



# **PINELANDS COMMUNITY IMPROVEMENT DISTRICT NPC**

## **PROCUREMENT POLICY**

Policy Owner	CID Manager
Responsible Officer	Board of Directors
Approval Authority	Board of Directors
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### **PROCUREMENT POLICY**



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**1. SCOPE AND LEGAL BASIS**

- 1.1. This Procurement Policy (“the Policy”) is adopted by the Board of Directors of the Pinelands Community Improvement District NPC (the “Pinelands CID”) in terms of the Companies Act, 71 of 2008, the Memorandum of Incorporation, and the fiduciary duties of the Board.
- 1.2. This Policy governs the procurement of all goods and services by the Pinelands CID, including but not limited to operational services, professional services, maintenance services, security, cleaning, consulting and capital acquisitions.
- 1.3. This Policy applies to:
- 1.3.1. all directors of the Pinelands CID;
  - 1.3.2. the Pinelands CID Manager;
  - 1.3.3. any employee, contractor or agent acting on behalf of the Pinelands CID;
  - 1.3.4. any person delegated with procurement authority by the Board.
- 1.4. This Policy is informed by, and aligned with, the City of Cape Town City Improvement District By-law and the City of Cape Town Supply Chain Management Policy as governance benchmarks, while being implemented within the legal framework applicable to a non-profit company under the Companies Act.
- 1.5. In the event of any conflict between this Policy and any applicable legislation, the Companies Act, the Memorandum of Incorporation, and any binding City policy or By-law shall prevail.
- 1.6. This Policy may only be amended by resolution of the Board of Directors.

**2. DEFINITIONS AND INTERPRETATION**

In this Policy, unless the context indicates otherwise

- 2.1. “**Board**” means the Board of Directors of the Pinelands CID.



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- 2.2. “**CID Manager**” means the full-time manager appointed by the Pinelands CID to manage its day-to-day operations.
- 2.3. “**Delegated authority**” means any authority formally delegated in writing by the Board in terms of this Policy.
- 2.4. “**Deviation**” means any procurement conducted otherwise than in accordance with the standard procurement procedures set out in this Policy.
- 2.5. “**Deviation register**” means a record maintained by the Pinelands CID of all approved deviations, including the reasons for the deviation, the approving authority and the value of the procurement.
- 2.6. “**Emergency**” means a situation where immediate procurement is required to prevent or mitigate:
- 2.6.1. risk to public safety;
  - 2.6.2. damage to property or infrastructure;
  - 2.6.3. material disruption to essential CID services; or
  - 2.6.4. significant financial or reputational harm to the Pinelands CID.
- 2.7. “**Goods and services**” includes all operational services, professional services, consulting, maintenance, security, cleaning, construction, equipment and capital acquisitions.
- 2.8. “**Non-executive director**” means a director of the Pinelands CID who is not involved in the day-to-day operational management of the Pinelands CID and who does not exercise operational or managerial responsibility in respect of the procurement in question.
- 2.9. “**Pinelands-based supplier**” means a supplier that is registered, operating or ordinarily conducting business within the geographical boundary of the Pinelands CID.
- 2.10. “**Pinelands CID**” means the Pinelands Community Improvement District NPC (Registration No. 2023/828331/08).
- 2.11. “**Preferred supplier**” means a supplier approved by the Board or Procurement Subcommittee for the provision of specified goods or services for a defined period, following a competitive or comparative procurement process.
- 2.12. “**Procurement**” means the acquisition of goods or services for or on behalf of the Pinelands CID, whether through purchase, lease, contract, tender or any other arrangement.
- 2.13. “**Procurement Subcommittee**” means a committee established by the Board in terms of this Policy to exercise delegated procurement authority, constituted and operating in accordance with the provisions of this Policy.
- 2.14. “**Transaction value**” means the total estimated value of the procurement over its full duration, exclusive of VAT, and shall include any extensions, renewals, variations or related phases of work.



