



correctional services

Department:
Correctional Services
REPUBLIC OF SOUTH AFRICA

SPECIAL CONDITIONS OF CONTRACT

BID NO: HO 4/2020:

SUPPLY, DELIVERY AND OFF-LOADING OF NUTRITIONAL PRODUCTS (PERISHABLE PROVISIONS/ NON-PERISHABLE PROVISIONS) TO THE DEPARTMENT OF CORRECTIONAL SERVICES FOR A PERIOD OF FIVE YEARS

BID VALIDITY PERIOD: 120 DAYS

CLOSING DATE AND TIME OF BID: . 20 JANUARY 2021 (11:00)



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ABBREVIATIONS

BAC	: Bid Adjudication Committee
BSC	: Bid Specification Committee
B-BBEE	: Broad-Based Black Economic Empowerment
CPA	: Contract Price Adjustment
OCPO	: Office of the Chief Procurement Officer
QC	: Quality Control
ROE	: Rate of Exchange
SABS	: South African Bureau of Standards
SANAS	: South African National Accreditation System
SBD	: Standard Bidding Document
SANS	: South Africa National Standards



BID DOCUMENT CHECKLIST

DOCUMENT NAME	YES	NO
SBD 1 Invitation to bid		
Central Supplier Database Sheet		
Pricing Schedules		
SBD 4 Declaration of Interest		
SBD 6(1) Claim Form in Terms of Preferential Procurement Regulations 2017		
SBD 6(2) Declaration Certificate Designated Sectors by DTI for Local Content (If applicable)		
B-BBEE Certificate		
SBD 8 Declaration of Past SCM Practices		
SBD 9 Certificate of Independent Bid Determination		
BD 27 Authorisation Declaration		
Company Profile		
Certificate of Acceptability for the Food Premises		
Halaal Certificate (if applicable)		
Certification of compliance on transportation of perishable food		
Operational Plan on how to execute the contract with reference to items bidding for		
Letter confirming going concern status from the Accountant and or Auditor		



SECTION A: BID REQUIREMENTS

1. LEGISLATIVE AND REGULATORY FRAMEWORK

- 1.1. This bid and all contracts emanating there from will be subject to the General Conditions of Contract issued in accordance with Treasury Regulation 16A published in terms of the Public Finance Management Act, 1999 (Act 1 of 1999).
- 1.2. The Special Conditions of Contract are supplementary to that of the General Conditions of Contract. Where, however, the Special Conditions of Contract are in conflict with the General Conditions of Contract, the Special Conditions of Contract prevail.
- 1.3. The supply of food items shall be regulated by the following legislation, policies and guidelines:
 - a) Foodstuffs, Cosmetics and Disinfectants Act, Act 54 of 1972 (as amended by Act No 32 of 1981 and Act No 97 of 1986);
 - b) Meat Safety Act, 2000 (Act No 40 of 2000);
 - c) Occupational Health and Safety Act, 1993 (Act No 85 of 1993) as amended by Occupational Health and Safety Amendment Act, 1993 (Act No 181 of 1993) and Labour Relations Act, 1995 (Act No 66 of 1995);
 - d) Departmental and National Department of Health Nutrition related policies, guidelines and procedures;
 - e) Regulation 638 of 22 June 2018 or R918 or R962 (Regulations governing General Hygiene Requirements for Food Premises and the Transport of Food); and
 - f) All other relevant regulations relating to the product specification.
- 1.4. These conditions form part of the bid and bidders need to familiarize themselves with the content thereof.

2. CONTRACT PERIOD

- 2.1. The contract period shall be for a period of 5 years (60 months) from the date of signing the contract.

3. PARTICIPATION

- 3.1. This contract is arranged for all Management Areas listed on **Annexure C** in the Department of Correctional Services.



4. REGISTRATION ON CENTRAL SUPPLIERS DATABASE

- 4.1. Bidders need to register on the National Treasury Central Supplier Database in order to do business with the state. Accounting Officers cannot award any bid or price quotations to any supplier who is not registered on the Central Suppliers Database. Bidders must log on www.csd.gov.za for self registration.

5. CERTIFICATION OF DOCUMENTS BY A COMMISSIONER OF OATH

- 5.1. Bidders must ensure that all certified copies comply with the regulation governing the administering of an oath affirmation. The Commissioner of Oath must append a signature, date and also print out name. **Copies that do not comply with this regulation will be regarded as invalid.**
- 5.2. The date of certification of the original on all copies submitted should not be older than six (6) months at the closing date and time of the bid.
- 5.3. Copies of the certified copies and uncertified copies will not be accepted. Only originally certified documents will be accepted.

6. SECURITY COMPLIANCE

- 6.1. The contractor will be required to adhere to the security compliance requirements of the Department of Correctional Services.
- 6.2. The successful Bidder shall ensure compliance with the Departmental security procedures (identification, access control, searching, and prohibition of unauthorised items).
- 6.3. The successful Bidder agrees that all the staff shall adhere and be subjected to the security regulations applicable to each Correctional Centre.

7. STANDARD BIDDING DOCUMENTS (SBD)

- 7.1. Bid documents should not be retyped or redrafted.
- 7.2. The following bid documents must be completed in ink, signed and submitted in an original format for each region of interest accompanied by the pricing schedule of the relevant Management Areas.

