – e.g. Cape Town Government - Electricity, Water, Rates Preference for a vendor, product or service does not constitute a sole supplier.



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

- Research-related purchases
  - Where providers of research finance have specified the suppliers or brands to be used by the researcher;
  - Where the providers of research finance have indicated that procurement to be done by a third party; or
  - Where the suppliers or brands to be used by the researcher are stated in the research contract.
- Travel and conference related bookings – where the order is placed for multiple attendees, and the threshold limits are exceeded due to volume i.e., provided three quotations were obtained.
- **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 [Request for approval of deviation from tender procedure \[MM026\]](#).

## 5. Procedure

### 5.1 Written quotations

- The [Request for quotation \[MM024\]](#) can be used to request a quotation from the vendor and [Quotation summary \[MM025\]](#) 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.

### 5.2 Tenders

- All tender processes are managed by PPS. Tenders are governed by the [Quotation, tenders and requests for proposal policy \[PUR004\]](#).

### 5.3 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



*In addition to these procurement procedures, all expenditure is subject to the approval of the relevant signatories as specified by Council in its Delegation of Authorities [GEN002].*

## 6. Related Legislation, Policies, Guidelines and Practices

- Delegated Authority Limits [GEN002]
- Purchasing [PUR003]
- Quotations, Tenders and RFP [PUR004]
- Asset Acquisitions [AS001]
- B-BBEE [PUR005]
- Vendor take-on [PUR007]
- UCT Libraries Acquisition of Information Resources [PUR008]
- PCard [PUR002]
- Procurement [PG001]

## 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 -  
Tenders and Vendor Management  
021 650 2484