

Namibia Statistics Agency

Supply chain management

Policy and Guidelines

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Statistician General

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Date



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Chairperson Board of Directors

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Date

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## Definitions

### 1.1 Defined terms

The following words will have the associated meanings defined here when used in this document. In addition the plural of a term must be taken to also denote the singular and any gender must be taken to also include the other:

**"Black Economic Empowerment Tenderer"** means a natural person or juristic person, or joint venture; of which at least 51 % of the ordinary shares are owned by one or more previously disadvantaged Namibians; or with a majority of previously disadvantaged Namibians in its management

**"competitive bidding process"** means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

**"competitive bid"** means a bid in terms of a competitive bidding process;

**"Contract"** means a legally binding agreement between the parties identified in the agreement to fulfil all the terms and conditions outlined in the agreement.

**"Cut-Off Value"** means the threshold in terms of total Procurement Activity value where the set of rules that apply to a Procurement Activity changes;

**"Directive"** means the rules and regulations governing a specific type of Procurement Activity;

**"Emergency"** referred to in subparagraph 36(1) (a) (i) of this policy means a deviation that is based on it being an emergency case that is reasonable/justifiable based on evidence that:

- Immediate action is necessary in order to avoid a dangerous or unacceptable risky situation to both employees and NSA;
- The time available would make it impossible/ impractical to go through a bidding process;
- The deviation is not as a result of the need for procurement being identified/agreed upon/budgeted/planned in the past but not attended to timeously and
- The deviation is not as a result of improper planning

**"final award"**, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

**"formal written price quotation"** means quotations referred to in paragraph 12 (1) (c) of this Policy;

**"GCC"** means General Conditions of Contract

**"Goods"** means any physical item that can be procured by the NSA;

**"Interested Party"** means any participant in a Procurement Activity in the role of a bidder who has a vested interest in the outcome of such a Procurement Activity be that the decision as to whom will be chosen as the successful supplier/service provider or having being chosen as the successful supplier/service provider;

**"long term contract"** means a contract with a duration period exceeding one year;

**"list of accredited prospective providers"** means the list of accredited prospective providers which NSA must keep in terms of paragraph 14 of this policy;

**"NSA"** Namibia Statistical Agency also referred to as the agency

**"Procurement Activity"** means the process of soliciting bids from the general market or targeted suppliers/service providers, as the case may be, for the delivery of Goods or Services to the NSA on a contracted basis;

**"Services"** means any professional or semi-professional service of a temporary or an on-going nature to be procured by the NSA;

**"Single provider"** referred to in subparagraph 36(1) (a) (ii) of this policy means a deviation that is based on it being an sole supplier/provider case that is reasonable/justifiable based on evidence that:

- A thorough analysis of the market was done and
- Where required, a transparent and equitable pre-selection process.

**"the Act"** means the Statistics Bill

**"Urgency"** referred to in subparagraph 22(1)(b)(2) of this policy means a deviation that is based on it being an urgency case that is reasonable/justifiable based on evidence that:

- The early delivery of the goods/services is of critical importance to NSA;
- The time available would make it impossible/ impractical to go through a bidding process;
- The deviation is not as a result of the need for procurement being identified/agreed upon/budgeted/planned in the past but not attended to timeously and
- The deviation is not as a result of improper planning

**"VAT"** means the value added taxation, of which NSA is exempted in terms of section 32 of the Act

**"written or verbal quotations"** means quotations referred to in paragraph 12(1)(b) of this Policy.

**"Works"** means any building structure to be accomplished by a building contractor procured by the NSA

## 1.2 Undefined terms

Where a capitalised term used in this document has no corresponding definition in this section such term will be given its ordinary grammatical meaning unless the context clearly indicates otherwise.

## 2. POLICY STATEMENT

The Namibia Statistics Agency is committed to creating an environment that fosters open and transparent competition for the procurement of goods, services and works utilised by its operations. The Agency also endeavours to manage its supply and service contracts with service providers to optimise value and efficiency.

The Agency practices fairness and transparency in its procurement, tender and contract management activities. It encourages fair business competition and therefore will resource goods, works and services in a manner that allows all eligible suppliers to participate.

