



rural development
& agrarian reform

Department:
Rural Development & Agrarian Reform
PROVINCE OF THE EASTERN CAPE

CONTRACT AND VENDOR PERFORMANCE MANAGEMENT STANDARD OPERATING PROCEDURE

**EC DRDAR CONTRACT AND VENDOR PERFORMANCE MANAGEMENT
STANDARD OPERATING PROCEDURE (SOP)**

TABLE OF CONTENTS

- 1. PREAMBLE..... 3
- 2. LEGISLATIVE FRAMEWORK..... 3
- 3. CONTRACT MANAGEMENT LIFE-CYCLE..... 3
- 4. CONTRACT MANAGEMENT PROCESS FLOW..... 5
- 5. DETAILED PROCESS DESCRIPTION..... 6
- 6. APPROVAL- STANDARD OPERATING PROCEDURE..... 10

1. PREAMBLE

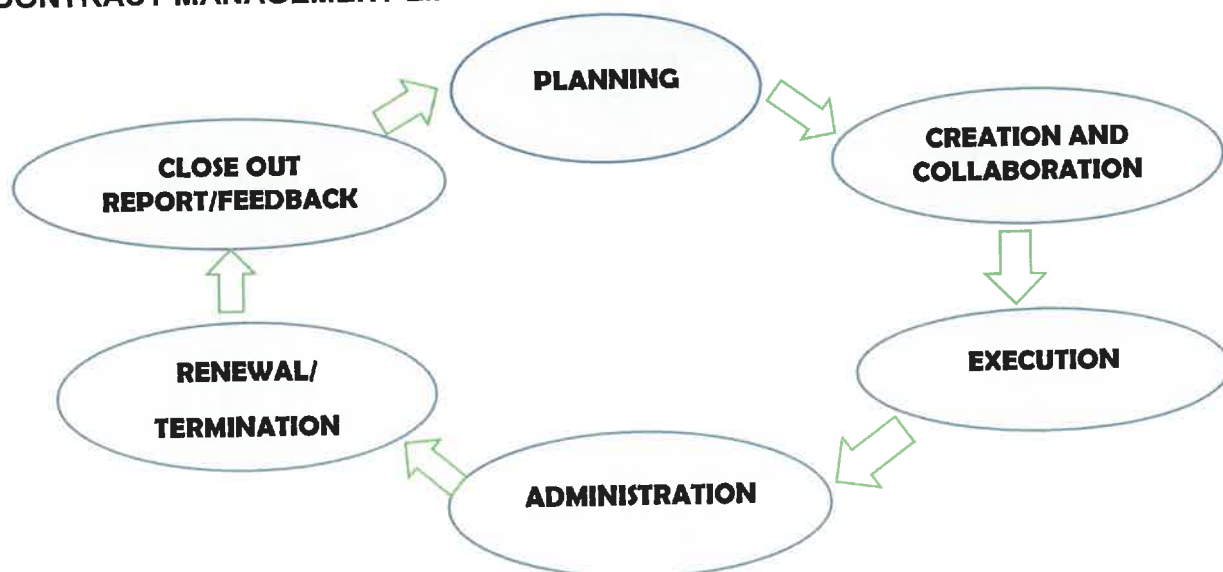
The purpose of the Standard Operating Procedure (SOP) is to:

- 1.1. Outline the procedures to be followed by the Contract and Supplier Performance office of DRDAR.
- 1.2. Give guidance on how the Contract and Vendor Performance Management Unit should ensure that there are proper Service Level Agreements (SLAs) in place between the Department and various Suppliers/Service Providers/ Contractors respectively and that there is adequate monitoring of those Contracts.
- 1.3. Ensure that the Department through its contracting processes protects the funds it disburses, derives the maximum return of services from those funds and fundamentally contributes greatly to the effectiveness and efficiency of service delivery. Further, to ensure compliance with applicable Legislation Frameworks and Regulations governing the administration of Contracts.

