PROCUREMENT POLICY

JUNE 2024

Introduction

The following policy seeks to guide the acquisition process used to secure services, goods, and work from external service providers.

This policy is intended to ensure that the Camps Bay Improvement District NPC (CBCID) receives goods, services, or works at the best possible price, when aspects such as quality, quantity, time, and location are compared.

Before a purchase is approved, it must be determined that the provider is appropriate and that pricing, conditions of purchase and related items are suitable and meet the requirements of its intended purpose.

Objectives

To ensure fairness, equity, transparency, competitiveness, cost effectiveness and accountability when obtaining, securing or purchasing goods or services.

Policy

It is a requirement of this policy that all quotes and relevant information (motivation, minutes of meetings when relevant, supporting documentation) is to be recorded and stored with the current financial year records / archived at the end of each financial year.

Procurement process

The procurement process encompasses the following phases:

- Identifying needs and budget review to determine available spend.
- Researching and identifying suppliers.
- Contacting and communicating with suppliers to obtain valid quotations.
- Negotiation of terms.
- Assessing supplier service.
- Satisfaction (condition, on time, correct goods or services delivered) and payment.

Obligation of the Board

Each Board Member must declare any conflict of interest (e.g., directly, or indirectly receiving any financial benefit from the CBCID procurement activities) prior to the review and approval of a supplier and thereafter recuse themselves from the decision-making process and declare any personal financial interest in accordance with Section 75 of the Companies Act.

The Board of Directors will take appropriate action against any corrupt or unethical activities and acts of financial misconduct in the purchase of goods and services.

In each instance, the Board must determine which type of procurement process is appropriate – namely either a Request for Proposals (RFP) or a Request for Quotation (RFQ).

Decision making process:

Board approvals (where required) may be obtained via round robin resolution in accordance with the CBCID's memorandum of incorporation.

Procurement process:

1. **Once off expenses between R5 000.00 and R20 000.00:**
   - Individual purchases that form part of the annual operating budget that are once off expenses and if they do not exceed R20 000-00 are exempt from this policy.
   - It is the CID Manager's responsibility to ensure that sound procurement practices are followed in each instance. The CID Manager must however inform and seek input from the Financial Committee, as necessary.

2. **Expenses exceeding R20 001.00 and below R100 000.00 (approved as part of operating budget or accumulated surplus / retention fund budget)**
   - The CID Manager must define the terms of reference of the planned procurement and then source three independent quotes including relevant specification details regarding the item or service to be secured.
   - The CID Manager must make a recommendation as to the preferred provider.
   - The CID Manager must submit the written recommendation (plus all supporting documents) to the Financial Committee for consideration and approval to proceed.
   - If the goods or services are to be supplied inside of a contract, this contract may only be signed by the Board Chair and the Board Deputy Chair (or other Directors / CID Manager as may be mandated by the Board to fulfill this duty on behalf of the CBCID) unless this responsibility is delegated to the CID Manager in writing.
   - The procurement decision (plus all supporting documents) must be included in the document pack for the next scheduled Board meeting.

3. **Expenses exceeding R101 000.00 (approved as part of operating budget or accumulated surplus / retention fund budget)**
   - The Board may establish a working group of Directors to provide input into the procurement.
   - The CID Manager, with inputs from the relevant working group, must document the terms of reference for the proposed procurement.
   - The CID Manager and the relevant working group must determine if an open Request for Proposals or targeted call is required.
   - These terms of reference must be sent out to as determined by the type of call, and proposers must make submissions in response.
   - The CID Manager, with inputs from the relevant working group, must prepare a supplier assessment document. This will always include a governance assessment as a qualifying criterion.
   - Potential providers must be invited to make a presentation to a selection panel convened per instance and that will be comprised of working group members and staff.
   - A selection grid must be completed per provider and retained as part of the procurement record.
   - The selection panel must make a written recommendation as to the selection of the provider which will be submitted to the full Board for final review and approval.
   - If the goods or services are to be supplied inside of a contract, this contract may only be signed after the

contract has been approved by a resolution of the Board and must be signed by the Board Chair and the Board Deputy Chair (or other Directors / CID Manager as may be mandated by the Board to fulfil this duty on behalf of the CBCID) unless the Board resolution in question specifically authorises the CID Manager (or some other person) to represent CBCID.

4. Internal capacity building / program expansion projects OR special projects (funded by accumulated surpluses)

The CID Manager must lead the project development process and document a full project / program scope. As part of this process, the CID Manager must consult with Board members and may also call for inputs from external parties.

Once documented, the CID Manager must develop an implementation plan and a full proposed budget.

The project / program scoping document, implementation plan and budget must be sent to the full Board for review and further comment.

Approval to proceed must be obtained from the full Board.

Variation from this policy

In instances where potential suppliers are deemed unique in terms of their specific skills, competencies and attributes, the full Board may agree to vary the requirement to request proposals from multiple suppliers for specific procurement.

5. Landscaping Projects – Preferred Supplier List

In order to avoid vendor "quotation fatigue" in sectors with a limited pool of service providers, particularly in Landscaping-related projects, the following variation applies:

- The Cleaning, Landscaping, and Urban Management Subcommittee may establish and maintain a Preferred Supplier List for each relevant category of service (including, but not limited to, Landscaping Installation, Landscaping Maintenance, Irrigation Systems, and Tree Services).
- Suppliers shall be selected for inclusion on the list based on demonstrated capability, compliance with governance requirements, pricing structure, and track record. The Preferred Supplier List shall be reviewed and approved by the Board annually.
- For Landscaping-related projects exceeding R50,000.00, where the service falls within the scope of an approved Preferred Supplier List, the Subcommittee may invite quotations from a minimum of two suppliers from that list, instead of the standard requirement for three quotations.
- Where fewer than two suppliers are available on the list for a given category, the Subcommittee must document the reason and may proceed with one quotation, subject to approval by the Board or the Financial Committee.
- All supplier selection decisions, quotations obtained, and supporting documentation must be recorded and retained with procurement records for the financial year. Any decision to proceed with fewer than three quotations must be clearly justified in writing and kept for audit purposes.