The Agency understands the importance of flexibility in the procurement process and therefore strives to source its procurement needs at the best overall value for the Agency, consistent with the Agency's quality expectations, reliability, volumes and operational requirements.

The Agency shall strive to support local industries and preference will be given to local industries/suppliers provided that the goods/services/works specifications, plans and requirements are met.

Solicitations for goods, works and services shall be based upon a clear and accurate description of the goods, works or services to be acquired.

Contracts shall be awarded only to qualified and capable suppliers and contractors that have the capability and willingness to perform the contracts in accordance with the terms and conditions of the applicable contracts and on a cost-effective and timely basis.

No more than a commercially reasonable price (as determined, for example, by a comparison of price quotations and market prices) shall be paid to procure goods, works and services.

Pursuant to Sections 15 (4) and (5) of the Tender Board of Namibia Act, 1996 (Act no 16 of 1996), the Agency will aim to redress historical, social and/or economic imbalances by promoting the participation of the previously disadvantaged Namibians in the mainstream of economic activity in Namibia through preferential treatment in the procurement of goods, works and services by the Agency.

Where Competitive Bidding is not the most appropriate method of procurement, other methods of procurement may be applied, like Single Source Selection and Limited Bidding.

## **2.1 Policy Purpose**

The purpose of this policy is firstly to lay down the fundamental principles for effective processes for the Agency's supply chain management (procurement and contract management ) functions. Therefore the policy sets out the procurement, tender and contract management directives for the acquisition of goods, works and services for the Agency.

The purpose of this policy is secondly to provide guidelines for any Namibia Statistics Agency (NSA) employee wishing to procure any Goods, Works or Services on behalf of the NSA and to regulate the process that is followed when engaging in such a procurement activity.

## **2.2 Inclusions**

Any and all procurement activities whether for Goods, Works or for Services will be subject to the provisions of this Policy and associated Procedure and will be conducted using the associated Templates.

## **2.3 Exclusions**

None – All Procurement activities are subject to this Policy.

## **2.4 The Policy**

### **2.4.1 Responsibilities**

This section spells out the responsibilities of all participants in any and all NSA supply chain management activities.

#### **2.4.2.1 NSA Board**

The NSA Board is responsible for setting NSA supply chain management policy and for ensuring, on the basis of periodic audits and through random spot checks, that the provisions of the Policy are adhered to at all times.

#### **2.4.3.1 NSA Employees**

NSA Employees are obliged to familiarise themselves with the content of the supply chain management policy and to ensure that all their actions, when involved in a procurement activity, are guided by and in line with the provisions of this supply chain management policy.

#### **2.4.4.1 Tender participants**

All external participants in any procurement activity conducted by the NSA must be made aware of the provisions of this Procurement Policy and must at all times adhere to the provisions of this Procurement Policy.

## **2.5 Policy Directives**

Policy directives delineate the types of Procurement activities that can be conducted together with specific rules and regulations pertaining to each of such Procurement activities.

### **2.5.1 General provisions**

#### **Format of supply chain management system**

This Policy provides systems for –

- Part 1 demand management;
- Part 2 acquisition management;
- Part 3 logistics management;
- Part 4 disposal management; and
- Part 5 risk management

#### ***Part 1: Demand management***

##### **System of demand management**

1. (1) The Statistician-General (SG) must establish and implement an appropriate demand management system in order to ensure that the resources required by the NSA support its operational commitments and its strategic goals outlined in the Strategic Plan and the annual procurement plan.

Each Procurement Plan, typically covering a twelve (12) month period,

- (a) lists the particular procurement activities for the goods, works, and services;
- (b) identifies the proposed method of procurement for such contracts as determined according to the rules set out in these Guidelines; and
- (c) sets forth the estimated value for each contract.

The NSA shall ensure that all goods, works and services shall be procured using the procurement method approved in each Procurement Plan.

The NSA shall not initiate any procurement action that is a substantial deviation from the applicable adopted and approved Procurement Plan without the prior approval of NSA Board.

Adopted procurement plans (without the estimated project/item amounts) shall be uploaded on the NSA Website within 7 days after its approval/adoption.

