

# National Treasury

## Standard for Infrastructure Procurement and Delivery Management (SIPDM)

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**Provincial and Local Government Infrastructure, Intergovernmental Relations**



**national treasury**  
Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

## Standard for Infrastructure Procurement and Delivery Management (SIPDM) – scope

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The scope, coverage and location of the SIPDM within the legislative framework

This standard prescribes:

- a control framework** for the **planning, design and execution** of infrastructure projects, the **tracking** of such projects and the **monitoring of performance**
- a control framework** for **infrastructure procurement**
- requirements for the following matters as applied to infrastructure procurement and delivery management:
  - institutional arrangements;
  - demand management;
  - acquisition management;
  - contract management;
  - logistics management;
  - disposal management;
  - reporting of supply chain management information;
  - regular assessment of supply chain management performance; and
  - risk management and internal control
- minimum requirements** for **infrastructure procurement**

Standard does not apply to

- the storage of goods and equipment following their delivery to an organ of state which are stored and issued to contractors or to employees of that organ of state
- the disposal or letting of land
- the conclusion of any form of land availability agreement;
- the leasing or rental of moveable assets
- public private partnerships; and
- the provision of municipal services by means of external mechanisms referred to in Chapter 8 of the Municipal Systems Act.

Standard includes the procurement of goods and services necessary for a new facility as delivered to be occupied and used as a functional entity

**Infrastructure procurement** is defined in the SIPDM as the procurement of goods or services including any combination thereof associated with the acquisition, refurbishment, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

## What precisely does the Standard for Infrastructure Procurement and Delivery Management regulate?

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The SIPDM regulates the following:

- the decision making process associated with procurement and the planning, design and execution of infrastructure projects through control frameworks and policies associated with the assigning of responsibilities for approving or accepting deliverable associated with a gate (control point) or the authorising of a procurement process or procedure;
- aspects of delivery management
- procurement processes, methods and procedures; and
- procurement documents.

Aspect regulated	Instrument used to regulate delivery management
<b>Control framework</b>	Gateway reviews
<b>Institutional arrangements</b>	A suitable infrastructure procurement and delivery supply chain management policy to implement the standard An agency agreement between organs of state which includes a service level agreement
<b>Demand management</b>	Service life plans and infrastructure plans. Control budgets
<b>Acquisition management</b>	Implementation plans for new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure Annual procurement plans for work other than for new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure
<b>Contract management</b>	Reporting on information obtained from administering a contract in accordance with the provisions of the contract
<b>Logistics management</b>	Suitable arrangements for the free issue of material
<b>Disposal management</b>	Establishment of disposal committees to decide on how best to demolish, dismantle or dispose of unwanted, redundant or surplus materials, plant and equipment.
<b>Reporting of supply chain management information</b>	Reporting to the relevant treasury on high value procurements, awards of contracts other than those recommended by a committee and annual reports
<b>Regular assessment of the SCM performance</b>	Annual performance report Risk registers
<b>Risk management and internal controls</b>	Use of gates to authorise activities or commencing with next process, confirm compliance with requirements and, if necessary, to take corrective action

## Standard for Infrastructure Procurement and Delivery Management

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### Constitution of the Republic of South Africa

217. Procurement-(1) When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.

### Public Finance Management Act

38 (1)(a) The accounting officer for a department, trading entity or constitutional institution / 51(1)(a) An accounting authority for a public entity must ensure that .....  
(iii) an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective;  
(iv) a system for properly evaluating all major capital projects prior to a final decision on the project;

SCM Regulations (Chapter 16A)

Issued as an instruction in terms of Section 23 of the PFMA and is applicable to:

- a national or provincial department as defined in the PFMA
- a constitutional institution entity as listed in schedule 1 of the PFMA
- a public entity as listed in schedules 2 and 3 of the PFMA
- any organ of state which implements infrastructure delivery projects on behalf of another organ of state

Implementation date – 1 July 2016 or before

SIPDM does not require any change in Regulations to be implemented

**Circular 77**  
October 2015

### Municipal Finance Management Act

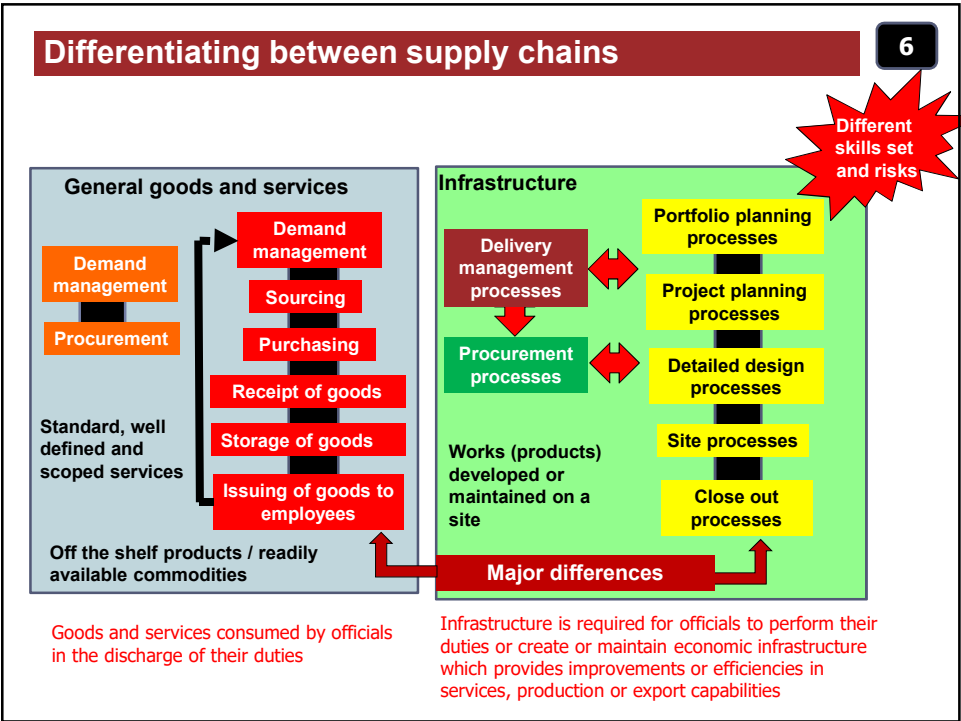
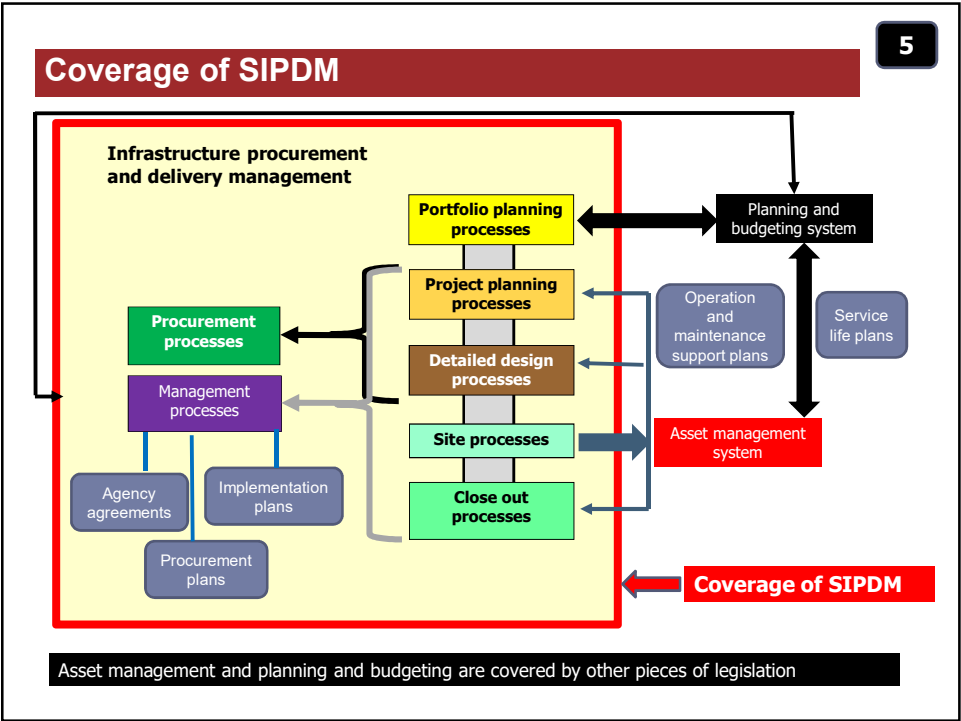
112. (1) The supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover at least the following . .