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### 3. CORE PROCUREMENT PRINCIPLES

- 3.1. All procurement by the Pinelands CID shall be conducted in accordance with the principles of:
  - 3.1.1. Fairness;
  - 3.1.2. Transparency;
  - 3.1.3. Accountability;
  - 3.1.4. Proportionality; and
  - 3.1.5. Best value for money.
- 3.2. Best value for money shall not necessarily mean the lowest price, but the optimum combination of cost, quality, experience, reliability and long-term sustainability.
- 3.3. Procurement decisions shall be taken in good faith, in the best interests of the Pinelands CID, and in accordance with the fiduciary duties of the Board under the Companies Act.
- 3.4. Procurement processes shall be proportionate to the transaction value and risk profile of the procurement, and shall not impose unnecessary administrative burdens where simpler procedures are justified.
- 3.5. The Board may consider service quality, technical competence, operational reliability, sustainability and local economic participation in procurement decisions where consistent with best value for money and the best interests of the Pinelands CID.
- 3.6. No person may improperly influence, manipulate or interfere with any procurement process.
- 3.7. All procurement and expenditure by the Pinelands CID shall be undertaken within the limits of the approved annual budget, which shall include any duly approved adjustment budget.

### 4. PROCUREMENT THRESHOLDS AND DELEGATIONS

- 4.1. All procurement undertaken by the Pinelands CID shall be conducted in accordance with the thresholds and approval authorities set out in this Policy, except for approved recurring operational payments and reimbursements, which shall be governed by the underlying contract, budget approval or expense policy.
- 4.2. **Approved recurring operational payments** include, but are not limited to:
  - 4.2.1. utilities, rent and municipal services;
  - 4.2.2. telecommunications and internet services;
  - 4.2.3. accounting, audit and professional service retainers approved by the Board;



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- 4.2.4. software licences and subscriptions approved in advance;
  - 4.2.5. insurance premiums;
  - 4.2.6. bank charges and financial service fees;
  - 4.2.7. statutory levies and regulatory fees; and
  - 4.2.8. staff expense reimbursements processed in terms of an approved expense policy.
- 4.3. Payments as per clause 4.2 shall be:
- 4.3.1. provided for in the approved annual budget or contract; and
  - 4.3.2. paid in accordance with delegated financial authority.
- 4.4. **Procurement Thresholds (ex. VAT)**

<b>Transaction Value (ex. VAT)</b>	<b>Delegated Authority</b>	<b>Minimum Process</b>
≤ R5,000	CID Manager	Direct purchase, price reasonableness
R5,001 – R50,000	CID Manager + either Portfolio Director or Treasurer	Informal RFQ, at least three written quotations
R50,001 – R100,000	CID Manager + Portfolio Director + Treasurer	Formal RFQ, written evaluation
R100,001 – R200,000	Procurement Subcommittee	Formal RFQ, documented evaluation
> R200,000	Full Board	Competitive tender, scoring
Any contract > 12 months (regardless of value)	Full Board	Competitive tender
Emergency / sole supplier	Deviation procedure applies	Ratification where prior approval not reasonably practicable

- 4.5. The **transaction value** shall be determined based on the total estimated value of the procurement over its full duration, exclusive of VAT, and shall include any extensions, renewals, variations or related phases of work.



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- 4.6. Where procurement forms part of a broader programme, project or series of related services, the transaction value shall be assessed with reference to the total anticipated spend for that programme or project.
- 4.7. The transaction value shall be assessed in good faith and may not be artificially reduced for the purpose of avoiding a higher procurement threshold.
- 4.8. The Pinelands CID may procure **ad-hoc or once-off services** from the same supplier on a recurring basis, particularly where such services are small, localised or operational in nature, provided that each individual procurement complies with the applicable transaction threshold in this Policy and is approved in accordance with the relevant delegated authority. This clause does not permit the artificial splitting of a larger project, programme or contract into smaller procurements in order to avoid the application of a higher procurement threshold.
- 4.9. Where ad-hoc services from the same supplier become ongoing in nature, the Board or Procurement Subcommittee may require that such services be formalised through a contract, panel or another appropriate procurement process.
- 4.10. **Preferred Suppliers**
- 4.10.1. A preferred supplier may be appointed only where the Board or Procurement Subcommittee determines that the relevant goods or services are required on a recurring or ongoing basis and that it is operationally inefficient or impractical to conduct repeated procurement processes.
- 4.10.2. The appointment of a preferred supplier shall:
- 4.10.2.1. be based on a competitive or comparative procurement process;
- 4.10.2.2. specify the scope and category of goods or services; 4.10.2.3. be for a defined period not exceeding twelve (12) months; and
- 4.10.2.4. be reviewed periodically.
- 4.10.3. The use of a preferred supplier shall not exempt the Pinelands CID from the requirement to demonstrate best value for money.
- 4.10.4. The appointment of a preferred supplier does not create an obligation on the Pinelands CID to use that supplier exclusively.
- 4.11. **Procurement Subcommittee**
- 4.11.1. The Board shall establish a **Procurement Subcommittee** to exercise delegated procurement authority in accordance with this Policy.
- 4.11.2. The Procurement Subcommittee shall ordinarily comprise:
- 4.11.2.1. the CID Manager; and
- 4.11.2.2. the relevant Portfolio Director; and



