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Enquiries: JT Solomons

Procurement Management Minute: 0002/2020

To: Deputy Directors-General, Chief Directors, Directors, Deputy Directors, SCM Officials and SCM Champions

Subject: Revised business case template for items listed on the three-year procurement plan

1. The purpose of this minute is to inform officials of the revised business case template that needs to be completed for all items listed on the annual procurement plan in terms of the demand management system and procurement strategy.
2. This minute replaces Procurement Management Instruction No. 0002/2017 in its entirety.
3. In terms of the 2019 Western Cape Provincial Treasury Instructions (PTIs), departments are required to plan the procurement of goods and services and are required to compile and submit an Annual Procurement Plan to the Provincial Treasury by 31 March of each year (for items with an estimated value above R100 000,00). Enclosed herewith is a revised business case template that needs to be completed by responsibility managers who annually identify items for procurement.
4. Procurement needs should be documented by responsibility managers in the form of a business case when submitting their requisitions for all items listed on the approved Annual Procurement Plan. Business cases need to be compiled by responsibility managers during the annual consultation phase with Supply Chain Management (SCM) and the business cases together with the draft procurement plan should then be submitted to the accounting officer for approval. According to paragraph 5.5.2 of the current Accounting Officer's System, a business case must include the following:
 - a) High level statement of needs
 - b) Links between the needs and the programme's strategic outcomes
 - c) Comprehensive understanding of the market and operating environment
 - d) Indication of whole-of-life costs
 - e) Costs/benefits/risks analysis.

5. The need for a business case is further amplified through paragraph 5.5.4 of Chapter 16A of the PTIs, issued on 23 September 2019 and effective from 01 October 2019, which determines, amongst others, that:

“(a) An accounting officer or accounting authority may procure goods or services by means of a limited bidding process if:

(i) A written motivation clearly indicates a limited bidding process to be the appropriate form of procurement because there is confirmed, limited competition in the supplier field, or there is the confirmed presence of a sole source in the supplier field. The motivation must include an appropriate market and expenditure analysis of the relevant goods and services” (as per commodity (group of related items)). “Given the exceptional nature of a limited bidding process, the motivation must, in addition to the findings, present and substantiate the methodology used for such analysis and determinations” (underlined for emphasis).

Paragraph 5.5.7(b) further states, *“Provincial transversal contracts must be substantiated by an approved business case and must follow a strategic sourcing methodology...”* (underlined for emphasis).

6. Please be advised that whenever there is an entry on the Annual Procurement Plan for goods/services to be acquired, whether the cost is below (where items are procured in intervals) or exceeds R100 000,00, such procurement will not proceed unless a business case accompanies the requisition. The Western Cape Education Department is audited for compliance with PTIs and therefore responsibility managers need to abide by the requirements.

Kindly bring the contents of this minute to the attention of all concerned.

Your cooperation in this regard will be appreciated.

SIGNED: LJ ELY

DEPUTY DIRECTOR-GENERAL: CORPORATE SERVICES

DATE: 2020-03-25

Addendum 17

**BUSINESS CASE FOR PROCUREMENT NEEDS
(Included on the Annual Procurement Plan)**

Paragraph 5.5.2 of the Accounting Officer's System requires Responsibility Managers to document their procurement needs in the form of a business case. This template must also be used in ALL instances where Limited Bidding, as is contemplated through Provincial Treasury Instruction 16A5.2.1.5 & 6, is to be used as the procurement method.

GUIDE TO COMPLETE THE FORM					
<p>All sections must be completed. Ensure that all information is visible and in printable format by:</p> <ul style="list-style-type: none"> a) Increasing the row height to show all information, and b) Adjusting the print area before printing c) Where the space provided is not enough, additional sheet(s) may be used. The additional sheet(s) must be marked as an Addendum to this Business Case template. <p>Save the document using the "Save as" function and use the name of the service as reflected on the approved Procurement Plan/services required.</p> <p>The approved Business Case must be accompanied by the duly completed Requisition form (LOG 1), PGWC002 (BAS entity) form, a detailed specification when requesting the goods/services and where required, the duly completed and approved Limited Bidding Application form.</p> <p>In the event that the procurement need was not included in the Annual Procurement Plan, this Business Case template and Change Request Form must also be completed. However, in this instance, approval must be sought from the Accounting Officer or delegated official.</p>					
A. DETAILS OF REQUESTOR					
RESPONSIBILITY MANAGER					
DIRECTORATE					
CONTACT NUMBER					
SIGNATURE				DATE	
INDICATE WHETHER THE ITEM IS..... (by ticking the appropriate box)		ON THE APPROVED PROCUREMENT PLAN		ADDITION TO THE PROCUREMENT PLAN	
		YES	NO	YES	NO
REQUISITION NUMBER		ITEM NUMBER ON THE PROCUREMENT PLAN			
B ITEM DETAILS					
B1. DESCRIPTION OF THE GOODS/SERVICES AS REFLECTED ON THE REQUISITION					