NSA will not honour expenditures for goods, works and services which have not been procured in accordance with the agreed provisions of this Policy and solicitation documents. In such cases, NSA will declare a misprocurement, and may cancel the procurement of goods, works or services that have been misprocured if corrective measures satisfactory to NSA Board are not taken. NSA Board may still declare misprocurement if it concludes that the approval was issued on the basis of incomplete, inaccurate, or misleading information furnished by the NSA management or the terms and conditions of the contract had been modified without due approval.

(2) The demand management system must –

- (a) include timely planning and management processes to ensure that all goods and services required by NSA are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature,
- (c) provide for the compilation of the required specifications to ensure that its needs are met; and
- (d) take into account an analysis of the past spending.
- (e) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

## ***Part 2: Acquisition management***

### **System of acquisition management**

2 (1) The SG must implement the system of acquisition management set out in this Part in order to ensure –

- (a) that goods and services are procured by the NSA in accordance with authorised processes only;
- (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 29 of the Act;
- (c) that the threshold values for the different procurement processes are complied with;
- (d) that the approval of the thresholds for supply chain officials are set and reviewed annually;
- (e) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and

(2) When procuring goods or services contemplated in section 29 of the Act, the SG must make public the fact that such goods or services are procured otherwise than through NSA's supply chain management system, including -

- (a) the kind of goods or services; and
- (b) the name of the supplier.

#### **Range of procurement processes**

3. (1) Goods and services may only be procured by way of –

- (a) petty cash purchases, up to a transaction value of N\$2 000;
- (b) written or verbal requests for quotations for procurements of a transaction value over N\$2 000 up to N\$10 000;
- (c) formal written price quotations for procurements of a transaction value over N\$10 000 up to N\$200 000; and
- (d) a competitive bidding process for–
  - (i) procurements above a transaction value of N\$200 000; and
  - (ii) the procurement of long term contracts.

(2) The SG may, in writing–

- (a) lower, but not increase, the different threshold values specified in subparagraph (1); or
- (b) direct that –
  - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than N\$2 000;
  - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than N\$10 000; or
  - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than N\$200 000.

(3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

#### **General preconditions for consideration of written quotations or bids**

4. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

- (a) has furnished that provider's –
  - (i) full name;
  - (ii) identification number or company or other registration number; and
  - (iii) Black Economic Empowerment status;

#### **Lists of accredited prospective providers**

5. (1) The SG must –

(a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and

(b) specify the listing criteria for accredited prospective providers; and

(2) The list must be updated at least quarterly to include any additional prospective providers and remove any non-performing providers and any new commodities or types of goods and services. Prospective providers must be allowed to submit applications for listing at any time.

(3) The list must be compiled per commodity and per type of service.

#### **Petty cash purchases**

6. The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows –

(a) verbal quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the NSA, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this policy;

(b) if it is not possible to obtain at least three verbal quotations the reason must be recorded and reported quarterly to director: operations or another official designated by the SG;

(c) the names of and prices quoted by the potential suppliers must be recorded and the order must only be placed against a written confirmation from the selected supplier

(d) director: operations must set the maximum number of petty cash purchases or the maximum amounts per month for each manager and these numbers or amounts must be reviewed each month by the SG;

(e) the manager reporting directly to director: operations may delegate responsibility for the petty cash in writing to an official reporting directly to him; and

(f) a monthly petty cash reconciliation report from each manager must be provided to director: operations, including –

(i) the total amount of petty cash purchases for that month; and

(ii) receipts and appropriate documents for each purchase.

(g) the director: operations must review the monthly petty cash reconciliation regularly

#### **Written or verbal quotations**

7. The conditions for the procurement of goods or services through written or verbal quotations are as follows:

- (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of NSA, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- (b) to the extent feasible, providers must be requested to submit such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the SG or another official designated by the SG;
- (d) the SG must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- (e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.
- (f) a schedule of the accredited prospective providers of NSA from whom the quotations were requested and the date of request must be kept and reviewed regularly by the SG against the overall list of the accredited prospective providers on the database to ensure that rotation of prospective suppliers is being done.

