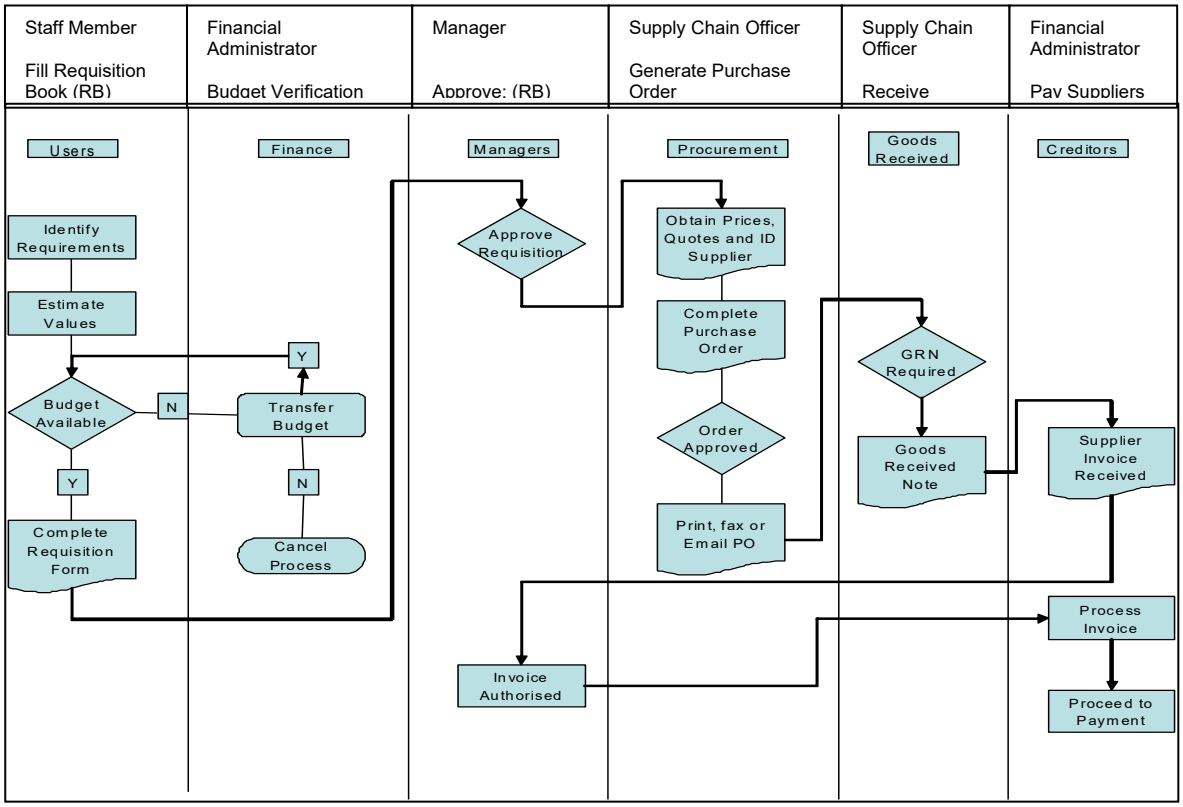
POLICY TITLE	PROCUREMENT AND PAYMENT SYSTEM POLICY
DATE OF APPROVAL	22.05.2025
REVIEW DATES	21.05.2026

1. INTRODUCTION

SCTIE has drafted a procurement and payment management system that will enable SCTIE to source goods and services as well as payment of received goods and services rendered whilst maintaining quality of standards and value for money. The following is the detail process flow diagram indicating procurement and payment process flow:

All SCTIE purchases will be handled and processed by Supply Chain Officer in Finance Department, guided by SCTIE Supply Chain Management Policy.



2. HIGH LEVEL PROCESS

A manual Purchase Requisition is prepared manually by person requesting, this Requisition (pre-numbered) is to be approved by the Manager of the Department, and this Requisition is forwarded to Finance Department for manual update of Budget and Budget balance before receipt by the Supply Chain Officer for procurement.

At all times products and services are sourced from selected service providers/ suppliers from SCTIE supplier database. SCTIE database of suppliers will be developed and records of suppliers will be maintained manually by supply chain management department.

These Requisitions are subject to following terms based on Prices and Threshold Values as determined by the National Treasury and documented on SCTIE Supply Chain Management Policy.

2.1. Petty Cash Purchases

While the petty cash float will be kept at R2 000, payments and purchases from petty cash will be made only for small purchases to a maximum value of R2000 per transaction. All petty cash requisition should be approved by a Manager of a department and the CEO, requesting petty cash. Requests will be submitted on the petty cash receipt using the cash receipt request form and submitted to Finance Department. Cash sale slips and all supporting documents will be submitted within two working days after the use of cash with the petty cash form to be used as ones' reconciliation.

2.2. Purchases per price quotations of more than R500 but up to the R2000 (VAT included)

The Supply Chain Officer requires at least three quotations which need not be written. The order needs to be placed against written confirmation from the selected supplier which has to be attached to the Purchase Order. Such confirmation/quotation should be attached to a requisition for the procurement of goods/services. The Supply Chain Officer in consultation with the Manager concerned shall select the preferred service provider.

