



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Guide to Participation in Transversal Term Contracts Facilitated by National Treasury

**National Treasury
Transversal Contracting**

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DEFINITIONS

1) In this guidelines, unless the context otherwise indicates-

“Institution” means an organ of state participating or intending to participate in a transversal term contract facilitated by the National Treasury;

“MFMA” means the Municipal Finance Management Act;

“PFMA” means the Public Finance Management Act;

“Transversal Term Contract” means a centrally facilitated contract arranged by the National Treasury for goods or services that are required by one or more than one institution.

PART ONE

1. PURPOSE

This guide is intended to assist accounting officers and accounting authorities with roles, responsibilities and procedure for participation in transversal term contracts.

2. APPLICABILITY

This guidelines are applicable to all national and provincial departments, constitutional institutions, public entities listed in schedules 2 and 3 to the PFMA and municipalities and municipal entities to which the MFMA apply who wish to participate in transversal term contracts.

3. LEGISLATIVE MANDATE

National and Provincial departments, constitutional institutions and public entities listed in schedule 3A and 3C to the PFMA

- a) Treasury Regulations 16A6.5 provides that

“The accounting officer or accounting authority may opt to participate in transversal term contracts facilitated by the relevant treasury. Should the accounting officer or accounting authority opt to participate in a transversal contract facilitated by the relevant treasury, the accounting officer or accounting authority may not solicit bids for the same or similar product or service during the tenure of the transversal term contract.”

- b) National and Provincial departments, constitutional institutions, schedule 3A and 3C public entities derive their mandate to participate in a transversal term contract facilitated by the National Treasury/relevant treasury from the above cited Treasury Regulation.

Public entities listed in schedule 2, 3B and 3D to the PFMA

- c) As Treasury Regulations 16A6.5 is not applicable to Public entities listed in schedule 2, 3B and 3D to the PFMA, these set of institutions may participate through approval from their accountings authorities.

Municipalities and Municipal entities to which the MFMA is applicable

d) Regulation 32 of the Municipal SCM regulations provides that:

“A Supply Chain Management policy may allow the accounting officer to procure goods or services for the municipality or municipal entity under a contract secured by another organ of the state, but only if-

(a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

(b) the municipality has no reason to believe that such contract was not validly procured;

(c) there are demonstrable discounts or benefits for the municipality to do so; and

(d) that other organ of state and the provider have consented to such procurement in writing.”

e) Municipalities or Municipal entities derive their mandate to participate in a transversal term contract (*as a contract secured by another organ of state*) facilitated by the National Treasury/relevant treasury from the above cited Municipal SCM Regulation.

f) The National Treasury will, when considering an application to participate in a transversal contract from a municipality or municipal entity elaborate in detail if the transversal term contract in question meets the directive of regulation 32(1) (a) to (d).

PART TWO

4. PROCEDURE TO PARTICIPATE IN TRANSVERSAL TERM CONTRACT

- a) Institutions wishing to participate in transversal term contracts may forward their applications to the National Treasury for consideration.
- b) Institutions must utilise **Transversal Term Contracts Participation Template** attached as **Annexure A** to request participation in a transversal term contract and indicate the contract, items or services they are interested in.

5. ROLES AND RESPONSIBILITIES OF INSTITUTIONS

- a) For purposes of a transversal term contract, institutions are responsible for the following:
 - i. Requirements identification and committing expenditure through demand and procurement planning,
 - ii. Ensure that participation in a transversal term contract is adequately budgeted for.
 - iii. Submission of accurate procurement plans,
 - iv. Determination and designing of technical specifications and estimated quantities,
 - v. Where necessary determination of special conditions of contract,
 - vi. Other relevant requirements for the compilation of bidding documentation,
 - vii. Appointment of departmental representatives to various bid committees,
 - viii. Where applicable, managing service level agreements
 - ix. Managing the contract post-award and inventory management,
 - x. Managing supplier relationships, monitoring supplier performance and report any non-compliance to the National Treasury for corrective action, and

- xi. Order placement, goods or service receipt and on-time supplier payment

6. ROLES AND RESPONSIBILITIES OF THE NATIONAL TREASURY

- a) The role and responsibility of the National Treasury is to facilitate the processes of putting together a transversal contract as summarized below:
 - i. Setting the policy, norms and standards for facilitation of transversal contracts,
 - ii. Coordination of the establishment/constitution of bidding committees, their conduct, their powers and functions, meeting procedures, tenure and delegations,
 - iii. Regulating the entire public procurement system to ensure uniformity in policy application,
 - iv. Coordinate the composition of cross-functional teams for transversal contracts
 - v. Facilitates the acquisition and bidding processes through invitation and receiving of bids at closing dates and time and ensuring that due process is observed,
 - vi. Coordinate and provide secretariat service to the bidding committees during specification, evaluation and adjudication meetings,
 - vii. Award contracts and publish results on the website,
 - viii. Administer transversal contracts post award by managing contract amendments and attending to complaints,
 - ix. Supplier development and monitoring supplier performance in conjunction with institutions.
 - x. Facilitate the processing of cases of non-compliance and corrective action, and
 - xi. Coordinates and takes lead in litigation processes.

7. DEMAND AND PROCUREMENT PLANNING

- a) Institutions must undertake a thorough analysis of their requirements for goods and services over the medium term in line with their strategic objectives. Goods to be procured through transversal contracts must be identified.
- b) Once the requirements for goods and services have been established it is imperative to secure the necessary funds in terms of the budget process.
- c) In order to ensure that specifications for transversal contracts are generic and unbiased central specification meetings, which are attended by the cross-functional team, are arranged before the drafting of bid documents. The cross-functional team may, at its discretion, decide to obtain expert technical advice from relevant stakeholders and industry should a need to do so arise.
- d) Technical specifications must promote the broadest possible competition, while assuring that critical elements of performance or other requirements for the goods or services being procured are achieved.

8. CROSS-FUNCTIONAL TEAMS AND BID COMMITTEES

- a) The bidding process is managed through cross functional teams and bidding committees responsible for development and compilation of specifications, evaluation of bids and adjudication of bids.
- b) The **cross-functional team** is constituted from officials of various participating institutions and is responsible for among others, the drafting of terms and conditions of contracts, industry and end user analysis through strategic sourcing and compilation of the bid documentation.
- c) A **Bid Specification Committee (BSC)** is constituted from officials of various participating institutions. An institution may appoint officials with the necessary technical expertise and external advisors to serve on the BSC. The role of this committee is to compile bid specifications.

- d) The **Bid Evaluation Committee (BEC)** is constituted from officials of various participating government institutions duly appointed by their respective institutions. External advisors may be appointed to offer expert advice but are prohibited from participating in the final decision making. This committee is responsible for the evaluation of all bids received.
- e) The **Bid Adjudication Committee (BAC)** is constituted from officials of various government institutions, duly appointed by their respective institutions. It has a status of a standing committee with appointed members serving as permanent members. The BAC is responsible for the adjudication of bids.

9. LIST OF TRANSVERSAL TERM CONTRACTS

- 1) The list may be accessed under supplier's area- finalised contracts on the OCPO website: <http://ocpo.treasury.gov.za>