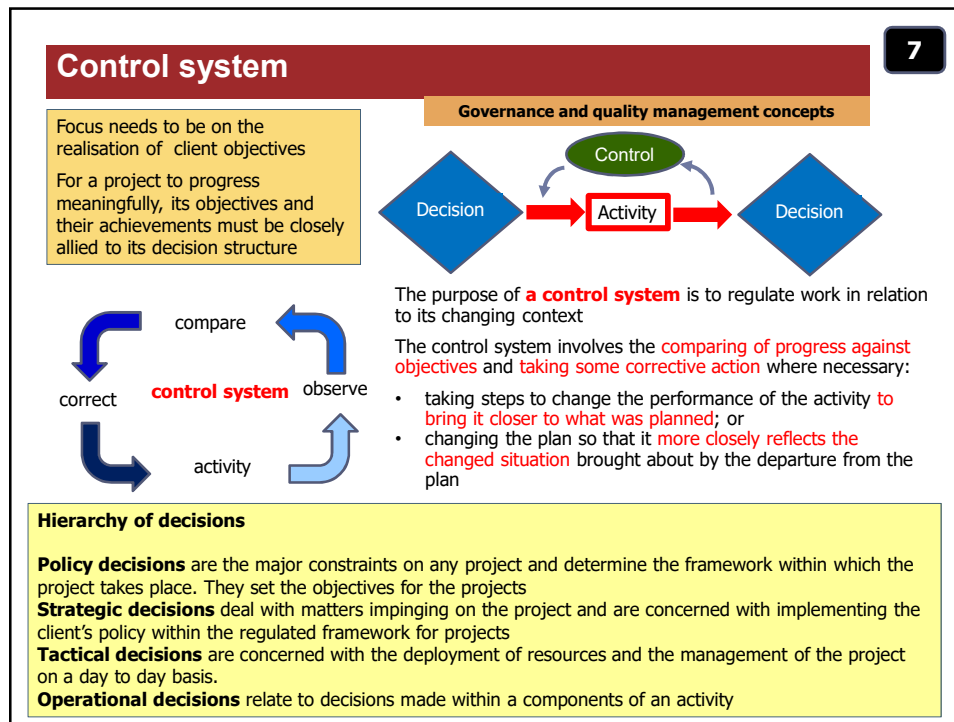
SCM Regulations 3(2)

The accounting officer may for purposes of subregulation (1)(a) make use of any Treasury guidelines determining standards for municipal supply chain management policies. . . . . The accounting officer must report any deviation from the guideline standard to the National Treasury and the relevant provincial treasury.

Standard also forms an integral part of the **Model SCM Policy for Infrastructure Delivery Management** which has been issued as a Treasury guideline determining a **standard for municipal supply chain management policies** in terms of Section 168 of the MFMA in support of Regulation 3(2) of the MFMA Supply Chain Management Regulations Applies to a **municipality or a municipal entity** whose council or board of directors adopts the guideline standard for SCM policies

Implementation by 1 July 2017





## Approvals and acceptances at gates 8

Form no	Title	Person assigned the responsibility for approving or accepting deliverable	
G0	Acceptance of the project initiation report	... accepts the initiation report	Strategic level?
G1	Approval of the infrastructure plan	... approves the infrastructure plan	
G2	Approval of the delivery and / or procurement strategy	... approves the delivery and / or procurement strategy	
G3(PR)	Acceptance of the prefeasibility report	... accepts the pre-feasibility report	
G3(SB)	Acceptance of the strategic brief	... accepts the strategic brief	Executive level?
G4(FR)	Acceptance of the feasibility report	... accepts the feasibility report	
G4(CR)	Acceptance of the concept report	... accepts the concept report	
G5	Acceptance of the design development report	... accepts the design development report	Operations level?
G6A	Acceptance of the production information	... accepts the parts of the production information requiring acceptance which are identified when the design development report is accepted	
G6B	Acceptance of the manufacture, fabrication and construction information	... accepts the manufacture, fabrication and construction information	
G7	Certification of completion / delivery	The <b>contract manager</b> certifies completion of the works or the delivery of goods and associated services	
G8	Acceptance of handover	... accepts the hand over	
G9	Acceptance of the close out report	The <b>contract manager</b> or supervising agent certifies the defects certificate in accordance with the provisions of the contract	
		The <b>contract manager</b> certifies final completion in accordance with the contract	
		... accepts the close out report	

"approve" = "officially agree to"

"accept" = "receive as adequate, valid, or suitable"

Information captured in the organisation's Infrastructure Procurement Policy

## Implementation templates – Delivery Gates

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Form no	Title	
G0	Acceptance of the project initiation report	<div style="background-color: yellow; padding: 5px; margin-bottom: 5px;">Insert logo</div> <div style="background-color: yellow; padding: 5px; margin-bottom: 5px;">Insert data</div> <div style="background-color: purple; padding: 5px; margin-bottom: 5px;">Read SIPDM requirements for stage in shaded area</div> <div style="background-color: yellow; padding: 5px; margin-bottom: 5px;">Insert data</div> <div style="background-color: red; padding: 5px; margin-bottom: 5px;">Attach end of stage deliverable</div> <div style="background-color: orange; padding: 5px; margin-bottom: 5px;">Person making recommendation to accept / approve signs</div> <div style="background-color: green; padding: 5px;">Person designated in SCM policy signs acceptance / approval</div>
G1	Approval of the infrastructure plan	
G2	Approval of the delivery management and / or procurement strategy	
G3(PR)	Acceptance of the prefeasibility report	
G3(SB)	Acceptance of the strategic brief	
G4(FR)	Acceptance of the feasibility report	
G4(CR)	Acceptance of the concept report	
G5	Acceptance of the design development report	
G6A	Acceptance of the production information	
G6B	Acceptance of the manufacture, fabrication and construction information	
G7	Certification of completion / delivery	
G8	Acceptance of handover	
G9	Acceptance of the close out report	

(name of organ of state)

### G1: Approval of the infrastructure plan

(Version 1: July 2016)

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Name of portfolio of projects and packages covered by the infrastructure plan: \_\_\_\_\_

Period covered by the infrastructure plan: \_\_\_\_\_

Brief overview of portfolio of projects and packages covered by the infrastructure plan: \_\_\_\_\_

The end of stage deliverable for Stage 1 (Infrastructure planning) at gate G1 is an infrastructure plan which identifies and prioritises projects and packages against a forecasted budget over a period of five (5) years.