Document	Description
SBD 1	Invitation to Bid
SBD 3	Pricing Schedule
SBD 4	Declaration of Interest
SBD 5	National Industrial participation programme (If Applicable)
SBD 6.1	Claim Form in Terms of Preferential Procurement



Document	Description
	Regulations 2017
SBD 6.2	Declaration Certificate Designated Sectors by DTI for Local Content.(If applicable)
SBD 8	Declaration of Bidders past SCM Practises
SBD 9	Certificate of Independent Determination

- 7.3. Bidders shall check the numbers of the pages and satisfy themselves that none are missing or duplicated in line with the index provided. No liability shall be accepted with regard to claims arising from the fact that pages are missing or duplicated.

8. DECLARATION OF INTEREST (SBD 4)

- 8.1. It is important that bidders acquaint themselves with the content of the Declaration of Interest (SBD 4).
- 8.2. A bidder or his/her authorised representative is required to declare his/her position in relation to the evaluating/adjudicating authority and/or take an oath declaring his/her interest, where –
- a) The bidder is employed by the Department; and/or
 - b) The legal person on whose behalf the bidding document is signed, has a relationship with persons/a person who are/is involved in the evaluation and/or adjudication of the bid(s), or where it is known that such a relationship exists between the person or persons for or on whose behalf the declarant acts and persons who are involved with the evaluation and/or adjudication of the bid.
- 8.3. The Declaration of Interest (SBD 4) must be completed in full.
- 8.4. Declarations of any nature will not necessarily prejudice any bidder, however should a bidder knowingly submit false declarations, this Department will act against such bidder (company) and/or its Directors in terms of paragraph 23 of the General Conditions of Contract.

9. PARTICIPATION OF GOVERNMENT OFFICIALS IN THE BIDDING PROCESS

- 9.1. In accordance with Sections 118 and 121 of the Correctional Services Act, 1998 (Act 111 of 1998), no member of the Department of Correctional Services may participate in the bidding process of the Department.
- 9.2. The Public Administration Act, 2014 (Act No 11 of 2014), chapter 3, section 8(2)(a) specifies that an employee of the Department may not conduct business with the Department.
- 9.3. Bidders having a kinship with persons employed by the Department, including a blood relationship, must declare their interest on the SBD 4 (Declaration of Interest).



10. SUBMISSION OF BIDS

- 10.1. Each bid should be submitted in a separate, sealed envelope or suitable cover on which the name and address of the bidder (company), the bid number and the closing date and time must be clearly endorsed.
- 10.2. Bidders must initial each page of the bid document on the top right hand corner.
- 10.3. Bidders may bid for any line item on any Management Area, any combination of Management Areas, or all Management Areas. The Department reserves the right to award the bid per Management Area.
- 10.4. Bids must be submitted to regions interest as per the attached **Annexure C**.
- 10.5. The Department reserves the right to award food items individually or in specific groupings as they may deem fit.

11. LATE BIDS

- 11.1. Bids received after the closing date and time, at the address indicated in the bid documents, will not be accepted for consideration and where practicable, be returned unopened to the bidder.

12. FRONTING

- 12.1. The Department of Correctional Services supports the spirit of Broad Based Black Economic Empowerment and recognizes that real development can only be achieved through individuals and business conducting themselves in accordance with the Constitution and in:
 - a) An honest, fair, equitable, transparent and legally compliant manner. Against this background the Department of Correctional Services condemn any form of fronting.
 - b) The Department of Correctional Services, in ensuring that bidders conduct themselves in an honest manner will as part of the bid evaluation process, conduct or initiate the necessary enquiries, investigations to determine the accuracy of the representations made in the bid documents.
- 12.2. Should any of the fronting indicators as contained in the Guidelines on the Complex Structures and Transactions and Fronting, issued by the Department of Trade and Industry, be established during such enquiry/investigation, the onus will be on the bidder/contractor to prove that fronting does not exist. Failure to do so with a period of 14 days from the date of notification may invalidate the bid/contract and may also result in the restriction of the bidder/contractor to conduct business with the public sector for a period not exceeding ten (10) years, in addition to any other remedies the Department may have against the bidder/contractor concerned.



13. COMMUNICATION

- 13.1. No communication with any Procurement Official will be allowed during the running period of the bid, all bid related and technical enquiries should be addressed to the contacts mentioned in paragraph 15 below.
- 13.2. Communication after the closing date of the bid must be in writing and addressed to the contact detailed mentioned in paragraph 15 below.
- 13.3. The Department may request clarification regarding information provided by bidders. Bidders are to supply the required information within the specified period. Failing to do so will invalidate their bid.

14. CONTACT DETAILS

- 14.1. General:

Helena Phofu
Department of Correctional Services
Tel: 012-307 2760/ 2310

- 14.2. Bid Enquiries

Jacob Sibanyoni
Procurement Administration; Department of Correctional Services
Tel: 012-305 8268/ 012-307 2431

15. NON-COMMITMENT

- 15.1. The Department reserves the right not to award, to award in part or in full.
- 15.2. The right is reserved not to accept any of the bids submitted.
- 15.3. The right is also reserved to withdraw or amend any of the bid conditions by notice of writing to all bidders prior to closing of the bid and post award.
- 15.4. In the event that an incorrect award has been made, the Department reserves the right to remedy the matter in any manner it may deem fit.