2. LEGISLATIVE FRAMEWORK

- 2.1. The Constitution of the Republic of South Africa, no 108 of 1996 as amended (S217)
- 2.2. Public Finance Management Act (PFMA)
- 2.3. Preferential Procurement Framework Act (PPFA)
- 2.4. Broad Based Black Economic Empowerment Act (BBBEE)
- 2.5. Public Administration Act
- 2.6. Promotion of Access to Information Act (PAIA)
- 2.7. Treasury Regulations
- 2.8. Preferential Procurement Policy Framework Act PPPFA Regulations
- 2.9. National and Provincial Practice Notes, Instruction Notes and Circulars

3. CONTRACT MANAGEMENT LIFE-CYCLE



**EC DRDAR CONTRACT AND VENDOR PERFORMANCE MANAGEMENT
STANDARD OPERATING PROCEDURE (SOP)**

4. Planning:

- 4.1. Projects should be identified from the Strategic Plan and linked to the strategic objectives of the Department which in turn will be assigned an appropriate budget.
- 4.2. Based on the appropriated budget and developed operational plan, the need for contract should be established in order to execute the operational plans.
- 4.3. Contracts Management Section of the Department in consultation with SCM Section of the Department must ensure that contracts for projects linked to strategic objectives are procured through an appropriate procurement process.

5. Creation:

- 5.1. Contract Management through SCM be informed timeously of any tender awarded for procurement of goods and services.
- 5.2. Contract Management and Legal Services must ensure that appropriate contract documentation for the relevant class of contract is documented and agreed upon by both the Contracts Manager and the End User. This step involves preparing the first draft of the contract documentation.

6. Collaboration:

- 6.1. Prior to engaging the appointed Service Provider, the End-User, Legal Services and Contracts Management section must review the drafted contract to ensure that the contract will give legal and non-legal effects to the requirements of all parties to the contract.
- 6.2. After the Service Provider has been approved for the appointment, the End-User and Legal Department must discuss the terms and conditions of the contract including the expected deliverables with the appointed Service Provider to ensure that the terms and conditions of the contract give effect to the requirements of both parties. The negotiated contract must be in line with, and must not be materially different from the tender specifications and awarded tender.

7. Execution:

- 7.1. Once the parties agree on the contract terms and the final draft of the SLA is agreed upon, the contract must be endorsed by the Chief Director SCM or the Head of Department.
- 7.2. The contract will only be enforceable after all the signatures of the relevant parties are documented; therefore, the signatures must include the initials on all pages by the User department and delegated representative of the appointed contractor.