The requirements of the National Treasury Standard for Infrastructure Procurement and Delivery Management at gate G1 are as follows:

4.1.3.1 The infrastructure plan for a portfolio of projects or packages which require implementation shall cover a period of not less than five years. Such a plan shall be:

a) described to the highest level of detail for each project, the proposed time schedule, the estimated total project cost and initial budget requirement, the geographical location, any known uncertainties and estimated contingencies for addressing these uncertainties; and

b) aligned with all prescribed planning, budgeting, monitoring and reporting requirements.

NOTE: - A Stage 1 is complete when the deliverable has been approved by the person or persons designated in the SCM policy (see 4.1.1.2).

- The level of detail contained in this end of stage deliverable needs to be sufficient to enable informed decisions to be made to proceed to the next stage (see 4.1.1.3).

- The infrastructure plan needs to be reviewed and updated at least once a year.

Title of infrastructure plan: \_\_\_\_\_

Version: \_\_\_\_\_

Date: \_\_\_\_\_

Date of previously approved infrastructure plan for a similar portfolio of projects and packages: \_\_\_\_\_

Attach the infrastructure plan to this form

Approval of infrastructure plan recommended by:

(name of person) \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

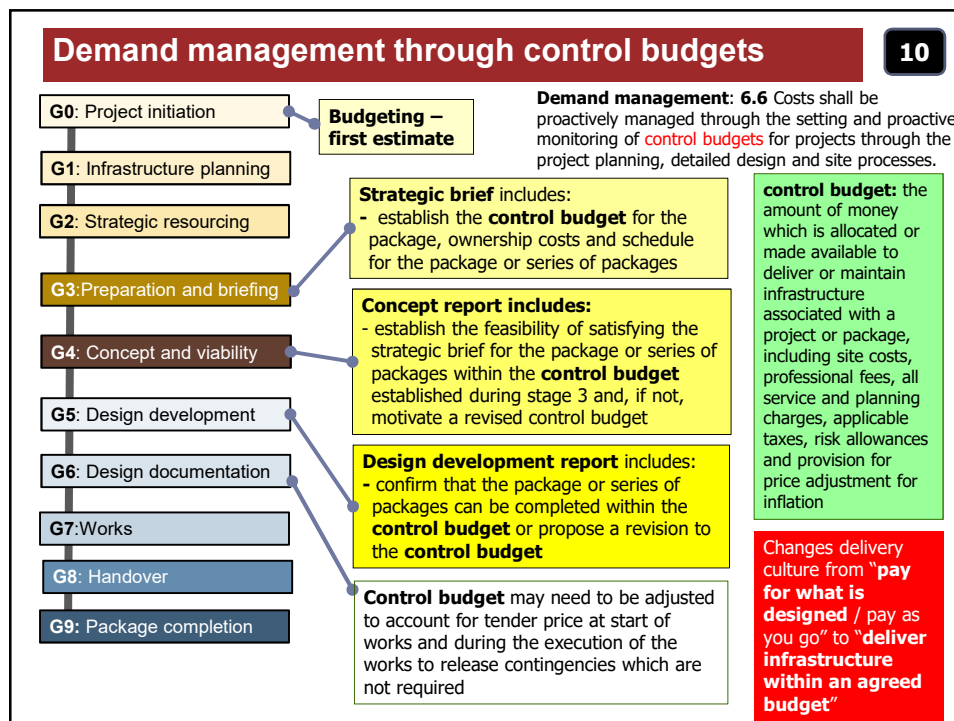
(Designation) \_\_\_\_\_

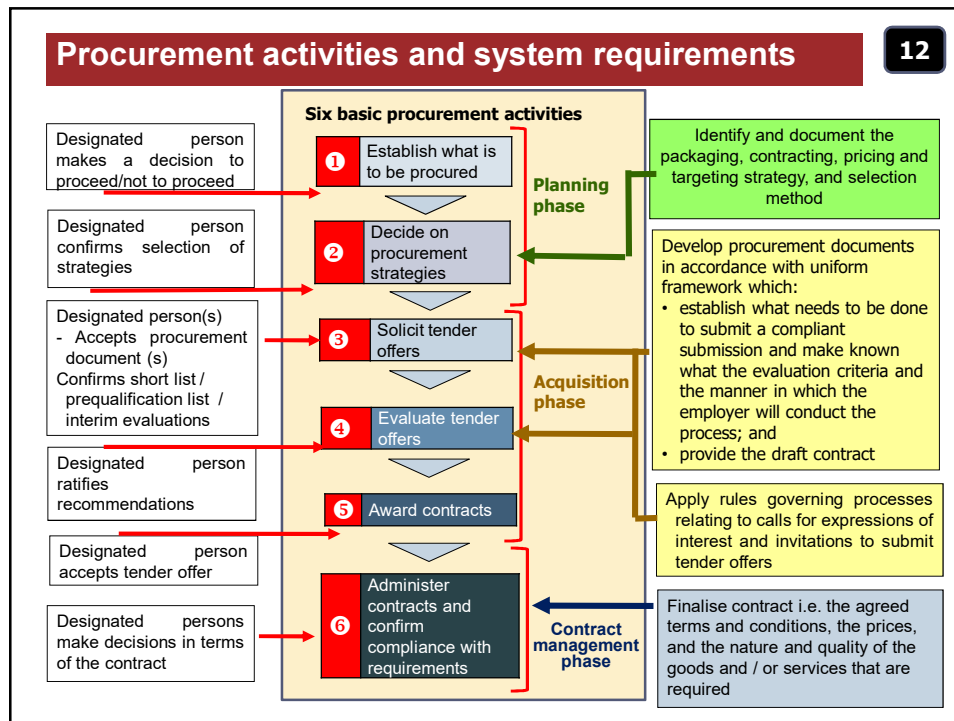
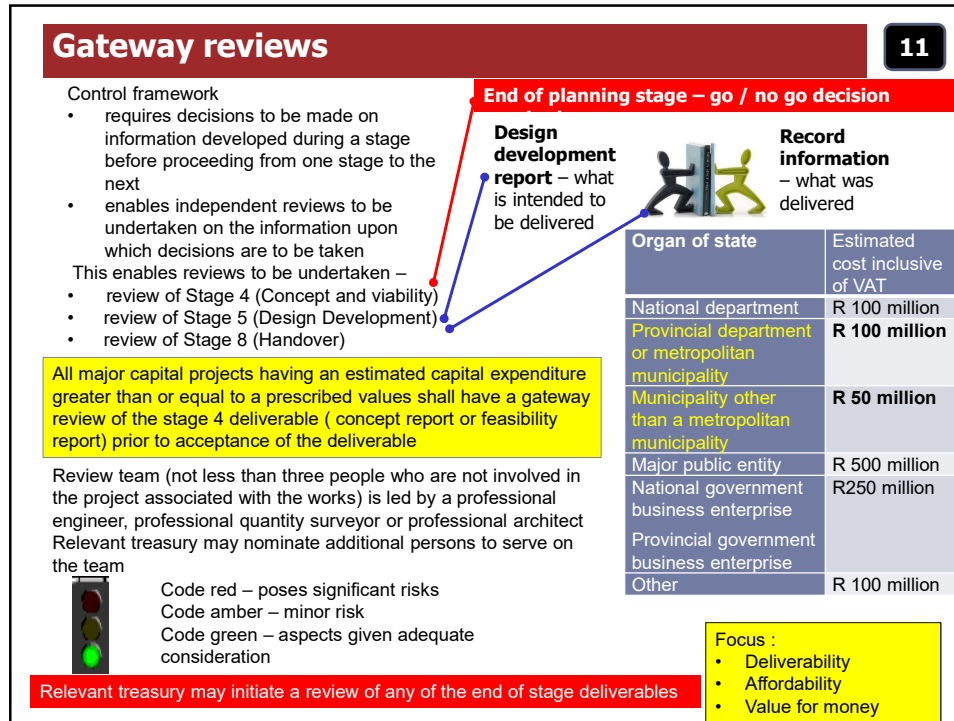
Infrastructure plan approved by:

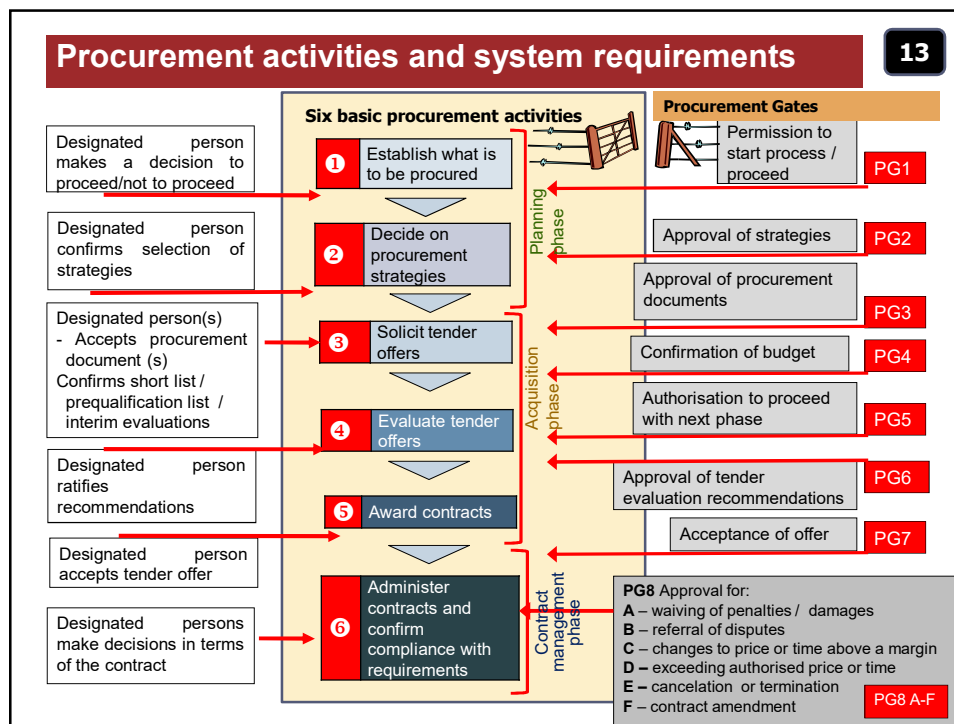
(name of designated person – see SCM policy) \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

(Designation) \_\_\_\_\_

<http://ocpo.treasury.gov.za/>







### Control templates for infrastructure procurement 14

Templates for procurement gates and approvals		Templates for framework agreement gates	
A1	Approval to apply the negotiated procedure	FG1	Confirmation of reasons for not inviting quotations from amongst contractors having the same scope of work
A2	Approval to apply the confined market procedure	FG2	Approval of the procurement document
PG1	Permission to start the procurement process	FG3	Confirmation of budget
PG2	Approval of the procurement strategy	FG4	Authorisation for the issuing of an order
PG3	Approval of the procurement document	Annexure A	Procurement documentation review report for an order
PG4	Confirmation of the budget		
PG5	Authorisation to proceed to the next phase of the procurement process		
PG6	Approval of tender evaluation committee recommendations		
PG7	Acceptance of offer		
PG8A	Approval for waiving of penalties / damages		
PG8B	Approval for referral of disputes for resolution		
PG8C	Approval for increases in the total of the prices or time for completion up to a specified percentage		
PG8D	Approval for increases in the total of the prices or time for completion above a specified percentage		
PG8E	Approval to cancel or terminate a contract		
PG8F	Approval for an amendment to the contract		
Annexure A	Procurement documentation review report		

Template for financial system gate	
FS1	Financial data associated with a contract or an order issued in terms of a framework contract

## Uploading of financial data

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[Name of Employer / Purchaser]		
LOGO	<b>FS1: Financial data associated with a contract or an order issued in terms of a framework contract</b>	
.....		
.....		
Financial data associated with the contract or order		
<b>Component</b>	<b>Rand</b>	<b>Total</b>
Total of the prices at the award of the contract or the issuing of the order	R	
Estimated price adjustment for inflation	R	
Contingency provision ( % )	R	
Subtotal		R
Vat		R
<b>Total of the prices</b>		<b>R</b>
Recommendation for uploading on the financial system made by:		
[name of person]		
[Designation]	Signature:	Date:
Acceptance for uploading made by:		
[name of designated person – see SCM policy]		
[Designation]	Signature:	Date:

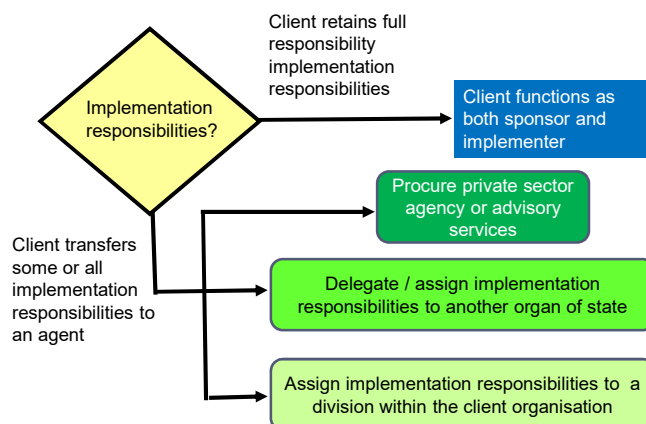
Approvals at gate 8C and gate 8D required to authorise the increasing of this amount

Control Budget

## Delivery management routes

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**A client needs the resources to perform the implementation function**





## Institutional arrangements (agency agreement)

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**5.2** An agency agreement shall be entered into between organs of state where responsibilities for implementation are assigned or delegated. Such an agreement shall:

- establish principles and requirements relating to the recovery of costs associated with the rendering of the service, claims for payments made on an agency basis including the release of retention sums, the settling of claims for payment and the documentation required to accompany such claims; and
- include a service delivery agreement which as relevant sets out at least the following:
  - overall aims, objectives and priorities;
  - governance structures;
  - reporting requirements;
  - the scope of the services to be performed by the implementer during each financial year;
  - the projects and packages which are included in the infrastructure plan which are to be delivered and the time frames for doing so;
  - the roles and responsibilities of the parties to the agreement, including requirements for the engagement and management of stakeholders;
  - delegations to the implementer to accept end of stage deliverables on an agency basis;
  - contributing resources including human resources; and
  - dispute resolution procedures.