**SECTION B: EVALUATION****16. EVALUATION CRITERIA**

The evaluation process will be conducted in phases as follows:

Phase 1	Phase 2	Phase 3	Phase 4
Mandatory Requirements	Product technical compliance	Price and B-BBEE	Recommendation and Award
Compliance with mandatory requirements	Compliance with technical specifications	Bids evaluated in terms of Preferential Procurement Regulations, 2017	Recommendation and award

16.1. Phase 1: Mandatory Requirements

Bidders must submit all required documents indicated hereunder with the bid documents at the closing date and time of the bid. During the evaluation phase, bidders' responses will be evaluated based on the documents submitted under mandatory requirements. Bidders who fail to comply with all the mandatory requirements will be disqualified. The certificates should be certified by the Commissioner of Oath.

DOCUMENT	MANDATORY
Sub-contracting Agreement	Yes
Relevant Product Certificates as per the item specifications	Yes
Certification of compliance on transportation of perishable food items	Yes
Certificate of Acceptability for the Food Premises	Yes
Halaal Certificate: (National Muslim Prison Board, Muslim Judicial Council, Islamic Council of South Africa, South African National Halaal Authority and the National Independent Halaal Trust)	Yes
Authorisation Declaration	Yes
Tax Compliance Status	Yes
Pricing Structure and Schedule	Yes

16.1.1. SUBCONTRACTING AS A CONDITION OF BID

16.1.1.1. It is a condition of this bid that the successful bidder must subcontract a minimum of 30% to EMEs or QSEs which are at least 51% owned by either of the following: Black people, Black people who are youth, Black people who are women, Black people with disabilities, Black people living in rural or underdeveloped areas or townships, cooperatives owned by black people or Black people who are Military Veterans.

16.1.1.2. Bidders must submit proof of the subcontracting agreement signed by both the bidder and to whom he/she subcontracted.



16.1.1.3. Bidders are not allowed to subcontract with their subsidiary companies as this may be interpreted as subcontracting with themselves and/or using their subsidiaries for fronting.

16.1.2. **PRODUCT REGULATORY REQUIREMENTS**

16.1.2.1. The bidder must submit a copy of a Certificate of Acceptability for the Food Premises, issued by the relevant Local Municipality in terms of Regulation R638 or R918 or R962 (Regulations governing general hygiene requirements for food premises and the transport of food) and related matters. Failure to submit a Certificate of Acceptability of Food Premises will invalidate the bid.

16.1.2.2. The bidder must submit proof of the availability of appropriate vehicles to enable delivery of meat products, poultry, pork, fish and bread to the institutions issued by the relevant Local Municipality in terms of the Regulations R638 or R918 or R962 (Regulations governing general hygiene requirements for food premises and the transport of food). Failure to submit the Certification of compliance on transportation of perishable food will invalidate the Bid.

16.1.2.3. The attached certification of compliance on transportation of perishable food need to be completed by the bidder and the third party where applicable.

16.1.2.4. Omission to submit the Certificate of Acceptability for the Food Premises will automatically invalidate your bid.

16.1.2.5. Omission to complete and submit the proof of the availability of appropriate vehicles to enable delivery of meat products, poultry, pork, fish, dairy products and bread to the Institutions in terms of Regulations R638 or R918 or R962 will automatically invalidate your bid.

16.1.3. **HALAAL CERTIFICATE (BD 7)**

16.1.3.1. A copy of Halaal Certificate must be submitted at the closing date and time of the bid. Only certificates issued by a recognised body such as the National Muslim Prison Board, Muslim Judicial Council, Islamic Council of South Africa, South African National Halaal Authority and the National Independent Halaal Trust will be accepted.

16.1.4. **AUTHORIZATION DECLARATION (BD 27)**

16.1.4.1. Any bidder who does not normally keep stock of the item and is sourcing the goods and services from a third party (manufacturer/producer or dealer/distributor who normally keeps stock) for the purpose of delivering the item to the Department, must ensure that the attached BD 27 is completed by his/her supplier after they have familiarised themselves with the item(s)/ description(s)/ specifications and conditions of the bid for all relevant goods and services required from this bid. Failure to submit a BD 27 signed by the bidder and his/her supplier will invalidate the bid.