8. Administration:

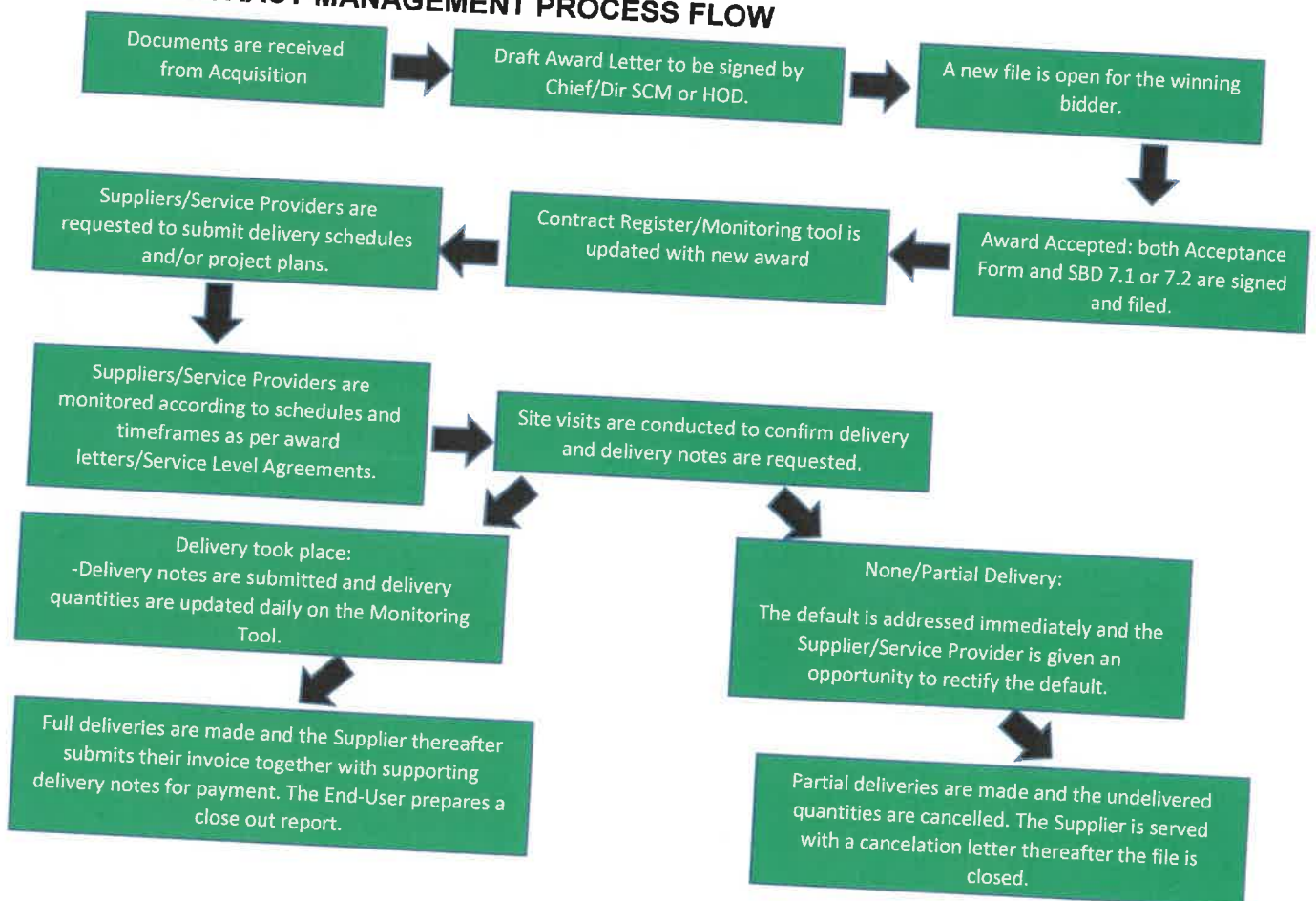
- 8.1. Contract administration includes all administrative (monitoring and evaluation) duties associated with a contract once it is implemented. Monitoring and Evaluation of the Supplier Performance and monitoring/tracking of progress payments made under the contract.

- 8.2. The contract should be signed by all parties concerned (contracts management must ensure that the service provider has the delegated powers to sign and amend the contractual agreement).
- 8.3. All once-off supply and delivery shall have a specified end delivery date and the Service Provider/Supplier shall sign the SBD 7.1 or 7.2, whichever is applicable.
- 8.4. Contracts Manager must ensure that the contract register recording all contracts of the Department is maintained by Contracts Management.

9. Renewal/Termination:

- 9.1. The Contracts Manager in consultation with the End-User/ Project Manager must assess the performance of the Service Providers at the regular intervals during the contract life cycle and importantly at the close-out or renewal of contract.