Agency agreements

"Sponsor"

"Implementer"

**5.3** The agency agreement shall be reviewed annually and amended or revised as necessary.

**5.4** The implementer's supply chain management system shall be used to procure goods or services or any combination thereof for infrastructure covered by the agency agreement

## Framework agreements

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**framework agreement:** an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

**order:** an instruction to provide goods, services or any combination thereof under a framework agreement

**14.3.4 Orders:**

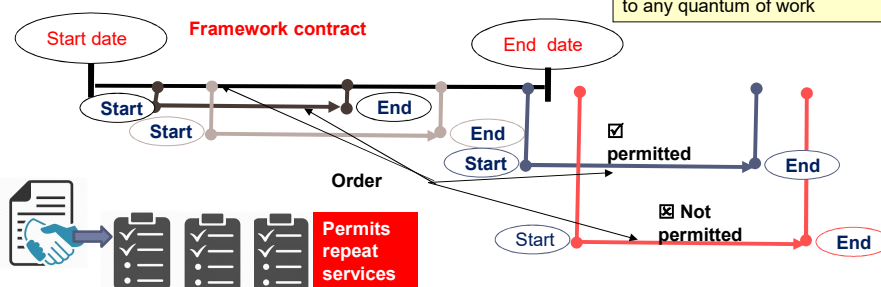
- shall cover only goods or services or any combination thereof, falling within the scope of work associated with the agreement;
- may **not be issued after the expiry of the term of the framework agreement**; and
- may **be completed even if the completion of the order is after the expiry of the term**

### Framework agreements

#### Dictionary definition

- Sum of money for which something is purchased
- The actual cost of acquiring something calculated according to some specific measure or an estimate of what the transaction is worth

Allows the employer to procure on an as-instructed basis (call offs) over a set term without committing to any quantum of work



## Principles associated with the putting in place of framework agreements

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**14.3.1a)** Framework agreements may be entered into with contractors by inviting tender offers to **enter into a suitable contract** for the required work, using stringent eligibility and evaluation criteria to ensure that **contracts are entered into with only those contractors who have the capability and capacity** to provide the required goods, services or works

**14.3.2** The **term of a framework agreement** is not to exceed:

- **three years** in the case of all organs of state other than a major public entity, a national government business enterprise or a provincial government business enterprise; or
- **four years** in the case of a major public entity, a national government business enterprise or provincial government business enterprise

**14.3.3** Framework agreements that are entered into are **not to commit an organ of state to any quantum of work beyond the first order**, or **bind the employer to make use of such agreements** to meet its needs. The employer **may approach the market** for goods or services or any combination thereof, whenever it considers that **better value** in terms of time, cost and quality may be obtained.

**Zero value contract**



Framework agreements that are entered need to set out:

- the **terms** which are applicable for the term of the contract;
- the **manner in which orders** are instructed;
- the **scope of work** covered by the agreement; and
- the **basis by which contractors will be remunerated** for work performed in terms of an order, if and when such an order is issued.

**Value created through issuing of orders which are read together with the framework contract**

## Framework agreements covering the same scope of work

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Clause **14.3.1b)** permits a limited number of framework agreements to be entered into based on projected demand and geographic location

**14.3.5** The issuing of orders with a number of framework contractors covering the same scope of work may be made **with and without requiring competition** amongst framework contractors. Where competition is required amongst framework contractors, it needs to be conducted in a non-discriminatory manner such that competition is not distorted.

**14.3.6** Competition amongst framework contractors for orders need to take place where there is **no justifiable reason for issuing an order to a particular framework contractor** such as:

- a) the framework contractor provided **the most economical transaction** when the financial parameters included in the contract are applied and has the capacity to deliver;
- b) the required goods, services or works **cannot technically or economically be separated from another contract or order** previously performed by a specific contractor;
- c) the service or works being instructed **are largely identical to work previously executed** by that contractor;
- d) the value of the order is less than the threshold for the **quotation procedure**;
- e) the **schedule** for delivery necessitates that each of the framework contractors be issued with orders on a continuous basis; or
- f) **capacity** to execute the order;

Can have one framework agreements for a defined scope. Ideally not more than 3 but certainly not more than 5

The inviting of quotations from amongst framework contractors covering the same scope of work is not the default option.

Used only where there are no justifiable reasons for not doing so

NB only enter into a limited number of framework agreements covering the same scope of work

## Use of a framework agreement by another organ of state

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### Use of an organ of state's framework agreement by another organ of state

An organ of state may request in writing to make use of one or more framework contracts entered into by another organ of state. Such a request, signed by the accounting officer or accounting authority of that organ of state, shall:

- a) outline the scope and anticipated quantum of work associated with the work that is required;
- b) provide a motivation for the use of the framework agreement; and
- c) detail the benefit for the state to be derived from making use of the framework agreement.

The accounting officer or accounting authority may approve a request made to make use of the organ of state's framework contract, conditionally or unconditionally, if:

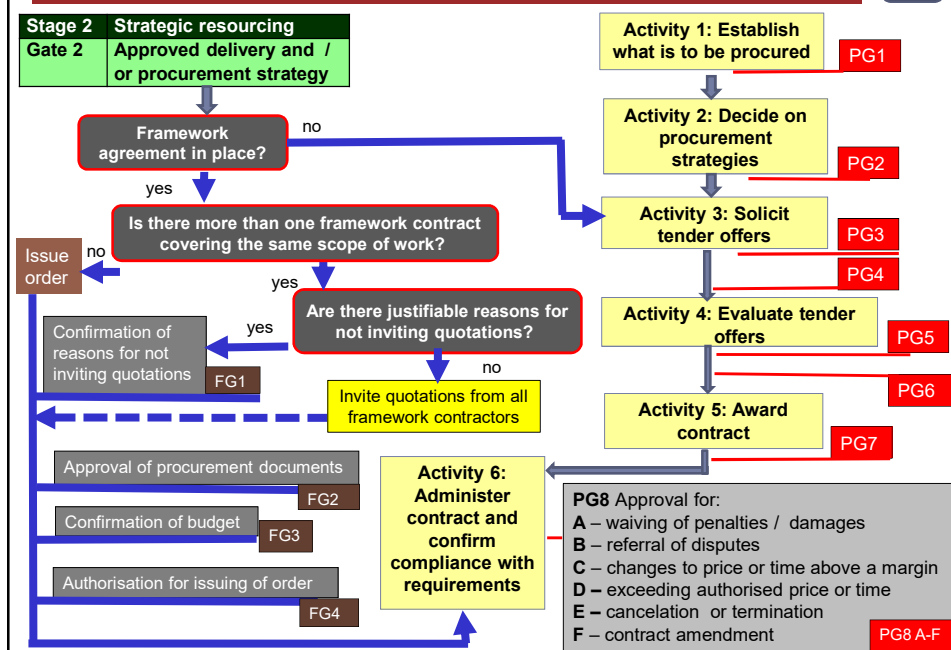
- a) the framework agreement was put in place following a competitive tender process;
- b) confirmation is obtained that the framework contract is suitable for the intended use and the required goods, services and works fall within the scope of such contract;
- c) the framework contractor agrees in writing to accept an order from that organ of state;
- d) the organ of state undertakes to pay the contractor in accordance with the terms and conditions of the agreement; and
- e) the term of the framework agreement does not expire before the issuing of the required orders.

