

PROCUREMENT POLICY OF THE PINELANDS COMMUNITY IMPROVEMENT DISTRICT (THE “Pinelands CID”)

Approved by the Directors of the Pinelands Community Improvement District NPC (reg. no **2023/828331/08**) on 12 April 2024.

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1. DEFINITIONS

- 1.1. “**annual budget**” means the budget of the Pinelands CID NPC as approved by the Council and includes an annual budget revised by an adjustment budget;
- 1.2. “**bid**” means a written offer in response to an invitation by the Pinelands CID NPC for the provision of goods or services through price quotations, advertised competitive bidding processes of proposals, or any other proposition for business with the Pinelands CID NPC whether solicited or not;
- 1.3. “**board**” means the board of directors of the Pinelands CID NPC contemplated in section 66 of the Companies Act, 71 of 2008;
- 1.4. “**business plan**” means the composite document, consisting of a motivation report, implementation plan and term budget as contemplated in schedule 1 of the By-law;

- 1.5. **“delegated person”** means any person delegated by the board to perform one or more functions in terms of this policy;
- 1.6. **“formal written price quotation”** means a written or electronic offer to the Pinelands CID in response to an invitation to submit a quotation. “Formal Written Price Quotation”, “Written Price Quotation”, “Quotation” or “Quote” shall have a similar meaning. Also referred to as “Bids”;
- 1.7. **“transaction value”** means the actual contract value (the bid sum or price) in South African currency, inclusive of all applicable taxes in respect of the goods, services or construction works that are contracted for;
- 1.8. **“Pinelands Community Improvement District Non-Profit Company”** and **“Pinelands CID”** means the management body of the Pinelands CID, incorporated as a non-profit company under the Companies Act, tasked with implementing the CID’s business plan, as contemplated in section 8 of the By-law;
- 1.9. **“Pinelands CID manager”** means the full-time manager employed by the Pinelands CID NPC to attend to the day-to-day business of the company.

2. INTERPRETATION & APPLICATION

- 2.1. All terms and phrases used in this Policy bear the same meaning as assigned to them in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) (the *“MPRA”*), the City of Cape Town: City Improvement District By-law, 2022, as amended (the *“By-law”*), and the City of Cape Town Supply Chain Management Policy 27 March 2008 C91/03/08, as amended (the *“Supply Chain Management policy”*).
- 2.2. This Policy must be read together with the MPRA, the By-Law, the City Improvement District Policy, the Supply Chain Management policy and any other City Policies which may be relevant.
- 2.3. In the event of a conflict with any of the MPRA, the By-Law, the City Improvement District Policy, the Supply Chain Management policy then the MPRA, the By-Law, the City Improvement District Policy or the Supply Chain Management policy will prevail.

3. AIM OF THE POLICY

- 3.1. The purpose of this Policy is to provide guidelines for the procurement of goods and services by the Pinelands CID NPC in line with its business plan in a manner which is cost-effective, sustainable, transparent, competitive, equitable and fair.
- 3.2. Where the transaction value is below R30,000, and it is reasonably possible, the Pinelands CID NPC may request quotations directly from Community Based Suppliers.
- 3.3. This Policy provides for –
 - 3.3.1. authorised procedures for the acquisition of goods and services by the Pinelands CID NPC;
 - 3.3.2. threshold values of the different prescribed procurement procedures; and
 - 3.3.3. setting of criteria for the adjudication and evaluation of bids.

4. COMMENCEMENT

- 4.1. This policy is effective from the date on which it is adopted by the board of the Pinelands CID NPC, to be reviewed annually.

5. PUBLICATION OF POLICY

- 5.1. This policy will be published on the Pinelands CID website.

6. ADVERTISEMENTS, NOTICES AND COMMUNICATIONS

6.1. The Pinelands CID NPC must notify the local community of any bid invitations for the procurement of goods or services as follows:

6.1.1. For transaction values above R100,000.00 but less than R1 million, the bid invitation shall be published on the Pinelands CID NPC website and *Facebook* page.

6.1.2. For transaction values above R1 million, the bid invitation shall be published on the Pinelands CID NPC website and *Facebook* page, as well as in at least one local newspaper.

7. COMMUNITY BASED SUPPLIERS

7.1. The Pinelands CID NPC may request quotations directly from suppliers based within the Pinelands CID area for the procurement of goods and services for amounts less than R50,000.00 in accordance with procedures as may be determined by the board from time to time.

8. RANGE OF COMPETITIVE PROCESSES

8.1. Transaction value: less than or equal to R5,000.00 -

8.1.1. Where the transaction value is less than or equal to R5,000.00, the board, the Pinelands CID manager or any other delegated person may procure goods or services by way of direct negotiation.

8.2. Transaction value: R5,001.00 to R30,000.00 -

8.2.1. Where the transaction value exceeds R5,000.00 and is less than or equal to R30,000.00, the Pinelands CID manager or delegated person must obtain written price quotations from at least three different suitably qualified and experienced providers.

8.2.2. The aforesaid written quotations may be obtained by way of direct negotiation and/or bid invitations via the Pinelands CID NPC's social media platforms and website.

8.2.3. If it is not possible to obtain at least three written quotations, the reasons must be recorded and approved by the board.