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- 16.1.4.2. In the event that the “Authorization Declaration” (BD 27) form is not completed, the bidder must submit the signed third party’s authorization declaration letter on the third party’s letterhead.
- 16.1.4.3. The bidder must ensure that the supply arrangements for the required goods and services have been mutually agreed upon with his/her supplier. No agreement between the bidder and his/her supplier will be binding on the Department.
- 16.1.4.4. The Department reserves the right to verify any information supplied by the bidder and should the information be found to be false or incorrect, it will invalidate your bid.
- 16.1.4.5. The Department will only accept an original or copy of the completed and signed BD 27 or a letter issued on the official letterhead of the third party addressing the supply arrangements for the required items and it must be attached with the standard bidding documents at the closing date and time of the bid.
- 16.1.5. **TAX COMPLIANCE STATUS**
- 16.1.5.1. It is a condition of this bid that the tax matters of the successful bidder must be in order, or that satisfactory arrangements have been made with South African Revenue Services (SARS) to meet the bidder’s tax obligations.
- 16.1.5.2. The Tax Compliance status requirements are also applicable to foreign bidders/ individuals who wish to submit bids.
- 16.1.5.3. It is a requirement that bidders grant a written confirmation when submitting this bid that SARS may on an on-going basis during the tenure of the contract disclose the bidder’s tax compliance status and by submitting the bid such confirmation is deemed to have been granted.
- 16.1.5.4. The bidder must be registered on the Central Supplier Database (CSD) and provide its CSD number and TCS Pin as per SBD 1.
- 16.1.5.5. When a Consortium/ Joint Venture/ Sub-contractors is involved, each party must be registered on the Central Suppliers Database and their tax compliance status will be verified through the Central Suppliers Database.
- 16.1.5.6. The bid will be awarded to the bidder who is tax compliant.
- 16.1.6. **PRICING STRUCTURE AND SCHEDULE**
- 16.1.6.1. All prices quoted for must be inclusive of supply, delivery and off-loading cost and all applicable taxes.
- 16.1.6.2. Bidders should submit pricing per Management Area as indicated on the pricing schedule.
- 16.1.6.3. Prices shall be quoted in South African Currency.



16.1.6.4. The bid prices shall be for the unit of measure as indicated in the pricing schedule.

16.1.6.5. Bidders are required to submit responsive bids by completing all the prices, mandatory responsive fields and item questionnaires on the provided pricing schedule for the individual items.

16.1.6.6. Bidders must indicate their suppliers per line item.

16.1.6.7. Where applicable, bid prices must be inclusive of 15% VAT. For items which are zero rated (brown bread, maize meal, samp, mealie rice, dried mealies, dried beans, lentils, milk powder, dairy powder blend, rice, vegetables, fruits, milk, cultured milk, brown wheaten meal, eggs, edible legumes and pulses of leguminous plants), bid prices must be inclusive of 0% VAT.

16.1.6.8. Failure to comply with these conditions will invalidate the bid.

16.2. **Phase 2: Technical Specifications**

16.2.1. Bidders are required to comply with the attached **Annexure A** (Department of Correctional Services Product Specification for Food Items) stipulated in the bid document throughout the contract period.

16.2.2. Bidders must comply with the requirements of the technical specification as outlined in the specification document.

16.2.3. The Department reserves the right to call for product samples for visual screening should a need arise. This process will be communicated with the bidders timeously.

16.2.4. The Department reserves the right to subject products samples to applicable testing and evaluations, to verify compliance with the specifications.

16.2.5. Failure to comply will invalidate the bid.

16.2.6. Where applicable, all products must be supplied with nutritional information brochures and labels written in English language.

16.3. **Phase 3: Price and B-BBEE**

16.3.1. In terms of Regulation 6 of the Preferential Procurement Regulations pertaining to the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000), responsive bids will be adjudicated by the Department on the **90/10-preference point system** in terms of which points are awarded to bidders on the basis of:

- a) Bid price (maximum 90 points)
- b) B-BBEE status level of contributor (maximum 10 points)

16.3.2. The following formula will be used to calculate the points for price:



Cases with a Rand value exceeding R50 million (all applicable taxes included)

$$P_s = 90 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where:

PS = Points scored for comparative price of bid or offer under consideration

Pt = Comparative price of bid or offer under consideration

Pmin= Comparative price of lowest acceptable bid or offer

- 16.3.3. Subject to sub-regulation (3), points will be awarded to a bidder for attaining their B-BBEE Status Level of Contributor in accordance with the table below:

B-BBEE Status Level of Contributor	Number of points (90/10 system)
1	10
2	9
3	6
4	5
5	4
6	3
7	2
8	1

- 16.3.4. Bidders are required to complete the Preference Claim Form (SBD 6.1), and submit a valid and original/originally certified copy of B-BBEE Status Level Verification thereof at the closing date and time of the bid in order to claim the B-BBEE status level point. The date of certification should not be older than six (6) months.

- 16.3.5. Preference points will be allocated to bidders who have completed and signed the declaration part of the Preference Claim Form (SBD 6.1) and who have substantiated their claim for B-BBEE points by submitting a B-BBEE Status Level Certificate issued by the verification agencies.

- 16.3.6. Bidders other than EMEs and QSE's:

- a) Verification agencies accredited by SANAS; or

- 16.3.7. Bidders who qualify as EMEs and QSEs:

- a) Sworn affidavit signed by the EMEs and QSEs representative and attested by a Commissioner of Oaths. Bidders can access the sworn affidavits templates on https://www.thedti.gov.za/economic_empowerment/bee_codes.jsp



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- 16.3.8. A trust, consortium or joint venture (including unincorporated consortia and joint ventures) must submit a consolidated B-BBEE Status Level Verification Certificate for every separate bid.
- 16.3.9. Public entities and tertiary institutions must also submit a B-BBEE Status Level Verification Certificate together with their bids.
- 16.3.10. The points scored by a bidder in respect of the level of B-BBEE contribution will be added to the points scored for price.
- 16.3.11. Failure on the part of the bidder to comply with the paragraphs 17.3.4 and 17.3.5 above will be deemed that preference points for B-BBEE Status Level of Contribution are not claimed and will therefore be allocated a zero (0).
- 16.3.12. The points scored will be rounded off to the nearest 2 decimals.