Can include the following in the contract:

10.1	The Employer is: a) XXXX as represented by ..... Address .....; or b) YYYY as named in and represented by the person as stated in a Package Order.
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## Control framework for framework agreements

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## SIPDM infrastructure procurement requirements

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14.1.1 Procurement shall be undertaken in accordance with all applicable legislation and;

- the relevant requirements of **SANS 10845-1, SANS 10845-2, SANS 10845-3 and SANS 10845-4**;
- the administrative procedures embedded in the **approved standard forms of contract** identified in this standard; and
- the provisions of this **standard**.

14	Infrastructure procurement requirements
14.1	General
14.2	Usage of standard procedures
14.3	Framework agreements
14.4	Design competitions
14.5	Procurement documentation
14.5.1	General
14.5.2	Tender, submission and auction data
14.5.3	Standard forms of contract
14.5.4	Tender assessment schedules
14.5.5	Guarantees
14.5.6	Retention monies
14.5.7	Communications
14.5.8	Intellectual property rights
14.5.9	Budgetary items
14.5.10	Professional indemnity insurance
14.6	Developmental procurement policy
14.6.1	General
14.6.2	Permitted targeted procurement procedures

SANS 10845-1, *Construction procurement - Part 1: Processes, methods and procedures*

SANS 10845-2, *Construction procurement - Part 2: Formatting and compilation of procurement documentation*

SANS 10845-3, *Construction procurement - Part 3: Standard conditions of tender*

SANS 10845-4, *Construction procurement - Part 4: Standard conditions for the calling for expressions of interest*

Annexure A: Record of Addenda to tender documents

Annexure B: Proposed amendments and qualifications

Annexure C: Preferencing schedule:

Broad Based Black Economic

Empowerment Status

Annexure D: Compulsory Declaration

Annexure E: Municipal declaration and returnable documents

## Standard forms of contract

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### Construction Industry Development Board (CIDB)

CIDB Standard professional service contract  
CIDB General conditions of purchase  
CIDB Contract for the Supply and Delivery of Goods  
CIDB General Conditions of Service

### International Federation of Consulting Engineers (FIDIC)

FIDIC Short Form of Contract  
FIDIC Conditions of Contract for Construction for Building and Engineering Works designed by the Employer  
FIDIC Conditions of Contract for plant and design-build for electrical and mechanical plant and for building and engineering works, designed by the contractor

### FIDIC Conditions of Contract for EPC Turnkey Projects

### FIDIC Conditions of Contract for Design, Build and Operate Projects

### South African Institution of Civil Engineering (SAICE)

SAICE General conditions of contract for construction contracts

### Joint Building Contracts Committee (JBCC)

JBCC Principal Building Agreement

JBCC Minor Works Agreement

### Institution of Civil Engineers (ICE)

NEC3 Engineering and Construction Contract  
NEC3 Engineering and Construction Short Contract

NEC3 Professional Services Contract

NEC3 Professional Services Short Contract

NEC3 Term Service Contract

NEC3 Term Service Short Contract

NEC3 Supply Contract

NEC3 Supply short contract

### Standard forms of contract

Construction  
Industry  
Development  
Board



South African Institution  
of Civil Engineering



The Joint Building Contracts Committee



**Note: NEC3 Framework contract, and CESA and SAPOA professional service contracts are not supported!**

## Standard forms of contract

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Consideration	NEC3	JBCC	GCC	FIDIC
Contracting strategy				
Design by employer	Yes	Yes	Yes	Red
Management contract		No	No	Silver
Develop and construct			Yes	Yellow & Silver
Design and build				
Pricing strategy				
Activity schedule	Yes	No	No	No
Lump sum		Yes	Yes	Yellow & Silver
Bill of quantities		Yes	Yes	Red
Cost reimbursable		No	No	No
Target cost		No	No	No

Contracts are drafted around significantly different objectives and philosophies e.g.

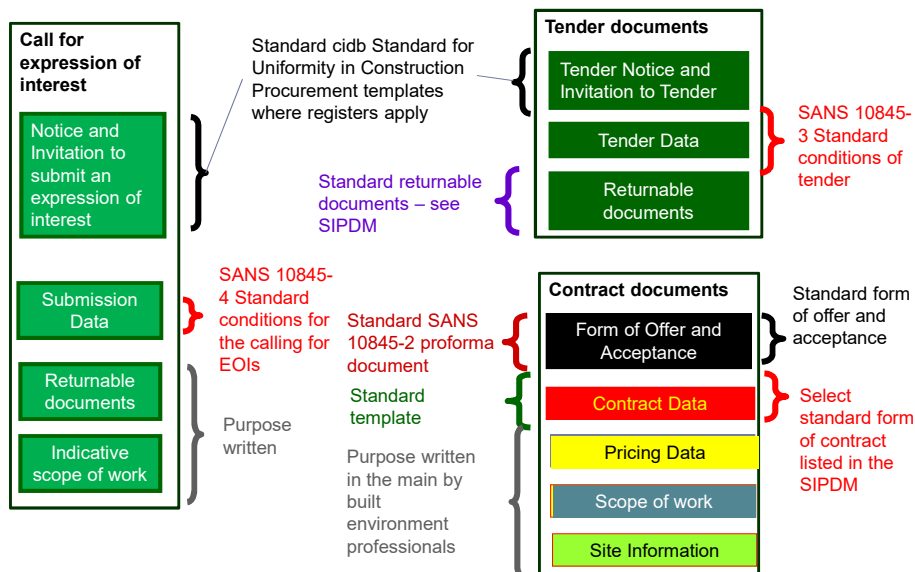
- **master – servant relationship** or **collaboration between two experts**,
- risk sharing or risk transfer,
- independent or integrated design
- short term relationship based on one sided gain or long-term relationships focused on maximising efficiency and shared value,
- etc

There are a wide range of different contracting approaches and price and cost based pricing strategies with distinctly different risk allocations.

**Need to match form of contract with adopted procurement strategy**

## Standard format for procurement documents

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## Standard returnable documents

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### SIPDM requirements

**14.1.5.6** Standard returnable documents for infrastructure procurement contained in **annexures A to E** shall, where appropriate, form part of the Returnable Documents in procurement documents.