#### **Formal written price quotations**

8. (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:

- (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of NSA;
- (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by director: operations or an official designated by director: operations, and
- (d) the SG must record the names of the potential providers and their written quotations.
- (e) a schedule of the accredited prospective providers of NSA from whom the quotations were requested and the date of request must be kept and reviewed regularly by the SG against the overall list of the accredited prospective providers on the database to ensure that rotation of prospective suppliers is being done

(2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to director: operations on any approvals given during that month by that official in terms of that subparagraph.

#### **Procedures for procuring goods or services through written or verbal quotations and formal written price quotations**

9. The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows:

- (a) when using the list of accredited prospective providers the SG must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
- (b) all requirements in excess of N\$30 000 that are to be re-occurred by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of NSA;
- (c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- (d) the SG or Director of Operations must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;
- (e) offers below N\$30 000 must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- (f) all contracts awarded by the NSA must be recorded in a contracts register of NSA detailing at least (i) the name of the selected provider (ii) the date of the award (iii) the duration of the contract (iv) retention percentage if applicable (v) Surety and or penalty amount

#### **Competitive bids**

- 10.** (1) Goods or services above a transaction value of N\$200 000 and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.
- (2) No requirement for goods or services above an estimated transaction value of N\$200 000, may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

#### **Process for competitive bidding**

**11.** The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts
- (i) After approval of a bid, the SG and the bidder must enter into a written agreement.
- (h) Proper record keeping
- (i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

**Bid documentation for competitive bids**

**12.** The criteria to which bid documentation for a competitive bidding process must comply, must –

(a) take into account –

- (i) the general conditions of contract and any special conditions of contract, if specified; and
- (ii) any Tender board guidelines on bid documentation.

(b) include the preference points system to be used, goals as contemplated in the Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;

(c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

(d) if the value of the transaction is expected to exceed N\$10 million, require bidders to furnish–

(i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –

(aa) for the past three years; or

(bb) since their establishment if established during the past three years;

(ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for NSA services towards a NSA or other service provider in respect of which payment is overdue for more than 30 days;

(iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;

(iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside Namibia, and, if so, what portion and whether any portion of payment from NSA or NSA entity is expected to be transferred out of Namibia; and

(e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a Namibian court of law.

(f) all bids must be submitted in writing on the prescribed bid documentation in a sealed marked envelope and must be deposited by the bidders themselves or their appointed representatives into the designated bid box by no later than the date and time stipulated in the bid documentation.

(g) The NSA may disqualify any offer or bid submitted for the following reasons:

- (i) the bidder failed to comply with all submission requirements as stated in the tender document;
- (ii) the entity or one of its directors are listed on National Treasury's database as a person prohibited from doing business with the public sector;
- (iii) the entity has failed to perform satisfactory on previous contracts with any NSA or other organ of the state, after that entity was given written notice that performance was unsatisfactory;
- (iv) any of the directors committed a corrupt or fraudulent act in competing for a particular contract or in the execution of a contract;
- (v) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of a contract that benefited the entity or any of its directors;
- (vi) the entity or any its directors abused the supply chain management system or committed any improper conduct in relation to such system;
- (vii) any director has been convicted for fraud or corruption during the last 5 years;
- (viii) the entity or any of its directors has willfully neglected, reneged on or failed to comply with any government NSA or other public sector contract during the last 5 years;
- (ix) the entity or any of its directors has misrepresented facts or information in the tender document submitted;
- (x) the entity or any of its directors has submitted two tender documents (from the same company) unless the other tender document is an alternative offer;
- (xi) the entity or any of its directors has failed to submit with the bid documentation, an certificate, valid tax clearance certificate

(h) The NSA may give preference to local suppliers and/or service providers

(i) The NSA may reject all bids if and when deemed necessary i.e. when there is a lack of effective competition or bids are not substantially responsive.

#### **Public invitation for competitive bids**

**13. (1)** The procedure for the invitation of competitive bids, is as follows:

- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of NSA and any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
- (b) the information contained in a public advertisement, must include –
  - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over N\$10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;

- (ii) a statement that bids may only be submitted on the bid documentation provided by NSA; and
  - (iii) date, time and venue of any proposed site meetings or briefing sessions.;
- (2) The SG may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed.