16.4. **Phase 4: Recommendation and award**

- 16.4.1. The Bid Evaluation Committee will recommend a preferred responsive bidder based on phase 1, phase 2 and phase 3 to Bid Adjudication Committee for award and approval.
- 16.4.2. The Department reserves the right to award contracts to more than one contractor for the same item.

16.4.3. ***MULTIPLE AWARD***

- 16.4.3.1. The Department reserves the right to award the bid items to more than one contractor for the same line item per Management Area. The Department will use its discretion to determine the multiple or split award on the bid, whereby the awarding of the bid to more than one contractor will be based on the following factors:

- Risk Management for continuity of supply
- Volume of items
- Value of items
- Cost effectiveness
- Stimulation of market competition due to the nature of the commodity
- Uplifting the designated groups as per the PPPFA Regulations, 2017

- 16.4.3.2. The maximum number of items to be awarded per line item per Management Area will be at the discretion of the Bid Adjudication Committee.
- 16.4.3.3. The Department reserves the right to limit the multiple or split award within a reasonable price difference percentage that will be deemed reasonable and cost effective for the Department.



16.4.3.4. Where necessary, the Department reserves the right to rotate orders within the pool of suppliers awarded the same line item. The details will be outlined and applied during the signing of the Service Level Agreement.

16.4.3.5. The Department reserves the right not to award the same brand to more than one bidder per line item.

16.4.3.6. The Department reserves the right not to award items from the same source of supply (e.g.) from one supplier who is the third party to the bidders/ who has provided the BD 27-forms to the bidders.

16.4.3.7. The Department reserves the right to limit the award to the bidder in one or more Management Area(s) as they may deem adequate during the evaluation and adjudication process.

16.5. **Local Content**

16.5.1. The Department reserves the right to give preference to locally manufactured products. Bidders must indicate on the pricing schedule the country of manufacturing/ production of the product(s).



SECTION C

17. SUPPLIER DUE DILIGENCE

- 17.1. The Department reserves the right to conduct due diligence prior to final award or at any time during the contract period and this may include pre-announced/ non-announced site visits. The due diligence process may be conducted to also determine the capability of the bidder to service this magnitude contract.
- 17.2. It is the responsibility of the bidder to grant access to their premises, provide all the required information and answer all the questions during the due diligence process. Non-compliance with the requirement may disqualify the bid in whole or parts thereof.
- 17.3. During the due diligence process the information submitted by the bidder will be verified and any misrepresentation thereof will disqualify the bid in whole or parts thereof.
- 17.4. The Department reserves the right to also conduct due diligence on the bidders' supplier(s) to confirm their capacity to serve as a service provider(s) to the bidder. It is the responsibility of the bidder to inform their supplier(s) of this requirement. Non-compliance with the requirement may disqualify the bid in whole or parts thereof.
- 17.5. The premises/factory of the bidder and or his supplier(s) should be open at all reasonable hours for the inspection by a representative of the Department as part of the due diligence process. Non-compliance with the requirement may disqualify the bid in whole or parts thereof.
- 17.6. Due diligence may also be applied to ensure that pricing is affordable, market related and aligned to end-user requirements.
- 17.7. Bidders must note that the outcomes of the due diligence process will form part of the bid recommendation and where necessary be applied to determine the multiple or split award application on the bid or not award the bid in whole or parts thereof.

18. VENDOR ASSESSMENT

- 18.1. The Department will have the right to confirm the ability of bidders to execute this contract successfully. This includes an investigation by the Department or its appointee of the following:
 - a) The bidder's financial position to execute the contracts.
 - b) Letter confirming going concern status from the Accountant/Auditor which is not older than six months by closing date and time of the bid.
 - c) Bidder's operational plan on how to execute the supply of items bidding for.
 - d) Previous contracts executed and current contracts (SBD 4 and SBD 8 must be completed).



e) Delivery periods, quality and quantity of products.

18.2. The premises/factory of the bidder or contractor should not open at all reasonable hour for inspection by a representative of the Department and/or its approved institution.

18.3. Should the contractor not cooperate in any of these matters and/or do not have the capability to execute the contract his/her offer will be regarded as not acceptable.

19. COUNTER CONDITIONS

19.1. Bidders' attention is drawn to the fact that amendments to any of the Bid Conditions or setting of counter conditions by bidders may result in the invalidation of such bids.

**SECTION D: POST AWARD****20. CONTRACT PRICE ADJUSTMENTS****20.1. Formula.**

- 20.1.1. Prices submitted for this bid are firm for the first six (6) months from date of signing the contract and thereafter contractors can apply for in terms of paragraph 21.1.2 below.
- 20.1.2. Price adjustments for perishable and non-perishable items will be based on the Consumer Price Index (CPI) and Product Price Index (PPI).
- 20.1.3. Requests for prices adjustment(s) in the second year of the contract will be considered in terms of the following formula, defined areas of cost and defined periods of time.
- 20.1.4. Applications for price adjustments must be accompanied by documentary evidence in support of any adjustment claim.
- 20.1.5. The following price adjustment formula will be applicable for calculating contract price adjustments (CPA).

