



Maitland City Improvement District NPC (MAITCID)  
2010/014354/08  
185 Voortrekker Road, Maitland

## PROCUREMENT POLICY

### Introduction

The Maitland City Improvement District NPC Board has approved the following procurement policy.

### Purpose

This policy outlines the procurement of goods and services for the Maitland City Improvement District (MAITCID). The procurement process is the acquisition process (purchasing) of goods and/or services. The procurement process is meant to ensure that the MAITCID's needs are met for the best possible cost in terms of quality, time, and other relevant factors to support the MAITCID's operations.

### General Principles

The objectives of the Procurement Policy are:

- obtaining value in the expenditure of public money
- providing for ethical and fair treatment of participants
- ensuring accountability and transparency in procurement operations.

In applying these principles, the procurement process has been structured to simplify procurement commensurate with the nature and value of the procurement and to make the process efficient, timely and cost effective. Procurements are to be undertaken efficiently and effectively in accordance with good commercial practice. All procurement activities must always remain within the budgetary limitations of the MAITCID as set out in its approved Business Plan and Budget.

### Delegation of Authority

The Board has delegated the appointed MAITCID management company to administer the procurement process. The management company is, as set out in this policy, authorised to procure goods and services, or facilitate the process of procurement subject to the approval of the Board as set out in the policy. All normal budget constraints and approval processes shall also apply to any procurement process.

Should the procurement process involve the renewal of any contract where the management company is considered a potential supplier, the process must be managed and administrated by the Board or an appointed sub-committee of the Board. The management company may not be involved in the evaluation, selection or appointment of the supplier.

### Expenditure Limits

The acquisition of goods/services will follow the processes according to the below-described expenditure limits.

**Up to R 5 000.** Any operational expenditure by the MAITCID for goods/services up to R 5 000 shall comply with the following principles:



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- As far as possible such goods or services shall be procured from local businesses and suppliers within the boundary of the MAITCID unless these goods and services are not provided by any entity within the boundary, or the cost of the goods and services are disproportionately higher than similar goods and services from other suppliers.
- A formal record of the procured items in the form of receipts or invoices shall be kept.
- The management company is authorised to purchase such operational items and present the expenditure for disbursement once the goods/services have been procured and delivered.
- This process may not be used for the procurement of recurring or contractually binding expenditure that will exceed this threshold on an annual basis.

**Up to R 20 000.** Any operational expenditure by the MAITCID for goods/services up to R 20 000 shall comply with the following principles:

- As far as possible such goods or services shall be procured from local businesses and suppliers within the boundary of the MAITCID unless these goods and services are not provided by any entity within the boundary, or the cost of the goods and services are disproportionately higher than similar goods and services from other suppliers.
- Unless the budget item is considered as Capital Expenditure, only two quotations is required, and the procurement process must access the procurement based on quality and value for money before final authorization.
- For the procurement of Capital Expenditure items, three comparative quotations from reputable suppliers and service providers should be evaluated.
- This process may not be used for the procurement of recurring or contractually binding expenditure that will exceed this threshold on an annual basis.
- Operations goods and services procured in this category must be presented and approved by the Financial Director and noted to the Board.
- Capital Expenditure items procured in this category must be approved by the Board.

**Above R 20 000.** Any operational expenditure by the MAITCID for goods/services above R 20 000 shall comply with the following principles:

- Any expenditure for goods/services valued at more than R 20 000 should be accompanied by a formal call for Request for Proposals (RFP) and should be done in consultation with the Board.
- The process may approach a selected group of service providers to participate in the RFP or alternatively the MAITCID may advertise the RFP in open media for general participation.
- Existing suppliers may participate in the RFP process.
- The process must be accompanied by a selection process before the close of any contractual undertaking.
- Final approval must be granted by the Board.

**Procuring contractually binding goods and services.** Any expenditure by the MAITCID for goods/services resulting in contractually binding agreements or recurring monthly expenditure shall comply with the following principles:



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- Any expenditure for goods/services that may result in a contractually binding agreement or be of a recurring nature should be accompanied by a formal call for Request for Proposals (RFP) and should be done in consultation with the Board.
- The process may approach a selected group of service providers to participate in the RFP or alternatively the MAITCID may advertise the RFP in open media for general participation.
- The process must be accompanied by a selection process before the close of any contractual undertaking.
- All costs related to the submission of proposals must be borne by the relevant applicants/companies/service providers and they shall have no claim for cost recovery to the Board or its representatives whatsoever.
- Once the Board has evaluated all the proposals, a decision will be made on the short listed and thereafter the successful service provider. The lowest, or any, or portion of any Proposal will not necessarily be accepted, and the Board does not bind itself to assign any reason for the rejection, or acceptance of a Proposal nor in terms of who was short-listed. The decision of the Board is final and no further correspondence regarding the proposal will be entered once the successful service provider has been appointed. The Board is under no obligation to qualify its decisions to any of the applicants.
- Final approval must be granted by the Board.

**Procuring specialised goods and services available from only one supplier.** The procurement of goods/services of a specialized nature that is only provided by one supplier shall comply with the following principles:

- Any expenditure for such specialized goods/services should be accompanied by a formal report on the process that determined the need for the goods/service and a motivation on the need to purchase such goods/services from a sole supplier.
- The process must be accompanied by a qualified decision by the Board before the close of any contractual undertaking.
- The MAITCID Board may identify a specific service from an existing supplier to be specialized due to the existing knowledge, skill and expertise provided by the specific supplier. In such cases the service may involve specific knowledge or skills acquired in the supply of a service to the MAITCID where it is critical to retain the supplier to ensure a continuation of service or supply, in such cases the Board may authorize the continued procurement from this supplier. The Board must however review the service levels, pricing, and performance from such a specialized service provider or supplier on a regular basis and evaluate suppliers for this specialized service through an RFP process once during every Business Plan cycle.
- Once the Board has evaluated the proposal and motivation report, a decision will be made on the appointment of the service provider. The Board does not bind itself to publicly assign any reason for the acceptance of a such a proposal. The Board is under no obligation to qualify its decisions to any other suppliers.
- Final approval must be granted by the Board.

**Record Keeping.** Records supporting the procurements need to be maintained including appropriate minutes of Board approval.



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**Contractual Documents.** All procurements resulting from an RFP process or contractually binding procurement process must be signed by a designated director of the Board based on a resolution minuted at a formally constituted Board meeting. A contract review shall be performed on an annual basis.

**Managing Conflicts of Interest.** Any actual, potential, or perceived conflict of interest that has the potential to unfairly affect or influence the proper outcome of a decision or process, must be identified, and managed in accordance with the Code of Conduct of the Board and/or its Observers. Any appointed management entity or employee of the MAITCID is also bound by this policy and must declare in advance any potential conflict of interest before any procurement process is initiated.

**Confidentiality.** All procurement processes are bound by confidentiality.