#### **Procedure for handling, opening and recording of bids**

14. The procedures for the handling, opening and recording of bids, are as follows:

(a) Bids–

- (i) must be opened only in the presence of at least 2 staff members designated by the chairperson of the tender committee;
  - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
  - (iii) received after the closing time should not be considered and returned unopened immediately.
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out as well as each bidder's total bidding price;
- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The SG must –
- (i) record in a register all bids received in time;
  - (ii) make the register available for public inspection; and
  - (iii) publish the entries in the register and the bid results on the website.

#### **Negotiations with preferred bidders**

15. (1) The SG may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –

- (a) does not allow any preferred bidder a second or unfair opportunity;
- (b) is not to the detriment of any other bidder; and
- (c) does not lead to a higher price than the bid as submitted.

(2) Minutes of such negotiations must be kept for record purposes.

### Two-stage bidding process

16. (1) A two-stage bidding process is allowed for –

- (a) large complex projects;
- (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
- (c) long term projects with a duration period exceeding three years;
- (d) projects where evaluation of bids is based on functionality as a criterion
- (e) projects where evaluation of bids is based on a stipulated minimum threshold for local production and content

(2) In the first stage:

- (a) projects referred to in subparagraphs (1)(a) to (c), technical proposals or bids on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments;
- (b) projects referred to in subparagraphs (1) (d), proposals or bids must be invited and evaluated in terms of the functionality evaluation criteria embodied in the bid documents
- (c) projects referred to in subparagraphs (1) (e), proposals or bids must be evaluated in terms of the stipulated minimum threshold for local production and content.

(4) In the second stage:

- (a) Projects referred to in subparagraphs (1) (a) to (c), final technical proposals and priced bids should be invited.
- (b) Projects referred to in subparagraphs (1) (d) to (e), only proposals or bids that achieve the minimum qualifying score/percentage for functionality and minimum stipulated threshold for local production and content respectively must be evaluated further in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6.

### Tender committee

17 The Internal Tender Committee shall have the following responsibilities:

- Ensure the effective implementation of the Procurement Policy and Procedures.
- Guard against any abuse and/or non-compliance with the provisions of the Policy and Procedures.
- Authorise applications for the acquisition and disposal of assets, goods and services within the prescribed limits.
- Oversee the preparation of tender documents and appoint technical evaluation committee.
- Approve tender(s) to be invited.

- Review and approve tender documents.
- Ensure accurate setting of specifications, scope of tender and time for the delivery of goods and/or services.
- Evaluate tenders received and evaluate recommendations from technical evaluations to ensure transparency, fairness and cost-effectiveness of the procurement process.
- Award/recommend the successful tenderer and inform the winner and loser(s) in line with adopted NSA approval limits.
- Decide on penalties for providing false information by the tenderer(s) and for not meeting conditions for the supply of goods, works and services.
- Review the fraud/corruption assessment on tenderers.

#### **Composition of the Internal Tender Committee**

**18.** The Internal Tender Committee shall consist of either five or seven members. The Statistician-General in consultation with the board has the discretion to appoint or dismiss the Chairperson and members of the Committee. One of the members shall be the Deputy Director of Finance & Administration.

The Finance Department shall provide secretarial services to the committee, make arrangements for meetings, keep minutes, ensure that minutes of technical evaluation committees are following procedures and liaise with tenderers

The Chairperson may co-opt any other staff member(s) to the Committee on the basis of his/her/their specialisation. Such membership shall only apply to a specific tender or Committee meeting. The co-opted member shall only serve in an advisory capacity and shall not have voting rights.

The following rules shall apply to the meetings of the Committee:

- The Committee shall meet on dates and times as determined by the Chairperson if any tenders/processes are to be discussed.
- The Committee members shall not unnecessarily delay the procurement process by failing to attend meetings.
- Members shall attend all meetings unless prevented by illness, vacation, or duty out of office, in which case the Chairperson may appoint an ad-hoc alternative who shall have voting rights.
- The members will verify that scores of technical evaluation committee members are not too far apart.

### **Voting rights**

19. The committee is expected to reach consensus on the matters to be agreed and approved.

If consensus cannot be reached, each member has one vote, and majority decision will be binding.