$Pa = (1 - V)Pt \left(D1 \frac{R1t}{R1o} + D2 \frac{R2t}{R2o} + D3 \frac{R3t}{R3o} + \dots + Dn \frac{Rnt}{Rno} \right) + VPt$		
Pa	=	The new adjusted price to be calculated.
V	=	Fixed portion of the bid price (15% or 0.15).
Pt	=	Original bid price. Note that Pt must always be the original bid price and not an adjusted price.
(1-V)Pt	=	Adjustable portion of the bid price (85% or 0.85).
D1 – Dn	=	Each factor (or percentage) of the bid price, e.g., material, labour, transport, overheads, etc. The total of the various factors (or percentages) D1 – Dn must add up to 1 (or 100%).
R1t – Rnt	=	End Index. Index figure obtained from the index at the end of each adjustment period.
R1o–Rno	=	Base Index. Index figure at the time of bidding.
VPt	=	15% (or 0.15) of the original bid price. This portion of the bid price remains fixed, i.e. it is not subject to price adjustment.

20.2. Formula Component Definitions.**20.2.1. Adjustable Amount**

The adjustable amount is the portion of the bid price which is subject to adjustment. In this bid the adjustable amount is 85% of the original bid price. For example, if the bid price is R1,000.00, then only R850.00 will be subject to adjustment.

20.2.2. Fixed portion



The fixed portion represents those costs which will not change over the adjustment period and DOES NOT represent the profit margin. In this bid the fixed portion is 15% of the original bid price. Using the same example as above, it would amount to R150.00 which will remain fixed over the contract period.

20.2.3. Cost components and proportions

The cost components of the contract price usually constitute the cost of materials (raw material or finished product), cost of direct labour, cost of transport and those other costs which are inclined to change. The proportions are the contribution to the contract price of each of these cost components. In this bid the following cost components will be used to calculate contract price adjustments.

Bidders are requested to submit the cost breakdown of the bid price of each item with their bid. Should the cost breakdown be the same for all items on the bid, please indicate it clearly in the bid document. Bidders will not be allowed to change the cost breakdown of bid prices during the tenure of the contract.

Cost Component <i>(Specific to your commodity – well researched with the industry)</i> <i>Provision should be made in the item questionnaires for this breakdown</i>	% Contribution
D1- Food product	
D2 - Labour	
D3 - Packaging	
D4 – Transport	
D5 – Other, (specify)	
TOTAL (Cost components must add up to 100%)	100 %

20.2.4. Applicable indices/ references

The applicable index refers to the relevant market index, which is a true reflection of price movement(s) in the cost over time. In this bid the following indices or reference will be applicable:

Cost component	Index Publication	Index Reference
D1-Food product	STATS SA P0142.1 (PPI)	Reference to specific Index and table. E.g. Table 1 PPI for Food Products.
D2 - Labour	STATS SA P0141 (CPI),	Table E - All Items
D3 -Packaging	STATS SA P0141 (CPI),	Table E - All Items
D4 – Transport	STATS SA P0141 (CPI) Table E	Table E - Transport – Other Running Cost
D5 – Other	Specify	Documentary evidence to accompany Bid document at time of bidding and with claims

20.2.5. Base Index Date

The base index date applicable to the formula is defined as the date at which the price adjustment starts. In this bid the base index date will be the month of signing of the contract.

**20.2.6. End Index Date**

The end index dates are the date at predetermined points in time during the contract period. In this bid the end indices are defined in the next paragraph (Price Adjustment Periods).

20.2.7. Price Adjustment Periods

Adjustment to contract prices may be applied for at the following dates:

Adjustment (Contract manager to decide on frequency)	CPA application to reach the office at the following dates	End Index Date	Dates from which adjusted prices will become effective	Dates until which adjusted prices will be effective
1 st Adjustment	6 months from date of signing the contract	6 months from date of signing the contract	On month seventh (7) from date of signing the contract	Until month 12 from date of signing the contract
2 nd Adjustment	12 months from date of signing the contract	12 months from date of signing the contract	On month thirteen (13) from date of signing the contract	Until month 18 from date of signing the contract
3 rd Adjustment	18 months from date of signing the contract	18 months from date of signing the contract	On month nineteen (19) from date of signing the contract	Until month 24 from date of signing the contract
4 th Adjustment	24 months from date of signing the contract	24 months from date of signing the contract	On month twenty fifth (25) from date of signing the contract	Until month 30 from date of signing the contract
5 th Adjustment	30 months from date of signing the contract	30 months from date of signing the contract	On month thirty one (31) from date of signing the contract	Until month 36 from date of signing the contract
6 th Adjustment	36 months from date of signing the contract	36 months from date of signing the contract	On month thirty seven (37) from date of signing the contract	Until month 42 from date of signing the contract
7 th Adjustment	42 months from date of signing the contract	42 months from date of signing the contract	On month forty three (43) from date of signing the contract	Until month 48 from date of signing the contract
8 th Adjustment	48 months from date of signing the contract	48 months from date of signing the contract	On month forty nine (49) from date of signing the contract	Until month 54 from date of signing the contract
9 th Adjustment	54 months from date of signing	54 months from date of signing	On month fifty nine (59) from	Until month 60 from date of



Adjustment (Contract manager to decide on frequency)	CPA application to reach the office at the following dates	End Index Date	Dates from which adjusted prices will become effective	Dates until which adjusted prices will be effective
	the contract	the contract	date of signing the contract	signing the contract