10. CONTRACT MANAGEMENT PROCESS FLOW



11. DETAILED PROCESS DESCRIPTION

RESPONSIBLE	PROCESS	ACTIONS/PROCEDURE	TIMEFRAMES
Admin Officer	Document retrieval	The Bid document and the approved memorandum recommending the winning Bidder are received from Acquisition Management.	Immediately after award, within 1 day.
Admin Officer/ Senior Admin Officer	Drafting letter of award	A Letter of award is drafted in respect of the winning Bidder and sent to the delegated signatory for signature (Chief/Dir SCM or HOD).	Within 24hrs of award
Admin Officer/ Senior Admin Officer	Send Letter of Award and SDB 7.1 to Supplier	The letter is signed and returned back to Contract Management and together with SBD 7.1/ SBD 7.2 they are sent electronically (email) to the winning bidder for acceptance.	Within 24hrs of award
Admin Officer/ Senior Admin Officer	Opening of new file	A file is opened comprising of the approved founding memorandum, approved bid document, bid evaluation/adjudication committees' report, the signed award letter, copy of the Order. *Districts are expected to send electronic copies of files (containing all the above documents) to Head Office.	Immediately upon receiving documents from Acquisition
Admin Officer/ Senior Admin Officer	Award accepted OR Withdrawal by the Supplier/Service Provider	The Supplier may either accept the award or withdraw its bid/offer. In the former, the acceptance form and SBD document shall be signed by the Supplier/Service Provider thereafter sent back to Contract Management. The SBD document is then sent to the delegated signatory for signing (Chief/Dir or HOD), accompanied by the contract file. In the event that the Supplier/Service Provider withdraws, they shall submit a letter of withdrawal with reasons for the withdrawal to Contract Management and Contract Management shall inform the End-User and Acquisition Management.	1 day
Assistant Director/Deputy Director	Monitoring tool is updated	Once the signed documents have been sent back to the Contract Management Unit, the Monitoring tool/ Contract Register is updated	Immediately upon receiving the signed acceptance form and SBD form

EC DRDAR CONTRACT AND VENDOR PERFORMANCE MANAGEMENT STANDARD OPERATING PROCEDURE (SOP)

RESPONSIBLE	PROCESS	ACTIONS/PROCEDURE	TIMEFRAMES
		with the contract details (e.g. contract amount, duration, description etc.).	
Assistant Director/Deputy Director	Drafting of Service Level Agreement	<p>Once the Supplier/Service Provider returns the signed documents, a Service Level Agreement (SLA) is prepared. Once all discussions and inputs have been considered by both Parties, the final version is signed by the Parties (Supplier/Service Provider and Chief/Dir or the HOD). An original copy of which will be placed in the file and filed at Contract Management.</p> <p>The Supplier/Service Provider shall be requested to submit a project plan covering the duration of the contract period. This will be an annexure to the SLA and will be used as an additional monitoring tool. Ensuring deliverables and milestones are achieved.</p> <p>*Districts are expected to send complete electronic copies of the files to Head Office including the signed SLA's.</p>	<p>3-5 days</p> <p>This will be done at discussion stage. On finalisation, the project plan should be attached to the SLA.</p> <p>Within 2 days of the SLA having been signed</p>
Assistant Director/Deputy Director	Submission of delivery schedules	<p>The Supplier/Service Provider shall be requested to submit a delivery schedule that is in line with the expected delivery time (7/14/21 days, whichever is applicable- as per award letter).</p> <p>*Districts are expected to communicate this information with DD Contract Management within 1 day of getting a response from the Supplier/Service Provider.</p>	Within 1 day (of signing of the Acceptance Form)
Director/Deputy Director/ End-User	Monitoring of deliveries	Deliveries are monitored as per the delivery areas/towns listed on the bid document and delivery schedules submitted by the Supplier. Site visits are done by the Contract Management Officials in the Districts and/or Head Office in collaboration with the End-Users Contract Management Officials and End-Users/ Extension Officers shall	Within 1-2 days of delivery.

