



**PPS Process
& Procedure**

PPP002 – Threshold values for purchasing

Applicable to

Purchases against all funds administered by the University.

Related Finance Policy

Financial Authority Limits [[GEN002](#)]

Objective

The purpose of threshold values in purchasing is to ensure that:

- procurement processes follow appropriate procedures in relation to the value of expenditure;
- the University obtains best value for money through a competitive process;
- the procurement process is transparent and fair;
- the risk to the University is managed;
- the interests of the University are protected; and that
- procurement conforms to UCT BBBEE procurement policy

Scope

Includes all:

- Assets and equipment
- Consumable goods and services
- Consulting services

Excludes:

- Orders placed with UCT preferred vendors - see [Preferred vendor list](#) on PPS website.

 **Note**

The exclusion would **not** apply to 'abnormal' volumes, non standard requirements, or occasional comparison of preferred vendors. However the intention is to reduce the need for quotes where pricing arrangements are in place.

- Orders fulfilling existing contracts which have been established by an appropriate quotation, tender or Request for Proposal (RFP) process.
- Emergency orders where unforeseen circumstances necessitate a single quote.

 **Note**

All emergency orders must be approved by the HOD.

- Construction contracts managed separately by Properties & Services (P&S).
- Imports – see process and procedure on the import and export of goods [[PPP001](#)].
- Sole suppliers i.e. where there is only one source of supply for the purchase requirement.

Examples of sole suppliers are:

- Items which must be compatible with existing equipment or systems and are only available from the Original Equipment Manufacturer (OEM).
- Items that have specific features essential for the completion of the task at hand and that are available from only one source of supply. This must be certified by an independent auditor.

 **Note**

Preference for one vendor, product or service does **not** constitute a sole supplier. These preferences must be determined through a competitive proposal / bid process issued by Procurement and Payment Services (PPS).

Additional information

- Comparative quotes or tenders may be called for orders *below* the value thresholds defined below, if the fund holder deems it is necessary or appropriate, or to test the market.



- Individual departments or faculties may set their own order value thresholds lower than the guideline values, but all departments must adhere to order values above the guideline values, as a minimum requirement.
- Although contract prices have been agreed with preferred vendors, bulk orders may warrant the calling for quotes from more than one preferred vendor for additional discounts.

Threshold values

Order value range	Procedure
Below R50,000	1- 3 verbal / written quotes, if appropriate
R50,000 – R500,000	3 written quotes
Above R500,000	formal tender process

Procedure

All formal tender processes are managed by PPS, who are available to assist with any of the above procedures.



Note

In addition to these procurement procedure guidelines, all expenditure is subject to the approval of the relevant signatories as specified by Council in its schedule of delegated authority (refer [Financial Authority Limits](#) policy).

All quotations should be retained and filed for audit purposes

Implementation responsibility

Fund holders are accountable and purchasers are responsible for the application of these processes and procedures, whenever expenditure is incurred against funds under their control.

Direct queries to

Carol Pause
Carol.Pause@uct.ac.za
 021 650 3751

John Pretorius
John.Pretorius@uct.ac.za
 021 650 2484

Guideline owner Head, Procurement & Payment Services (PPS), Finance
This review New document
Approved by PPS Management, 1 July 2009