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- 4.11.2.3. the Chairperson or another non-executive director nominated by the Chairperson; and
- 4.11.2.4. the Treasurer.
- 4.11.3. The quorum of the Procurement Subcommittee shall be **three** Subcommittee members, and shall include at **least two directors**.
- 4.11.4. In the event of a conflict of interest or unavailability, the Chairperson may nominate an alternative non-executive director to serve on the Procurement Subcommittee.
- 4.11.5. The Procurement Subcommittee may co-opt additional persons in an advisory capacity, but such persons shall have no voting rights.
- 4.11.6. The Procurement Subcommittee shall operate in terms of written terms of reference approved by the Board.
- 4.11.7. All decisions of the Procurement Subcommittee shall be reported to the Board at the next scheduled Board meeting.
- 4.11.8. No person may deliberately divide, structure or manipulate any procurement in a manner intended to avoid the application of a higher procurement threshold or approval authority.
- 4.12. Any attempt to circumvent the thresholds or approval authorities set out in this Policy shall constitute a breach of this Policy and may result in disciplinary action.
- 4.13. No procurement or expenditure may be approved unless it is provided for in the approved annual budget or an approved adjustment budget, or has been separately approved by the Board.

## **5. PROCUREMENT PROCEDURES**

### **5.1. General Procedural Requirements**

- 5.1.1. All procurement processes shall be conducted in a manner that is fair, transparent, competitive and proportionate to the transaction value and risk profile of the procurement.
- 5.1.2. Procurement processes shall be designed to promote effective competition and avoid unnecessary barriers to participation by suitably qualified suppliers.
- 5.1.3. No person involved in a procurement process may solicit or accept any gift, favour, inducement or benefit from any supplier or prospective supplier.
- 5.1.4. All procurement decisions shall be supported by appropriate written documentation and recorded in accordance with this Policy.



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- 5.1.5. The Pinelands CID may use electronic communication, email and online platforms for the issuing and receipt of quotations and bids.
- 5.1.6. Advertising of procurement opportunities shall be undertaken in a manner that promotes transparency, competition and reasonable access to information for potential suppliers.
- 5.2. **Conflict of Interest**
  - 5.2.1. Any person involved in a procurement process, including members of the Board, the Procurement Subcommittee, management or advisors, shall disclose any actual, potential or perceived conflict of interest prior to participating in the process.
  - 5.2.2. A conflict of interest includes, but is not limited to:
    - 5.2.2.1. any personal, financial or business interest in a supplier or prospective supplier;
    - 5.2.2.2. any relationship which could reasonably be perceived to influence decision-making; or
    - 5.2.2.3. any direct or indirect benefit arising from a procurement decision.
  - 5.2.3. Any person who has declared a conflict of interest shall:
    - 5.2.3.1. recuse themselves from all discussions and decisions relating to the procurement; and
    - 5.2.3.2. not have access to procurement documentation or evaluation materials in respect of that procurement.
  - 5.2.4. All conflict of interest declarations and recusals shall be recorded in writing.
  - 5.2.5. Failure to disclose a conflict of interest may constitute a breach of this Policy and may result in disciplinary action.
- 5.3. **Direct Procurement (≤ R5,000)**
  - 5.3.1. Where the transaction value is less than or equal to R5,000, the Pinelands CID may procure goods or services through direct procurement.
  - 5.3.2. The CID Manager may obtain goods or services without obtaining multiple quotations, provided that the price is reasonable and the procurement is within the approved budget.
  - 5.3.3. The procurement decision shall be approved by the CID Manager and recorded in writing.