Every member is required to declare his/her interest in the tender prior to the commencement of the meeting and where such conflict exists or is perceived to exist such member shall be excused from the discussion of the matter causing a conflict of interest.

### **Quorum**

20. A simple majority of the Committee shall constitute a quorum.

### **Bid specifications**

21. (1) The tender committee must compile the specifications for each procurement of goods or services by NSA.

(2) Specifications –

(a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;

(b) must take account of any accepted standards such as those issued by Namibian Standards Institute, the International Standards Organisation, or an authority accredited or recognised by the Namibia Qualifications Authority with which the equipment or material or workmanship should comply;

(c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

(d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;

(e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";

(f) must be approved by the SG prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.

(3) The tender committee must be composed of one or more officials of NSA preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.

(4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

### **Bid evaluation process**

**22. (1)** The tender committee must –

- (a) evaluate bids in accordance with –
  - (i) the specifications for a specific procurement; and
  - (ii) the points system set out in terms of paragraph 27(2)(f).
- (b) evaluate each bidder's ability to execute the contract;

#### **1.2.1 Awarding of tenders**

In final evaluating and awarding of tenders the Committee may, amongst others, consider the following information:

- The legitimacy of the tenderer's business;
- The competency and ability of the tenderer to meet all technical specifications and to deliver the desired goods, works and services to the Agency;
- The price at which the tenderer offers to deliver the supplies;
- The timeframe for delivery;
- Any other factors and conditions which may prejudice or benefit the Agency, such as previous relationships or further terms and conditions of supply of desired goods and/or services submitted by the tenderer.

After final evaluation of the tender, the successful tenderer(s) shall be notified in writing by the Secretary of the Committee within two (2) working days after the decision to award the tender.

#### **Tender committee**

(a) Tender committee should implement supply chain management on behalf of NSA in an honest, fair, impartial, transparent, cost-effective and accountable manner.

(b) Tender committee should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.

(c) All members of tender committees should declare their financial interest annually.

(d) No person should

- i. interfere with the supply chain management system of NSA; or
- ii. amend or tamper with any price quotation / bid after its submission.

### **Disqualification of Tenders**

24. A tender may be disqualified if:

- Any or all of the substantial tender specifications have not been met
- The scores of the technical evaluation do not reach the required minimum average score
- The tender is not administratively compliant
- The Committee rules that any or some of the principles of the procurement policy and procedures were not complied with
- The decision by the Committee to cancel a tender or to disqualify a tenderer shall be final. An appeal may, however, be lodged with the Statistician-General or his/her delegate

### **Splitting of Requirements**

25. It is not allowed to split requirements into two or more requirements in order to avoid having to procure goods works or services through a tender or to avoid having to obtain more than one quotation. Staff members doing so may be subject to disciplinary measures.

### **Procurement of banking services**

26. (1) A contract for banking services –

- (a) must be procured through competitive bids; and
- (b) must be consistent with section 27(4) of the Act;

(2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

(3) The closing date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banking Institutions Act, 1998.

### **Procurement of IT related goods or services**

27. (1) The SG must motivate the IT needs if –

- (a) the transaction value of IT related goods or services required in any financial year will exceed N\$50 million; or
- (b) the transaction value of a contract to be procured whether for one or more years exceeds N\$50 million.

#### **Procurement of goods necessitating special safety arrangements**

28. (1) The acquisition and storage of goods in bulk, which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the SG.

#### **Appointment of consultants and professional services**

29. (1) The SG may procure consulting services provided that any Tender board guidelines in respect of consulting or professional services are taken into account when such procurements are made.

(2) Consultancy or professional services must be procured through competitive bids if

(a) the value of the contract exceeds N\$200 000 (VAT included); or

(b) the duration period of the contract exceeds one year.

(3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –

(a) all consultancy services provided to an organ of state in the last five years; and

(b) any similar consultancy services provided to an organ of state in the last five years.

(4) The SG must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, things, system or process designed or devised, by a consultant in the course of the consultancy service is vested in NSA.

