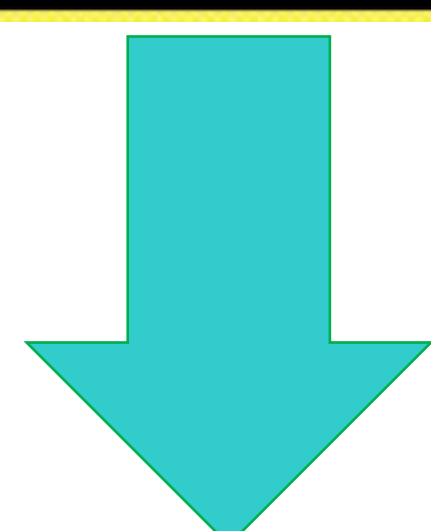
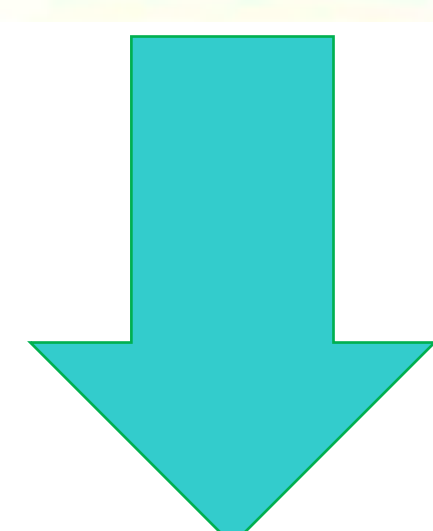
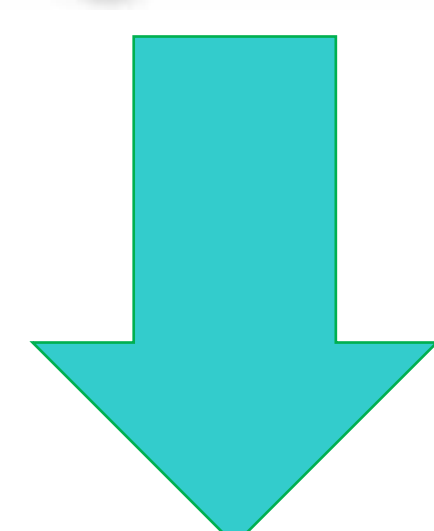


Enhancement of Security Deposit Submission Process

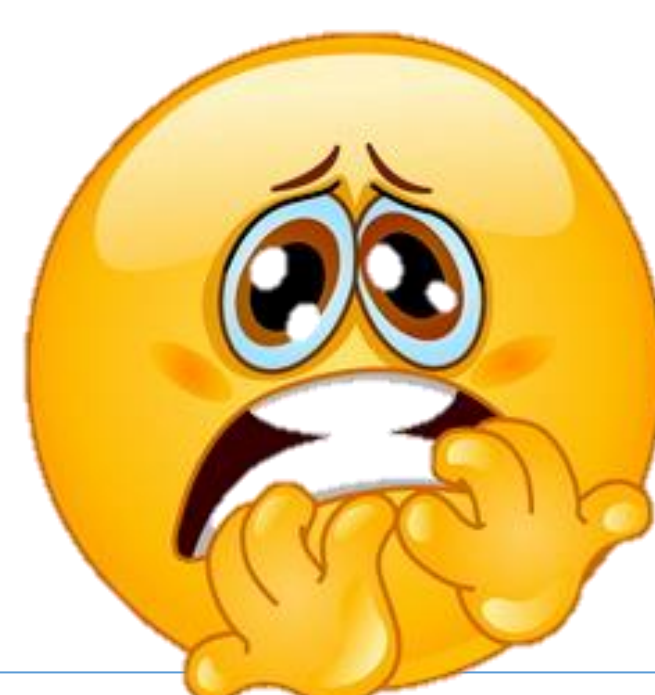
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SCM

1. Introduction



Security deposits (SDs) are required to be submitted within a stipulated time frame by awarded vendors to protect the organization's interests in the event of failure to perform or non-delivery by the vendors

Vendors often do not submit the SDs on time as requested. There is no incentive for them to submit SDs on time.



This created a challenge as there is no tangible guarantee that the organization can hold on to, in the event of failure to perform or non-delivery by the vendors



4. RESULTS

Vendors are more prompt in submitting SDs when payments are withheld



2. Aim

- To put a system in place where SDs will be submitted timely once the Letter of Acceptance is being issued to the awarded vendor

3. Methodology

- In order to overcome this challenge, Contract Management has incorporated a contractual provision which allows the organization to withhold payment to the vendor, in the event that vendor fails to submit the required security deposit on time
- This requirement is made known early to the vendors at Request for Proposal (RFP) stage
- Buyers will put the Purchase Order on hold in SAP, if SDs are not submitted
- No payment can be processed and made to the relevant vendor, unless and until the SD has been received by Contract Management

Upon receipt of the SD, Contract Management will notify buyer to release the Purchase Order in SAP, so payment can be processed by Finance

5. Conclusion

Security deposits are vital guarantees in ensuring the performance of contractual obligations. Vendors are more prompt in submitting security deposits when their payments are withheld. With this measure in place, there is increased assurance in vendors' performance. The organization is able to draw upon the security deposits directly when claiming for damages resulting from vendors' non-performance or failure to deliver in accordance with the parties' contractual obligations.