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- 5.4. **Informal Request for Quotation (R5,001 – R50,000)**
- 5.4.1. Where the transaction value exceeds R5,000 and is less than or equal to R50,000 the Pinelands CID shall procure goods or services through an informal request for quotation process.
  - 5.4.2. The CID Manager shall prepare a brief description, scope of work or specification sufficient to enable suppliers to provide comparable quotations.
  - 5.4.3. The CID Manager shall obtain written price quotations from at least 3 (three) suitably qualified and experienced suppliers.
  - 5.4.4. Quotations may be obtained through direct invitation, email, or other electronic means.
  - 5.4.5. The quotations received shall be evaluated on the basis of best overall value, taking into account price, quality, experience, reliability, capacity and any other relevant factors.
  - 5.4.6. The procurement decision shall be approved in accordance with the delegated authority set out in this Policy and recorded in writing.
- 5.5. **Formal Request for Quotation (R50,001 – R100,000)**
- 5.5.1. Where the transaction value exceeds R50,000 and is less than or equal to R100,000, the Pinelands CID shall procure goods or services through a formal request for quotation process.
  - 5.5.2. The CID Manager shall prepare a written scope of work or specification describing the required goods or services. Quotations shall be invited from suitably qualified suppliers and may additionally be advertised on the Pinelands CID website or other appropriate communication platforms where this would promote transparency or competition.
  - 5.5.3. Written quotations shall be invited from at least 3 (three) suitably qualified and experienced suppliers, where reasonably practicable.
  - 5.5.4. All quotations shall be submitted in writing by a specified closing date and time.
  - 5.5.5. The quotations received shall be evaluated in a documented manner on the basis of best overall value, taking into account price, quality, experience, reliability, capacity and any other relevant factors and in accordance with clauses 5.8. and 5.9 of this Policy.
  - 5.5.6. A written evaluation report shall be prepared and submitted for approval by the CID Manager and Portfolio Director and Financial Director/Treasurer.
  - 5.5.7. The procurement decision shall be recorded in writing.



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- 5.6. **Procurement Subcommittee Request for Quotation (R100,001 – R200,000)** 5.6.1. Where the transaction value exceeds R100,000 and is less than or equal to R200,000, the Pinelands CID shall procure goods or services through a formal request for quotation process overseen by the Procurement Subcommittee.
- 5.6.2. The CID Manager shall prepare a written scope of work or specification describing the required goods or services sufficient to enable suppliers to provide comparable formal quotations.
- 5.6.3. A public invitation for quotations shall be issued on the Pinelands CID website and/or other appropriate communication platforms for a minimum period of 14 (fourteen) calendar days.
- 5.6.4. All quotations shall be submitted in writing by a specified closing date and time.
- 5.6.5. The quotations received shall be evaluated in a documented manner by the Procurement Subcommittee on the basis of best overall value, taking into account price, quality, experience, reliability, capacity and any other relevant factors.
- 5.6.6. A written evaluation report and recommendation shall be prepared by the Procurement Subcommittee.
- 5.6.7. The procurement decision shall be approved by the Procurement Subcommittee and recorded in writing.
- 5.7. **Competitive Tender Process (> R200,000)**
- 5.7.1. Where the transaction value exceeds R200,000, the Pinelands CID shall procure goods or services through a competitive tender process approved by the Board.
- 5.7.2. The CID Manager shall prepare bid documentation describing the required goods or services, the main terms and conditions of the proposed contract, and the applicable evaluation criteria.
- 5.7.3. The bid documentation shall be approved by the Board prior to public invitation.
- 5.7.4. A public invitation to tender shall be issued on the Pinelands CID website and/or other appropriate communication platforms, and in at least one local newspaper, for a minimum period of 21 (twenty-one) calendar days.
- 5.7.5. All bids shall be submitted in writing by a specified closing date and time.
- 5.7.6. No verbal communication with bidders which may have implications for other bidders shall be permitted prior to the bid closing date.



