

# PROCUREMENT POLICY

Policy Mandated by:

Review Team: Nick Alcock, Athol Wesselink, Mbongeni Hlongwa, Paul Dekker

Approved on:

Date of Next Review:

## 1 PREAMBLE

The Financial Agreement between the eThekweni Municipality and the Pigeon Valley Urban Improvement Precinct (PVUIP) NPC was signed on 30 June 2023.

As per the financial agreement, a procurement policy is required to address the PVUIP objectives.

## 2 PURPOSE

The objective of the policy is to guide the procurement process for contracting service providers for tasks which the UIP does not have the internal capacity to undertake.

## 3 PRINCIPLES

The following key principles will be adhered to:

- Value for money
- Capacity to provide the specific service level
- Competitiveness
- Ethics and fair dealings
- Accountability
- Monitoring and reporting during service provision
- Compliance
- Locally based or have local footprint

## 4 POLICY

4.1 The procurement process will differ depending on the value of the contract.

In terms of sourcing quotations, the method is value dependent:

➤ Value less than R25 000	One quote to be sought by UIP manager. Price must be based on market related value. Planned purchases verified at monthly steering committee meeting. Unplanned purchases to be ratified by one UIP representative being committee chair or their delegated committee member / co-opted member prior to purchase.
➤ Value greater than R25 000 less than R200 000	Three quotes to be sought by UIP manager. These planned purchases to be ratified by two UIP representatives per item 4.2 under.
➤ Value greater than R200 000	Contract must be advertised in one local publication/newspaper and on PVUIP website / social media. These planned purchases to be evaluated by three UIP representatives per item 4.3 and accepted by the committee per item 4.8 under.

- 4.2 For contracts from R 25 000 to R200 000, contractors must provide evidence of relevant experience, capacity, qualifications and competency. Contracts to be adjudicated following a 90 / 10 ratio, based on Price and Functionality.  
Functionality being local content (4), Responsiveness to quotation specification (6).  
When service providers are approached for quotations, a request for evidence in support of functionality should be made.  
Evaluation of these contracts to be undertaken by the two UIP representatives, being the Steering committee chair / delegated committee member and a maximum of one co-opted member.
- 4.3 For contracts above R200 000 adjudication will take place following a 70 / 20 / 10 ratio between the factors of Price, Functionality and Preferential procurement:
- **Price:**  
Competitiveness - 70 Points max (58 points min)  
Price is evaluated with 70 points being the lowest, others adjusted accordingly.  
Maximum variance below base line is 12 points. This provides a threshold against underpricing.  
Prices greater than 20% variance from the mean may be deemed non-responsive.
  - **Functionality:**
    - Capacity - 4 Points max  
Shows evidence of capacity, needs to be supplemented, no evidence of sufficient capacity
    - Experience in same or similar service delivery and duration of experience - 4 Points max  
> 5 years of same / similar experience , or < 5 years of same / similar
    - Responsiveness to the request for quotation – 8 Points max  
Specifics of quotation determined by evaluation panel
    - Local content.  
Value attached to locally owned firm, based on their office / branch location – 4 Points  
UIP based, Ward based, Adjacent wards, Ethekewini based
  - **Preferential procurement:**  
BB-BEE rating – 10 points max
- 4.4 The Adjudication team for contracts over R 200 000 should consist of the minimum of three members: One Director, one / two Steering Committee Members / Co-opted sub-committee members / employees.
- 4.5 A Terms of Reference Document will be developed to provide:
- Details on the services to be provided, the capacity and experience required
  - Clarity on how the submissions will be evaluated / scored
  - The duration of the contract
  - The closing date for submission
  - How the performance of the services will be monitored and evaluated ( ie service levels)
  - Statutory compliance requirements will include:
    - Tax clearance certificate
    - Letter of Goodstanding from Compensation Commissioner
    - BBBEE Certificate where applicable
- 4.6 The Adjudication Team will adjudicate the submissions based on the agreed criteria
- 4.7 Interviews of contractors may be utilised in some cases where additional clarification is required
- 4.8 The adjudication team for contracts over R 200 000 will present a report to the Steering Committee on the adjudication process and results including a nomination for the contract

- 4.9 After approval of the nominee and the adjudication process by the Steering Committee a contract will be drawn up which will include:
- service levels
  - indices for measuring performance
  - reporting requirements
  - payment agreement
- 4.10 No contract may exceed a three-year term without being re-advertised