**EC DRDAR CONTRACT AND VENDOR PERFORMANCE MANAGEMENT
STANDARD OPERATING PROCEDURE (SOP)**

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		<p>communicate throughout this period to ensure that proper monitoring and updating of the Monitoring Tool is done daily at the end of each day.</p>	
<p>Director/Deputy Director/ End-User</p>	<p>Full/Part delivery</p>	<p>Full or part deliveries shall be confirmed with the End-User/Officials at the Districts/District Directors through signed delivery notes which confirm satisfaction and completeness of the goods delivered.</p> <p>All deliveries must be updated on a specifically designed Monitoring tool to identify outstanding quantities and delays.</p> <p>The Supplier will submit their invoice for payment after full delivery.</p> <p>Part payments against an order can be made and must be agreed upon upfront and if it was stipulated on the SLA.</p>	<p>Within 1 day of delivery having taken place</p>
<p>Director/Deputy Director/ End-User</p>	<p>None/Partial delivery</p>	<p>If there is none/partial delivery, the Suppliers are called and enquiries are made regarding the poor performance. An email is sent to the Supplier making reference to the default and the agreed upon solution, if any, as discussed.</p> <p>Should the Supplier not rectify their default within the time specified in the email above, a meeting is called to address the issue(s) and minute the resolutions.</p> <p>The Supplier shall be given a maximum of 5 days to implement the resolutions of the meeting failing which a letter of intent to cancel will be served on the Supplier.</p> <p>The Supplier is given an opportunity to respond to the letter of intent stating reasons for none/poor performance and how they intend to rectify the breach. The reasons will</p>	<p>Immediately upon discovery of the default</p> <p>Response within 1 day</p>

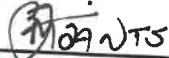
**EC DRDAR CONTRACT AND VENDOR PERFORMANCE MANAGEMENT
STANDARD OPERATING PROCEDURE (SOP)**

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		<p>be considered by Contract Management and presented to the BAC. The BAC may either: (i) extend delivery time or (ii) recommend that the contract be cancelled (the merits of each case will differ).</p> <p>(i) In the case were extension of time is granted, the Supplier shall be monitored strictly and daily updates (together with submissions of delivery notes) will be requested from the End-Users/Extension Officers/District Directors. Once the extension of time lapses and the deliveries are still incomplete, the Supplier is served with a letter of cancelation, cancelling the undelivered quantities.</p> <p>(ii) A submission for the cancelation of the undelivered quantities is presented at the BAC, tabulating the undelivered quantities and the financial implications thereof. Approval to cancel is sought from the HOD before the letter of cancelation is issued to the Supplier.</p> <p>Head Office Officials shall ensure that Extension of time or Cancellation Letters are sent to the End-Users/Extension Officers/District Directors to ensure that no further deliveries are accepted from a cancelled Supplier.</p>	<p>Letter of Cancelation- issued immediately after HOD approval</p> <p>Signed letters are sent immediately upon receipt</p>
Director/District Director/Deputy Director/End-User	Close-Out	<p>A close out report is prepared by the End-User/ Extension Officer in consultation with Contract Management and signed off by the relevant District Director.</p> <p>After payment is received by the Supplier and there are not disputes the file is closed stored for a 5 year period.</p>	Within 10 days after all deliveries are made/time has lapsed.

**EC DRDAR CONTRACT AND VENDOR PERFORMANCE MANAGEMENT
STANDARD OPERATING PROCEDURE (SOP)**

12. APPROVAL- STANDARD OPERATING PROCEDURE

SUMMARY: These are the Supplier Performance Management Operating Procedures for the Department of Rural Development and Agrarian Reform in line with all legislation and practice notes pertaining to Contract and Supplier Performance Management. Any amendments issued by the National and Provincial Treasuries will be taken into account in the execution of the Supplier Performance Management. These SOPs will only be reviewed when there is a change in legislation or new instruction notes from the National Treasury.



MRS S. MZANTSI

CHIEF FINANCIAL OFFICER



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ACTING HEAD OF DEPARTMENT

DATE: 20/05/2024

**EC DRDAR CONTRACT AND VENDOR PERFORMANCE MANAGEMENT
STANDARD OPERATING PROCEDURE (SOP)**