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- 5.7.7. Bids shall be evaluated in accordance with the approved evaluation criteria and scoring methodology and in accordance with clause 5.9.
- 5.7.8. A written evaluation report and recommendation shall be prepared and submitted to the Board.
- 5.7.9. The Board may approve, reject or cancel the tender and shall record its decision in writing.

**5.8. Mandatory Service Provider Contract Provisions**

- 5.8.1. Any contract entered into by the Pinelands CID with a service provider must, where applicable, include at least:
  - 5.8.1.1. clear performance indicators with appropriate targets and/or service levels;
  - 5.8.1.2. provision for regular meetings to review performance against those targets or service levels and to address issues which could affect service delivery;
  - 5.8.1.3. appropriate corrective measures, penalties or other contractual remedies for poor performance; and
  - 5.8.1.4. a termination clause permitting termination in the event of sustained or material poor performance.

**5.9. Bid Evaluation and Scoring**

- 5.9.1. All quotations and bids shall be evaluated on the basis of best overall value for money and not solely on price.
- 5.9.2. Evaluation shall take into account, where relevant:
  - 5.9.2.1. price and total cost of ownership;
  - 5.9.2.2. quality and technical merit;
  - 5.9.2.3. experience and track record;
  - 5.9.2.4. capacity and resources;
  - 5.9.2.5. reliability and past performance;
  - 5.9.2.6. compliance with specifications; and
  - 5.9.2.7. sustainability and local economic participation, where appropriate.
  - 5.9.2.8. the supplier's ability and willingness to contract on the Pinelands CID's Mandatory Service Provider Contract Provisions set out in clause 5.8.
- 5.9.3. Price shall not carry a weighting of more than fifty percent (50%) of the total evaluation score unless otherwise approved by the Board or Procurement Subcommittee.



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- 5.9.4. The evaluation methodology and criteria shall be determined in advance of receiving quotations or bids and shall be applied consistently.
- 5.9.5. A documented evaluation record shall be maintained for all procurements above R50,000.
- 5.10. **Deviations and Emergency Procurement**
- 5.10.1. Any deviation from the procurement procedures set out in this Policy may only occur in exceptional circumstances and must be properly motivated in writing.
- 5.10.2. A deviation may be approved where:
- 5.10.2.1. it is not reasonably practicable to obtain the required number of quotations;
  - 5.10.2.2. there is a sole or limited supplier for the required goods or services;
  - 5.10.2.3. a preferred supplier has been approved by the Board or Procurement Subcommittee for specific goods or services;
  - 5.10.2.4. procurement from a supplier based within the Pinelands Community District is justified in support of local economic participation and consistent with best value for money provided that the procurement remains consistent with best value for money and operational requirements;
  - 5.10.2.5. there is an **emergency** or time-critical operational requirement; or
  - 5.10.2.6. there is an operational necessity which makes compliance with the normal process impractical.
- 5.10.3. All deviations must:
- 5.10.3.1. be authorised in accordance with the delegated authority set out in this Policy and specifically clause 4.4.;
  - 5.10.3.2. be properly motivated in writing;
  - 5.10.3.3. be recorded in a deviation register; and
  - 5.10.3.4. be available for inspection by the Board.
- 5.11. **Emergency Procurement**
- 5.11.1. For the purposes of this Policy, an **emergency** means a situation where immediate procurement is required to prevent or mitigate:
- 5.11.1.1. risk to public safety;
  - 5.11.1.2. damage to property or infrastructure;
  - 5.11.1.3. material disruption to essential CID services; or



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- 5.11.1.4. significant financial or reputational harm to the Pinelands CID.
- 5.11.2. In an emergency, the CID Manager may procure goods or services without following the normal procurement procedures, provided that:
  - 5.11.2.1. the circumstances meet the definition of an **emergency**;
  - 5.11.2.2. the expenditure is within the approved budget or is separately approved; and
  - 5.11.2.3. the procurement is reported for ratification by the Board where prior authorisation was not reasonably practicable.
- 5.11.3. Emergency procurement shall be limited to the minimum necessary to address the emergency.

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**Ends**