B2.	WHAT IS THE AIM/GOAL OF PROCURING THE GOODS/SERVICES?		
B3.	WERE THESE GOODS/SERVICES PROCURED PREVIOUSLY BY YOUR DIRECTORATE?	YES	NO
B4.	IF YOU HAVE ANSWERED <u>YES</u>, PLEASE PROVIDE US WITH THE FOLLOWING INFORMATION:		
	HOW OFTEN DO YOU REQUIRE THE GOODS/SERVICES? TICK THE APPLICABLE BOX	ANNUALLY	WHEN THE NEED ARISES?
	WHEN LAST DID YOU PROCURE THE GOODS/SERVICES AND FROM WHICH SERVICE PROVIDER?	<i>For example:- Date, Name of Service provider and or Contract number(if applicable)</i>	
B4.1	IF YOU HAVE ANSWERED <u>NO</u>, PLEASE PROVIDE US WITH THE FOLLOWING INFORMATION:		
B4.2	MARKET ANALYSIS	YES	NO
	Are the goods/services readily available in the open market?		
B4.3	PLEASE PROVIDE DETAILS OF THE MARKET RESEARCH AND ANALYSIS CONDUCTED IN RESPECT OF THIS PROCUREMENT NEED (This must be provided in order to establish whether the goods/services are readily available)		
	<i>For example:-Supply Market Analysis within the Strategic Procurement Framework(SPF) developed by National Treasury for strategic sourcing in the Public Sector, Porter's Five Forces Model framework for market and business strategy, PESTLE and SWOT analysis. Value chain analysis</i>		
B4.4	WHAT IS THE TOTAL COST BENEFIT TO THE DEPARTMENT IF THE REQUIRED GOODS/SERVICES ARE PROCURED?		
	<i>For example:-economies of scale ,value for money, ensuring the legality of contracts, intellectual property and copyrights, improved work methods and processes that ensure the efficient and effective service delivery to clients, reduced expenditure on repairs and maintenance due to planned and scheduled maintenance</i>		

B5.	WHAT ARE THE ESTIMATED COSTS?	R	
B6.	WHAT IS THE ALLOCATED BUDGET?	R.....	
B7.	IF THE ESTIMATED COSTS OR ALLOCATED BUDGET EXCEEDS R10 MILLION, PLEASE PROVIDE INPUT ON WHETHER IT WILL BE FEASIBLE OR NOT TO SUB-CONTRACT A MINIMUM OF 30% OF THE CONTRACT. (As per the Preferential Procurement Regulation 9.1 read in conjunction with the Provincial Treasury requirements)		
B8.	COULD THERE BE ANY RISK/POTENTIAL RISKS IN NOT PROCURING SUCH GOODS/SERVICES? IF SO WHAT ARE THE RISK MITIGATION PLANS FOR THIS PROCUREMENT INITIATIVE?		
B9.	WHO IS THE DESIGNATED PROJECT MANAGER?		
B10.	HAS THE PROJECT MANAGER ATTENDED CONTRACT MANAGEMENT TRAINING?	YES	NO
C1.	PROCUREMENT METHODOLOGY (tick the appropriate box)		
	Quotations via the Integrated Procurement Solution (IPS) (estimated cost not exceeding R500 000.00)		
	Formal tender to conclude a departmental contract (estimated cost to be in excess of R500 000.00)		
	Piggy-back on an existing departmental contract (Provincial or National)		
	Use of existing State Information Technology Agency (SITA) contracts		

Participation in Provincial/National Transversal Contracts				
Quotations or formal tenders via Limited Bidding (Provincial Treasury Instruction 16A5.2.1.5 & 6)				
Single source		Multiple source		National Treasury prescripts states that a deviation from the normal procurement process may only be followed if it is impractical to follow competitive bidding. Limited Bidding can thus only be embarked on where it is an emergency or sole service provider.
Sole source		Emergency		
Motivate and substantiate why limited bidding is the most appropriate form of procurement and how it was determined? (This must be accompanied by the Limited Bidding Application form)				
In the case of a sole service provider, the identified supplier/service provider must submit a certification that the relevant supplier/service provider is indeed the manufacturer/distributor/reseller/ of the goods (product)/service.			Certification	
			YES	NO
			A copy of the certification must be submitted together with the duly completed and approved Business Case.	
PROGRAMME / SUB-PROGRAMME MANAGER RESPONSIBLE FOR BUDGET (Not lower than Director level)				
NAME: DESIGNATION: PERSAL NO:..... SIGNATURE: DATE:.....				
APPROVAL OF BUSINESS CASE (by relevant Branch Head or Accounting Officer)				
NAME IN PRINT: SIGNATURE: DDG: DATE:				