



TOGETHER, A BETTER
WELGEMOED
FOR ALL

**PROCUREMENT POLICY OF THE WELGEMOED CITY IMPROVEMENT
DISTRICT (THE “WCID”)**

Approved by the Directors of the Welgemoed City Improvement District NPC (reg. no 2020/556954/08 on 26 August 2021.

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1. DEFINITIONS

- 1.1. **“annual budget”** means the budget of the WCID NPC as approved by the City 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 WCID 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 WCID NPC whether solicited or not;
- 1.3. **“board”** means the board of directors of the WCID 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 section 6 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. **“transaction value”** means the actual contract value, inclusive of applicable taxes in respect of the goods or services contracted for;
- 1.7. **“Welgemoed City Improvement District Non-Profit Company”** and **“WCID”** means the management body of the WCID, incorporated as a non-profit company under the Companies Act, tasked with implementing the CID’s business plan, as contemplated in section 11 of the By-law;
- 1.8. **“WCID manager”** means the full-time manager employed by the WCID 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”), and the City of Cape Town: Special Rating Area By-law, 2012, as amended (the “By-law”).
- 2.2. This Policy must be read together with the MPRA, the By-Law, the City’s Special Rating Area Policy and any other City Policies which may be relevant.

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 WCID NPC in line with its business plan in a manner which is cost-effective, sustainable, transparent, competitive, equitable and fair.
- 3.2. Where reasonably possible, the WCID NPC will support local businesses when procuring goods and services.
- 3.3. This Policy provides for –
 - 3.3.1. authorised procedures for the acquisition of goods and services by the WCID 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 WCID NPC, to be reviewed annually.

5. PUBLICATION OF POLICY

- 5.1. This policy will be published on the WCID website.

6. ADVERTISEMENTS, NOTICES AND COMMUNICATIONS

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

7. COMMUNITY BASED SUPPLIERS

- 7.1. The WCID NPC may request quotations directly from suppliers based within the WCID 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 R20,000.00 -

8.1.1. Where the transaction value is less than or equal to R20,000.00, the board, the WCID manager or any other delegated person may procure goods or services by way of direct negotiation in accordance with an internal procedure to ensure sound financial management, as approved by the board.

8.1.2. The WCID manager is responsible for preparing the aforesaid internal procedure, to be approved by the board.

- 8.2. Transaction value: R20,001.00 to R100,000.00 -

8.2.1. Where the transaction value exceeds R20,000.00 and is less than or equal to R100,000.00, the WCID manager or delegated person must obtain written price quotations from at least three different suitably qualified and experienced providers, preferably from, but not limited to, service providers located within the WCID.

8.2.2. The aforesaid written quotations may be obtained by way of direct negotiation and/or bid invitations via the WCID 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 WCID manager 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: R100,001.00 – R1 million -

8.3.1. Where the transaction value exceeds R100,000.00 and is less than or equal to R1 million, the WCID manager or delegated person must –

8.3.1.1. invite written quotations by way of public notice as contemplated at paragraph 7.1.1 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, preferably from, but not limited to, service providers located within the WCID.

- 8.3.2. If quotations have been invited on the WCID 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 WCID manager 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 WCID manager 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 preferred supplier .
- 8.4. Transaction value: in excess of R1 million -
- 8.4.1. Where the transaction value exceeds R100,000.00, 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 WCID manager 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 7.1.2 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. The WCID manager shall evaluate the bids and prepare a written report, which includes recommendations regarding the awarding of the bid, for consideration by the board.
 - 8.4.8. 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.

8.4.9. 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.

8.4.10. 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.

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8.4.12. The successful bidder and unsuccessful bidders will be notified in writing once the board has determined the successful bidder.

9. DEVIATION FROM PROCUREMENT PROCESSES

9.1. 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-

9.1.1. Any contract relating to an emergency where it would not be in the interest of the WCID NPC to invite bids or written quotations;

9.1.2. Any goods or services which are available from a singly provider only;

9.1.3. Any other exceptional circumstances where it is impractical or impossible to follow the official procurement process.

9.2. The board may ratify any minor breaches of the procurement policy by a delegated person, provided the breach is of a technical nature.

9.3. The reasons for all deviations shall be recorded by the WCID manager and reported by the board to the NPC members in the annual report.

10. CONTRACT SPLITTING

10.1. 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.