#### **Deviation from, and ratification of minor breaches of, procurement processes**

30. (1) The SG may –

(a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

In the event of an emergency or disruption that compromises the operation of the Agency, an order may be immediately placed by the Administration and Finances Department, bypassing normal procedures of obtaining 3 quotations or tendering. Speed of delivery takes precedence over cost and the purchase may therefore not be at the lowest possible price. Requests to order requirements on an Emergency basis, as well as the airfreight of such non-stock parts or material required must be authorised by the Beneficiary Department's Head. It is important to only use the Emergency order for genuine cases to avoid loss of credibility and the fact that unnecessary higher costs will be incurred by the Agency

For emergency purchases above N\$ 50 000.00 approval to wave tender procedures needs to be obtained from the Director of Operations/Statistician General.

(b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The SG must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next board meeting of NSA.

(3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

#### **Combating of abuse of supply chain management system**

31. (1) The SG must—

- (a) take all reasonable steps to prevent abuse of the supply chain management system;
- (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
  - (i) take appropriate steps against such official or other role player; or
  - (ii) report any alleged criminal conduct to the Namibian Police Force;
- (c) reject any bid from a bidder –
  - (i) who during the last five years has failed to perform satisfactorily on a previous contract with NSA or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (d) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (e) cancel a contract awarded to a person if –
  - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
  - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (f) reject the bid of any bidder if that bidder or any of its directors –

- (i) has abused the supply chain management system of NSA or has committed any improper conduct in relation to such system;
- (ii) has been convicted for fraud or corruption during the past five years;
- (iii) has willfully neglected, reneged on or failed to comply with any government, NSA or other public sector contract during the past five years; or

### ***Part 3: Logistics, Disposal, Risk and Performance Management***

#### **Logistics management**

32. The SG must establish and implement an effective system of logistics management, which must include -

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

#### **Disposal management**

33. (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Statistics Act, are as follows:

- (i) the SG must establish and implement an appropriate disposal management system in order to ensure that the disposal or letting of assets, including unserviceable, redundant or obsolete assets;
- (ii) the disposal management system must include the disposal plan, market assessment, disposal method, how to execute the disposal and the updating of the procurement plan and asset register.

(2) Assets may be disposed of by

- (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets

- (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
- (iii) auctioning the asset; or
- (iv) destroying the asset.

(3) The SG must ensure that –

- (a) immovable property is sold only at market related prices;
- (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- (c) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- (d) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (e) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- (f) in the case of the free disposal of computer equipment, the Ministry of Education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

#### **Risk management**

**34. (1)** The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:

- (a) director: operations must;
    - (i) assess the nature and extent of the risks associated with NSA's operation
    - (ii) decide the degree of tolerance or an acceptable level of loss or degree of failure
    - (iii) decide how to manage or minimize the risks identified
    - (iv) monitor, report and from time to time reassess the level and implication of the risk exposure
    - (v) maintain a risk register that identifies and assesses all known risks and the action taken to manage those risks and incorporate them into the total risk management plan of NSA.
  - (b) the risk register must be regularly updated and the outcome reported to the Executive committee
- (2) Risk management must include –
- (a) the identification of risks on a case-by-case basis;
  - (b) the allocation of risks to the party best suited to manage such risks;
  - (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;

- (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.
- (f) the Deputy Director: Finance & Administration must effect all insurance cover and maintain a record of all policy details for noted financial risks
- (g) the Directors are responsible for implementing the risk management policy, including financial risks within their business units
- (i) payments for small and micro projects must be made within 14 days after submission of a valid tax invoice which has been approved by the NSA's Representative or as specified in NSA's Special Conditions of Contracts
- (j) NSA shall at its discretion, accept signed cessions by Small Medium Enterprises to suppliers so that payments are made directly to suppliers for the supply of materials as a form of assisting Small Medium Enterprises.
- (k) the service provider may not cede or assign a contract or any monies due or that may become due to it, without the prior written consent of the Executive Supply Chain Management or in terms of the conditions of the contract.
- (l) the senior managers: Finance with the assistance from relevant Senior managers shall carry out all negotiations with insurers, in respect of insurance claims, where necessary.
- (m) the value and the responsibility for specific insurances required by contractors and service providers shall be specified in the tender documents
- (n) (i) in some instances it may be in the best interest of NSA to allow price adjustments due to escalation.
  - (ii) a careful analysis of escalation clauses and formulas should be taken into account to ensure that the best interests of NSA are served.
  - (iii) if the SG resolves to allow escalation, this must be specified in the bid documents, including the formula and the time frames at which intervals such price adjustments will be considered.
- (o) (i) exchange rate fluctuations must be considered when items are imported or have imported component.
  - (ii) the future fluctuations of the rand are particularly important if the contract period is over a specific period or if delivery is due at a date some time in the future.
  - (iii) the SG must make a decision as whether or not NSA will take risk or whether suppliers will be allocated the risk.
  - (iv) The standard approach is that the bidder must arrange for forward cover.
  - (v) An award made during tender validity period expiring, the price will remain fixed and firm
- (p) (i) extra works or variations to a contract shall be authorized in writing by the appropriate Senior manager or duly authorized official