20.3. **General.**

- Unless prior approval has been obtained from Department of Correctional Services, no adjustment in contract prices will be made.
- Applications for price adjustment must be accompanied by documentary evidence in support of any adjustment.
- CPA applications will be applied strictly according to the specified formula and parameters above as well as the cost breakdown supplied by bidders in their documents.
- In the event where the supplier's CPA application, based on above formula and parameters, differs from Transversal Contracting Verification, Transversal Contracting will consult with the supplier to resolve the differences.
- Bidders are referred to paragraph regarding counter conditions.
- An electronic price adjustment calculator will be available on request from Department of Correctional Services.
- The Department reserves the right to negotiate a price adjustment or not to grant any price adjustment.

21. ORDERS AND DELIVERIES

21.1. **Orders.**

- 21.1.1. Orders will be placed by the Management Area/ Self Accounting Store (end-user) who will be responsible for payment to contractors for goods delivered and/or services rendered.
- 21.1.2. Before delivery of any product on this contract is conducted, the contractor must be in possession of an official order issued by an authorized official of the Department.
- 21.1.3. Contractors should note that each individual Management Area/ Self Accounting Store is responsible for generating the order(s) as well as the payment(s) thereof.
- 21.1.4. Contractors should note that the order(s) will be placed as and when required during the contract period and the relevant Department will specify delivery point(s).
- 21.1.5. The instructions appearing on the official order form regarding the supply, dispatch and submission of invoices must be strictly adhered to and under no circumstances should the contractor deviate from the orders issued by the Department.



21.2. **Quantities.**

- 21.2.1. The quantities reflected in the bid forms are estimated quantities (number of inmates locked up, Annexure G) and no guarantee is given or implied as to the actual quantity which will be procured during the contract period.
- 21.2.2. The contractor should take note that other products in the bid area based on seasonal availability and as such will generate little demand during off-peak seasons.
- 21.2.3. The Department is under no obligation to accept any quantity which is in excess of the ordered quantity.

21.3. **Packaging and Labelling.**

- 21.3.1. Where applicable, your attention is drawn to the packaging requirements stipulated in the specification.
- 21.3.2. There should be a labelling/ description of the delivered items on the outside of the packaging that will correspond with the invoice.

21.4. **Deliveries.**

- 21.4.1. Delivery of goods must be made in accordance with the instructions appearing on the official order forms issued by the relevant Management Area/ Self Accounting Store.
- 21.4.2. Firm lead times for delivery must be quoted on the bid document for the duration of the contract, however, the Management Area/ Self Accounting Store reserves the right to negotiate specific delivery periods with the contractor(s).
- 21.4.3. Products must be delivered and off loaded by the contractor in the transit area of delivery period.
- 21.4.4. Delivery will be accepted on weekdays between 08:00 and 14:00 and Bread is also to be delivered on weekends.
- 21.4.5. A delivery note stating the official order number against which the delivery is affected must accompany all deliveries and dispatches.
- 21.4.6. Deliveries not complying with the order/specifications will be returned to the contractor at the contractor's expense.
- 21.4.7. The Department of Correctional Services may postpone or delay deliveries if it finds itself in any such position, as a result of circumstances beyond its control, which will make it impossible to comply with the specified delivery dates.



21.5. Shelf Life/ Expiry Dates.

- 21.5.1. Products self-life must be as per product specification requirements.
- 21.5.2. The Department reserves the right to reject short-dated stock.
- 21.5.3. The Department will not accept expired stock and should the contractor supply such, the cost of removal will be for the account of the contractor.

22. PENALTIES.

- 22.1. The Department will impose a penalty as a result of unsatisfactory performance (e.g. poor quality, late delivery, non-delivery, etc.).
- 22.2. The following formula will be utilized for this purpose:

$$Penalty = \left(Vx \frac{10}{100} \right) x N$$

V = Value of delayed goods or services

N = Number of days of delay

A penalty will be limited to 30% of the value of delayed goods or services.

- 22.3. In addition to a penalty being imposed, the Department reserves the right to act in accordance with paragraph 21.6 of the General Conditions of Contract (GCC), which reads "Upon delay beyond the delivery period in the case of a supplies contract, the purchases shall, without cancelling the contract, be entitled to purchase supplies of a similar quality and up to the same quantity in substitution of the goods not supplied in conformity with the contract and to return any goods delivered later at the supplier's expense and risk, or to cancel the contract and buy such goods as may be required to complete the contract and without prejudice to his other rights, be entitled to claim damages from the supplier."
- 22.4. The Department may terminate the contract at its sole discretion due to unsatisfactory performance (e.g. poor quality, late delivery, non-delivery, etc.) during the window period of two (2) months, following the occurrence of the unsatisfactory performance.

23. PAYMENTS.

- 23.1. Payments will only be effected by the Department in the following cases;
 - a) The successful completion of a delivery/ service in line with the specification/ terms of reference.



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- b) Invoices should be delivered/ posted or e-mailed to reach the institution that placed the order, timeously.
 - c) The invoices must be accompanied by an inspection certificate and/or proof of delivery.
- 23.2. The Department/ Management Areas will not make a payment to or consult with a third party.
- 23.3. No third party is entitled to put an account of the relevant Management Areas on hold.
- 23.4. Companies not registered in terms of Value Added Tax, may not claim VAT on invoices.