2.3. Purchases of goods or services above R2 000 but not exceeding R200, 000 (VAT included)

The Supply Chain Officer shall obtain at least 3 written quotations.

For all procurement above R2 000 but not exceeding R200, 000 the prescripts of the PPPFA (Preferential Procurements Framework Act of 2001) and its related regulations and implementation guide are applicable. SCTIE provides 80% Price and 20% relating to specific goals in this bracket of purchases.

The Manager: Finance, HR & Admin shall approve the appointment of the service provider from the Supplier Master Listing Database.

2.4. Purchases of goods or services above R200, 000 (VAT included)

For all purchases above R200, 000 the competitive bidding process via public tender shall be used unless in terms of the delegations, the procurement is deemed to be an emergency.

3. EVALUATION OF BIDS/PROPOSALS

All the above prices are subject to Evaluation as per Supply Chain Management Policy.

3.1. Tax clearance

Tax Clearance must be obtained from SARS for all contracts above the value of R15 000 whether a preferred bidder's tax matters are in order. Presently, SARS will on request, issue tax PIN (valid for 12 months) which will be used to ascertain status of standing with SARS to potential suppliers.

SARS has ruled that only original certificates should be accepted and that copies of acceptance of bids together with copies of the original tax clearance certificate supplied by the contractor.

3.2. Authorisation/approval of the order

The Supply Chain Officer must generate the order using the manual Order Book after comparing the order with the source documents and purchase requisition for correctness, at this level should the purchase order be greater than R15, 000 a tax compliant status must be included in the file. If the Tax Status in not compliant, a new PIN will be requested before proceeding with an order. Approval Process will automatically be generated for the Purchase Order. This will be directed to The GM: Finance, CS & Admin only with a Template Heading that describes the approval process as requiring a Valid Tax Clearance Certificate.

No amendments may be done directly on the order forms.

Only the CEO and Manager: Finance, HR and Administration may approve and sign orders. The signature is to appear on the original and both copies of the order. Approval process is as follows:

3.3. Distribution of the order

The original and copies of each order must be distributed as follows:

- Original copy to the supplier/service provider;

3.4. Amendment of an order

Presently these are subject to the merits of each case

3.5. Cancellation of an order

To cancel an order may be subject to legal advice and:

- Prior approval of the Manager must be obtained before an order may be cancelled.
- In cases where an order has been approved for cancellation due to valid reasons, all copies of the order must be reclaimed and marked "CANCELLED".
- If not handled with care, the cancellation of an order could lead to fruitless expenditure or costly legal action.

3.6. Receiving of goods and services

The Supply Chain Officer shall, when receiving goods:

- Obtain a copy of the supplier delivery note from the delivery personnel and referring to the order number, locate the purchase order.
- Check the quantity, quality and description of goods delivered against the purchase order and customer delivery note.

3.7. Recording of acquisitions / accounts payable

a) The purchase invoice received from the supplier should be:
   - Matched to the corresponding delivery note and purchases order for quantity of goods, description of goods, correct prices (from price list) and discounts.
   - Reviewed to ensure that the amounts on the invoice have been allocated to the correct account e.g. repairs and maintenance.

b) When a requisition is made out to initiate an order, the account to which it must be allocated in the purchases journal should be selected from an official list of accounts and transferred to the order form (to facilitate allocations).

c) Purchase invoices are signed / initialled by the Manager before processing into the purchases journal and by The GM: Finance, CS & Admin after checking.

d) The GM: Finance, CS & Admin should ensure, by scrutiny of dates on the delivery note and invoices that purchases are timeously and accurately recorded in the purchases journal and posted to the creditor's ledger.

e) Coordinator: Finance & CS should perform monthly reconciliation of:
   - Creditors statements to creditors ledger; and
   - Creditor's ledger to creditors control account.

   These reconciliations shall be reviewed by the GM: Finance, CS & Admin and sign as evidence thereof. Any unusual items in the control account, or reconciliation, particularly entries from a general journal should be followed up.

3.8. Payment Preparation

The purpose of this function is to ensure that only valid creditors are paid and that they are paid correct amounts and on time. The process results in the production of a payment requisition/remittance advice.

The following procedures shall be followed:

a) All payments, except from petty cash, should be made by electronic funds transfer or by cheque.

b) The payment authoriser will sign the Payment Voucher as evidence that they have checked the details on the payment requisition to supporting documentation.

c) A transactions report will be printed at the end of each payment as proof of payment.

d) Debit orders may only be authorised by the CEO and Manager: Finance, HR and Administration.

3.9. Payment and Recording

The purpose of this function is to record all payments accurately and timeously. The following procedures shall be followed:

a) The Finance Administrator should record all payments in numerical sequence in the cash book.

b) The cash book is to be reviewed regularly by The GM: Finance, CS & Admin for unusual payments.

c) The Financial Accountant reconciles the cash book to the bank statement on a monthly basis

d) A bank Reconciliation report will be produced for verification and filing for record keeping.

4. APPROVAL

NAME	SIGNATURE	DESIGNATION	DATE
Mr Sandile Dlomo		**CHAIRPERSON: SCTIE**	**21.05.2026**