8.2.4. The Pinelands CID manager or delegated person must record the names of any potential providers requested to provide quotations and their written quotations.

8.2.5. The board or delegated person must consider the written quotations and may award the contract to the preferred bidder.

8.3. Transaction value: R30,001.00 – R200,000.00 -

8.3.1. Where the transaction value exceeds R30,000.00 and is less than or equal to R200,000.00, the Pinelands CID manager or delegated person must –

8.3.1.1. invite formal written quotations by way of public notice as contemplated at paragraph 6.1.2 above for at least 7 days; and

8.3.1.2. Obtain written price quotations from at least three different suitably qualified and experienced providers.

8.3.2. If quotations have been invited on the Pinelands CID NPC's website, no additional quotes need to be obtained if less than three responses are received.

8.3.3. If it is not possible to obtain at least three written quotations, the reasons must be recorded and approved by the board.

- 8.3.4. The Pinelands CID manager or delegated person must record the names of any potential providers requested to provide quotations or providers who submitted quotations pursuant to the public notice, together with their written quotations.
- 8.3.5. The Pinelands CID manager or delegated person must prepare a written report for consideration by the board or the delegated person, summarising the quotations and recommending one or more service providers for appointment.
- 8.3.6. The board or delegated person must consider the written quotations and may award the contract to the recommended supplier.
- 8.4. Transaction value: in excess of R200,000.00 -
 - 8.4.1. Where the transaction value exceeds R200,000.00, or for any contract exceeding one year in duration, a competitive bid process as stipulated under this provision must be followed.
 - 8.4.2. The Pinelands CID manager or delegated person must prepare the bid documentation, which describes the bid specifications (i.e. a description of the required goods or services), the main terms and conditions of the proposed contract and any applicable evaluation criteria.
 - 8.4.3. The board must approve the bid documentation before public invitation for competitive bids.
 - 8.4.4. Notice of the bid invitation must be published as contemplated at paragraph 6.1.2 above for at least 20 days.
 - 8.4.5. The board may extend the bid closing date on good grounds.
 - 8.4.6. The board may, if necessary, authorise a delegated person to communicate with bidders prior to bids closing, provided that any such communication shall be in writing. No verbal communication with bidders which may have implications for other bidders will be permitted before the bid closing date.
 - 8.4.7. Evaluation criteria for bids must be set before evaluation commences.
 - 8.4.8. Use of a scoring system for evaluation is mandatory.
 - 8.4.9. The Pinelands CID manager or delegated person shall evaluate the bids and prepare a written report, which includes recommendations regarding the awarding of the bid, for consideration by the board.
 - 8.4.10. The board must consider the bids in light of the bid specifications, the objectives of this policy, as well as any other relevant considerations, and may award the contract to the preferred bidder.
 - 8.4.11. The board may enter into negotiations with the preferred bidder to finalise the terms of the contract, provided such negotiations do not allow the preferred bidder an unfair opportunity or result in a higher price than contained in the bid.
 - 8.4.12. The board may cancel the bid prior to the award of the contract in appropriate circumstances, including but not limited to a change in the need for the goods or services, unavailability of funds, the receipt of non-responsive bids or material irregularities in the process.
 - 8.4.13. The successful bidder and unsuccessful bidders will be notified in writing once the board has determined the successful bidder.
- 8.5. Appointment of preferred suppliers. The board of the Pinelands CID may at its sole discretion appoint a preferred supplier for specific goods and services:

- 8.5.1. The appointed supplier must have been the successful bidder in terms of a process as per either S8.2, S8.3 or S8.4 for the same or similar goods and/or services within the past six months.
- 8.5.2. The appointment may not last more than twelve months.
- 8.5.3. The goods and services for which the supplier is appointed must be specified.
- 8.5.4. All transactions of greater than R5000.00 with a preferred vendor require board approval.

9. CONTRACTS

- 9.1. Any contract entered into with a service provider must include:
 - 9.1.1. Clear performance indicators with appropriate targets and/or service levels;
 - 9.1.2. Provision for regular meetings to review performance against these targets and/or service levels where problems which could impact performance are resolved;
 - 9.1.3. Penalties which enable the Executive Officer to correct poor performance; and
 - 9.1.4. A termination clause that allows the contract to be terminated in the event of poor performance;

10. DEVIATION FROM PROCUREMENT PROCESSES

- 10.1. The board may dispense with the procurement processes stipulated in this policy and procure any required goods or services through any convenient process, which may include direct negotiation, but only in respect of-
 - 10.1.1. Any contract relating to an emergency where it would not be in the interest of the Pinelands CID NPC to invite bids or written quotations;
 - 10.1.2. Any goods or services which are available from a sole provider only;
 - 10.1.3. Any other exceptional circumstances where it is impractical or impossible to follow the official procurement process.
- 10.2. The board may ratify any minor breaches of the procurement policy by a delegated person, provided the breach is of a technical nature.
- 10.3. The reasons for all deviations shall be recorded by the Pinelands CID manager or delegated person and reported by the board to the NPC members in the annual report.

11. CONTRACT SPLITTING

The provision of goods or services may not be deliberately split into parts, or items of lesser value, in order to avoid complying with the requirements of this policy.