SECTION D: SUPPLIER PERFORMANCE AND CONTRACT MANAGEMENT

24. SUPPLIER PERFORMANCE AND CONTRACT MANAGEMENT

- 24.1. The Department and the contractor will enter into a Service Level Agreement (**Annexure H**).
- 24.2. The Department of Correctional Services will conduct meetings with the end users and contractors to discuss contracting issues.
- 24.3. Contracted suppliers must notify the Department of Correctional Services in writing of any unforeseeable circumstances that may adversely affect supply against the contract. The notification must be done 21 days before the expected delivery date.
- 24.4. The Department of Correctional Services will monitor the performance of contracted suppliers for compliance to the terms of this contract as follows:
- a) Compliance to delivery lead times;
 - b) Percentage of orders supplied in full first time;
 - c) Compliance with reporting requirements according to the reporting schedule;
 - d) Attendance of compulsory quarterly meetings.
- 24.5. Any change in the status in supply performance during the contract period must be reported within seven (7) days of receipt of such information to the Department of Correctional Services
- 24.6. All successful bidders are required to submit historical value and volume reports via e-mail on a six (6) monthly basis to; e-mail:@dcs.gov.za

Period	Period for which information must be submitted	Dates at which reports must be submitted

- 24.7. The contractor shall not abandon, transfer, assign or sublet a contract or part thereof without the prior written approval from the Department.
- 24.8. The contractor must inform the relevant Institution immediately when unforeseeable circumstances will adversely affect the execution of the contract. Full particulars of such circumstances as well as the period of delay must be furnished.
- 24.9. Contract performance management will be the responsibility of the Management Area/ Self Accounting Store (end-user) and where supplier performance disputes cannot be resolved between the contractor and the relevant purchasing institution, the Directorate Contract Management will be informed for corrective action.



SECTION F

25. CATALOGUE

- 25.1. Successful bidders will be required to compile a colour catalogue for all the items awarded within a period of four (4) weeks from contract commencement which include list of items, contract item numbers, product description, product images, and brand name.

26. PRODUCT ADHERENCE/ BRAND CHANGE

- 26.1. In the event where a bidder offers a specific brand against an item and the item is subsequently awarded to the bidder, it is required of the successful bidder to continue to supply the brand awarded throughout the contract period.
- 26.2. In the event that the brand is discontinued and or replaced with a new brand, the Department of Correctional Services must be notified of such occurrence and upon approval, an official amendment will be issued. The contractor is required to submit supporting documents from the manufacturer substantiating the changes.
- 26.3. It must be noted that the new brand will be required to undergo the evaluation process prior to receiving approval of the brand change issued by the Department of Correctional Services. The new brand must adhere to the technical specification for the item. The quality of the product must not be lower than the initial awarded product.
- 26.4. Furthermore, contractors are to take note that the price of the new brand should not be higher from the current contract price of the original product.
- 26.5. Contractors are not allowed to deliver a new brand other than the brand awarded to them prior to an approval of brand change from the Department of Correctional Services.
- 26.6. If a contract has been concluded on the basis of sourcing the product(s) from a manufacturer/dealer, distributor and the bidder for some or the other reason change the manufacturer/dealer, the Department should immediately be notified and a new BD 27-form (Confirmation of supply arrangements between the bidder and his/her supplier) should be submitted.

27. MERGERS, TAKE OVERS AND CHANGES IN SUPPLIER DETAILS

- 27.1. Where a contracted supplier plans to merge with or is going to be acquired by another entity, the contracted supplier must inform the Department of Correctional Services in writing thirty (30) days prior to such event of relevant details.



27.2. The Department reserves the right to agree to the transfer of contractual obligations to the new supplier under the prevailing conditions of contract or to cancel the contract.

27.3. A contracted supplier must inform the Department of Correctional Services within 14 days of any changes of address, name, contact or banking details.

28. BREACH OF CONTRACT

28.1. The Department of Correctional Services reserves the right to terminate the contract(s) for not honouring contract(s) obligations including submission of information.

29. SETTLEMENT OF DISPUTES

29.1. Should any dispute arise from the contract paragraph 27 of the General Conditions of Contract shall apply.

30. TERMINATION

30.1. The Department shall be entitled to terminate this Agreement if one or more of the following occur:

- a) The service provider is provisionally or finally liquidated, making it impossible for the service provider to perform its functions in terms of this Contract;
- b) The service provider enters into settlement arrangements with their creditors;
- c) The service provider commits an act of insolvency;
- d) In the event that the service provider is a member of an unincorporated joint venture or consortium and the membership of such joint venture or Consortium changes.

30.2. The Department reserves its right to terminate the contract in the event that there is a change in ownership of the service provider that has the effect that the over 50% ownership of the service provider belongs to the new owner without prior approval of the Department.

30.3. Either Party may terminate this contract for breach in the event that the other party fails to comply with any of its obligations in terms of this contract, and having failed to remedy such breach within fourteen (14) calendar days' written notice to remedy such non-compliance.

30.4. Notwithstanding the provisions above, either Party may terminate this contract by giving the other Party thirty (30) days' written notice to that effect.