**14.1.5.7** **Standard documentation issued by a relevant treasury for non-infrastructure procurement shall not be included in infrastructure procurement documents** unless they are found to be compatible, and not in conflict with the provisions of a procurement document which complies with the provisions of this standard.

**Do not mix documents from different systems**

Annexure A: Record of Addenda to tender documents  
Annexure B: Proposed amendments and qualifications  
Annexure C: Preferencing schedule: Broad Based Black Economic Empowerment Status  
Annexure D: Compulsory Declaration  
Annexure E: Municipal declaration and returnable documents

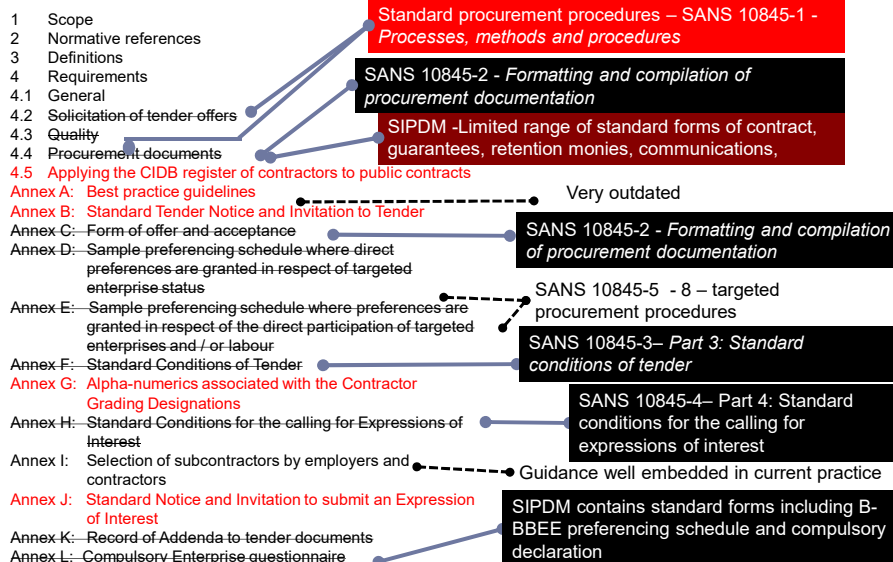
OR

MBD Forms:  
MBD1: Invitation to Bid  
MBD4: Declaration of Interest  
MBD6.1: Preference Points Claim Form  
MBD6.2: Local Content  
MBD8: Declaration of Bidders Past Supply Chain Management Practices

## CIDB Standard for Uniformity in Construction Procurement

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SIPDM only requires the application of the CIDB SFU where the CIDB registers are applied



## Design of SCM Model Policy

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### Model SCM Policy for Infrastructure Procurement and Delivery Management

The model policy not only enables the Standard for Infrastructure Procurement and Delivery Management to be implemented but is also aligned with the principles contained in all relevant National Practice Notes and Instruction Notes.

There are unavoidably duplications in supply chain management policies for general goods and services and those for infrastructure delivery management arising from not only regulatory requirements but also an overlap in support functions such as the receipt of bids and advertising of bids.

This model policy document may be issued as a stand-alone policy or as a policy which is supplementary to an institution's supply chain management system for general goods and services. Where it is issued as a supplementary policy, text should be replaced with cross references to the overarching policy.

In order to distinguish between committees used in the two supply chain management systems, the terms procurement documentation, evaluation and tender committee are used in this document for the corresponding bid specification, bid evaluation and bid adjudication committees referred to in Treasury Regulations.

Standard for Infrastructure Procurement and Delivery Management requires that organisational policy need as a minimum to:

- assign responsibilities for approving or accepting deliverables associated with a gate in the control framework or authorising a tender process;
- establish committees which are required by law or equivalent quality management and governance arrangements;
- establish delegations for the awarding of a contract or the issuing of an order; and
- establish ethical standards for those involved in the procurement and delivery of infrastructure.

## Scope and general requirements

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### Scope

This policy establishes the [name of institution]'s policy for delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

- the storage of goods and equipment following their delivery to [name of institution] which are stored and issued to contractors or to employees;
- a) the disposal or letting of land;
- b) the conclusion of any form of land availability agreement;
- c) the leasing or rental of moveable assets; and
- d) public private partnerships.

All text in square brackets needs to be populated with the correct data. All footnotes need to be deleted following the completion of the document.

### General requirements

**3.1** Infrastructure procurement and delivery management shall be undertaken in accordance with the all applicable legislation and the relevant requirements of the latest edition of the National Treasury Standard for Infrastructure Procurement and Delivery Management.

**3.2** No departures shall be made from the provisions of the National Treasury Standard for Infrastructure Procurement and Delivery Management without the approval of the National Treasury.

**3.3** No departure shall be made from the provisions of this policy without the approval of [delegated person]

**3.4** Pre-feasibility and feasibility reports are required on . . . . .

**3.5** Stage 3 to 7 are required for . . . . .

Optional requirements – delete if not a requirement

## Appointment of others

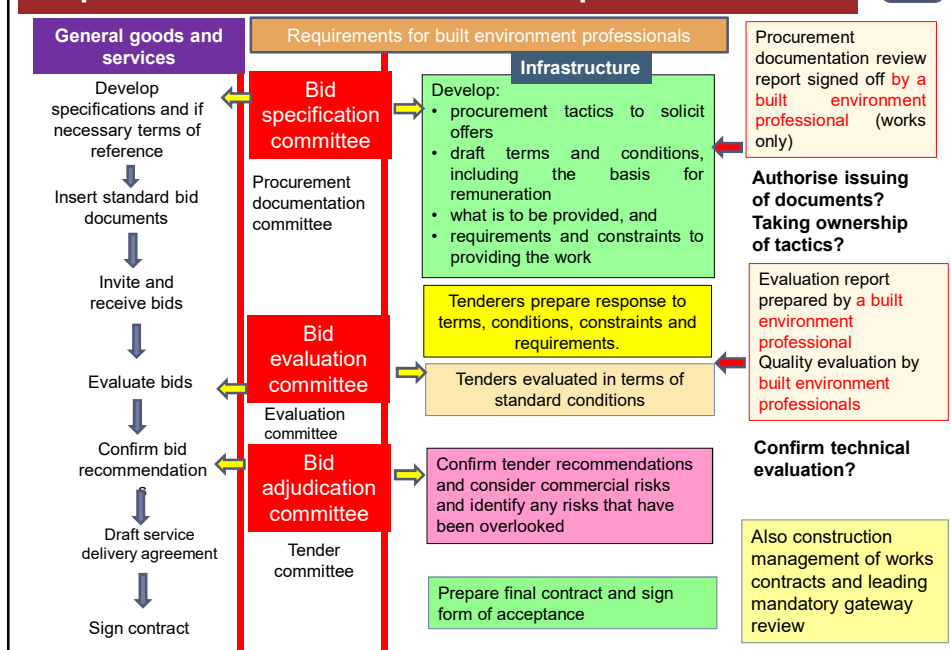
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The identification of person to:

- receive **notification of gifts** in excess of R 750 (6.1.3.5.5 (e))
- receive report on any **incidences of offering of a gratification to improperly influence** in any way a procurement process, procedure or decision (6.1.3.5.6.)
- receive any allegations of improper conduct (6.1.3.6)
- investigate allegations of corruption, improper conduct or failure to comply with the requirements of the policy (6.1.4)
- Prepare a report and make recommendations for placing the contractor or any of its principals under restrictions (6.1.7.1)
- record the names of those placed under restrictions and undertake the required notifications (6.1.7.3)
- receive complaints regarding the infrastructure delivery management system (6.1.8.1)
- investigate all complaints regarding the infrastructure procurement and delivery management system and produce a report (6.1.8.1)
- decide on what action to take regarding the complaint (6.1.8.1)
- receive intention to challenging tax compliance status with SARS (6.2.2.4)
- **placement of advertisement** (6.2.4.2 and 6.2.4.4)
- **publish outcomes of tender processes** (6.2.5.1, 6.2.4.2 and 6.2.5.3)
- submit **any reports** required in terms of the standard to the relevant treasury
- authorise the use of the negotiated procedure above the thresholds provided in the standard (7.5.1)
- authorise the approaching of a confined market except where a rapid response is required in an emergency (7.5.1)
- the proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure
- authorise the proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure (7.5.1)
- pursue a **negotiated procedure in an emergency** (7.5.2)
- safeguard the **keys for the tender box** (7.6.2)
- appoint an opening panel (7.7.1)
- **Approve the use of a framework agreement by another organ of state** (7.9.2)
- Decide on non-standard provisions of insurance cover (7.10.2, 7.10.4 and 7.10.5)
- Provide written reasons for actions taken (7.11.1)
- Receive request for access to information (7.12.2)

## Requirements for built environment professionals

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## Reporting of supply chain management information

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### Reporting on and assessment of performance reporting



11.1 The implementer shall report to the relevant treasury **within one month of the award of a contract** or the issuing of an order, all engineering and construction, supply, service and professional service contracts that are awarded, or orders that are issued, should the total of prices including VAT exceed the following thresholds 

Organ of state	Value of contract or order including VAT			
	Services contract	Professional services	Supply	Engineering and construction works
National department	R75 million	R 75 million	R 100 million	R 100 million
Provincial department or metropolitan municipality	<b>R 50 million</b>	<b>R 50 million</b>	<b>R 100 million</b>	<b>R 100 million</b>
Municipality other than a metropolitan municipality	<b>R 25 million</b>	<b>R 25 million</b>	<b>R 50 million</b>	<b>R 50 million</b>
Major public entity	R 250 million	R 250 million	R 500 million	R 500 million
National government business enterprise	R 125 million	R 125 million	R 250 million	R 250 million
Provincial government business enterprise				
Other	R 50 million	R 50 million	R 100 million	R 100 million

## Reporting of supply chain management information (continued)

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11.3 The implementer shall prepare an annual report which contains the following in respect of a financial year and submit such report to the relevant treasury within two months after the financial year end:

- information contained in the performance report 
- a brief progress report which reflects progress in terms of time and cost in relation to the time for completion or delivery and the total of prices at the award or the contract or the issuing of an order, and if relevant stages completed, on all contracts and orders **above the prescribed thresholds**
- an outline of the scope, value and duration of all contracts which were awarded as a result of **unsolicited proposals** together with a brief motivation for such award
- particulars relating to:
  - the **cancellation or termination of contracts** together with the reasons therefore;
  - the use of a **negotiated or confined market procurement procedure** to enter into a supply, services, professional services or engineering and construction contract **in excess of R 10,0 million** including VAT together with a brief motivation for doing so;
  - the evoking of the **emergency procurement procedures** where the value of the ensuing transaction **exceeded R10,0 million** including VAT together with a brief overview of the emergency and the outcomes of the procurement;
  - **disputes** arising from contracts which have been referred to **arbitration or a court of law for settlement**; and
  - contracts where the approval has been granted to increase the total of the prices or the time for completion at **procurement gate 8D**  **Managing contingencies**

## Assessment of supply chain management performance

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12. An annual performance report shall be prepared for each portfolio of projects involving infrastructure delivery within two months of the financial year end which reflects performance in relation to at least the following:

- expenditure incurred in infrastructure delivery for the financial year against the budget made available to cover such expenditure at the start of the year

$$\text{KPI (\%)} = \frac{\text{Expenditure}}{\text{budget}} \times 100$$

**Infrastructure Plan:** provide the **projected budget and cash flows** which will enable planned and actual expenditure to be compared and revisions to the budget to be approved and multiple project budgets to be managed

- the average variance between planned and achieved completion of stages of all packages and projects

**Implementation Plan:** provide a **time management plan for each project** i.e. the baseline against which progress towards the attainment of milestone (key deliverables) target dates can be measured

- an overview of all packages where stage 7 was completed within the financial year and the total of the prices and the time for completion at the start of the contract or when the order was issued exceeds 20% together with a brief explanation as to why such increases occurred

**Measures** how risks were managed and mitigated. It also potentially identifies the risks which were unforeseen that have materialised

## Assessment of supply chain management performance

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- the average time taken to award a contract measured from the closing date for tender submission or the final submission made in terms of a proposal or competitive negotiations procedure to a decision being taken to award the contract

Closing date or tenders or final submission made in a proposals or competitive negotiations procedure

Recommendation made by tender committee



- the average time taken to award a contract above the threshold for quotations, measured from the closing date for tender submission or the final submission made in terms of a proposal or competitive negotiations procedure, to the acceptance of the tender evaluation report
- the average time taken, in respect of all packages covered in the report, to complete stage 8 (handover) measured from the time that stage 7 (works) is completed

Measures the efficiency in handing over the works

- the average difference between the total of the prices in the payment certificate that was issued following the completion of stage 7 (works), and the total of the prices at the end of stage 9 (Package completion)

Measures the efficiency of the control of costs

- the average number of days that payment is later than that required under the terms of a contract.

Measures the efficiency of the payment system

## Progressive implementation

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Areas	Compliance		Audit approach
	PFMA	MFMA	
① to ③	Completed 1 April 2017	Completed 1 July 2017	Have in place an auditable and compliant system which should deliver value for money!
④ to ⑥	Before 1 April 2018	Before 1 July 2019	

- ⑥ Built environment professionals performing designated functions
- ⑤ Develop procurement documents in accordance with the SIPDM provisions
- ④ Put in place implementation plans
- ③ Apply control frameworks and obtain and record approval / acceptance at gates
- ② Put in place agency agreements, if required
- ① Put in place SCM policy
- ⑦ Annual performance reports issued to relevant treasuries

## Questions

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Queries - Email: [cpo@treasury.gov.za](mailto:cpo@treasury.gov.za)

More information  
[http://ocpo.treasury.gov.za/About\\_Us/Strategic\\_Areas/Pages/Infrastructure-Procurement.aspx](http://ocpo.treasury.gov.za/About_Us/Strategic_Areas/Pages/Infrastructure-Procurement.aspx)

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