(ii) any variation which would produce an increase in the amount of an accepted tender or approved budget shall be reported to the adjudication committee and will require the approval of the tender committee and/or SG before any payment is made.

(iv) contracts may be varied or expanded by not more than 15% or N\$15 million (including all applicable taxes) for construction related goods, works and/or services and 10% or N\$10 million (including all applicable taxes) for all other goods, works and/or services of the original value of the contract, whichever is the lower amount.

(q) The NSA may, prior to the award of the bid, cancel the bid if:

(i) due to changed circumstances there is no longer a need the goods or services for which the bid were solicited;

(ii) funds are no longer available to cover the total envisaged expenditure; or

(iii) no acceptable bids were received

(t) The NSA may reject all bids if and when deemed necessary.

#### **Performance management**

**35. (1)** The SG must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

(2) In the monitoring of supply chain management performance, the SG together with director: operations, must set goals and performance criteria for SCM officials against which performance can be measured,

(3) Issues that need to be included in the relevant reviews include:

(a) achievement of goals

(b) compliance to norms and standards

(c) savings generated

(d) stores efficiency

(e) cost variances per item and across business units

(f) contract management

(g) cost efficiency of the procurement process

(h) principles of co-operative governance as expounded in the Constitution are observed

(i) regional economic disparities are being addressed and promoted.

### **Ethical standards**

**36. (1)** A code of ethical standards as prescribed in the Act for all NSA staff and in this case specifically the supply chain management practitioners and other role players involved in supply chain management is hereby established for officials and other role players in the supply chain management system of NSA in order to promote –

(a) mutual trust and respect; and

(b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

- Staff members must consider firstly and only the interests of the Agency in all transactions and must subscribe to and carry out the Agency's values, policies and procedures;
- Staff members shall procure without prejudice; seeking to obtain the maximum value for each dollar of expenditure
- No information regarding a bid must be disclosed to another bidder, nor are rival bids to be utilised to negotiate prices in an unethical manner;
- Staff members in their dealings with suppliers may not accept gifts, favours and hospitality offers from suppliers or service providers. Lunch and dinner invitations may be accepted.
- Staff members, in their dealings with existing and potential suppliers, shall not accept any form of paid recreation. The Agency shall cover all travel costs of staff members visiting supplier's or service provider's premises/plants during the negotiation stage to confirm their technical capability/expertise or where technical training is offered free of charge at the successful tenderer's facilities.
- Staff members dealing specifically with procurement and tenders shall, declare their interest or vested interest in all tenders, procurement or contracts in which the Agency is involved.
- Staff members shall in all dealings with suppliers or potential suppliers strive to be fair, respectful, preserve the highest standards of honesty, transparency, objectivity and eliminate fraud and corruption.

### **(2) General Principles**

(a) NSA commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

(b) Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

(c) Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

(3) Conflict of interest

An official or other role player involved with supply chain management –

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than N\$350;
- (d) must declare to the SG details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) must declare to the SG details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by NSA;
- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- (g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- (h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- (i) should not take improper advantage of their previous office after leaving their official position.

(4) Accountability (should attach the authorisation matrix as an appendix and update when any amendments are made)

- (a) Practitioners are accountable for their decisions and actions to the public.
- (b) Practitioners should use public property scrupulously.
- (c) Only SGs or their delegates have the authority to commit NSA to any transaction for the procurement of goods and / or services.
- (d) All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.
- (e) Practitioners must assist the SG in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.