



Airport Industria 2, 7545
P O Box 47,
Cape Town International Airport, 7545

Telephone: (021) 386 – 8403
Fax/Email: 0865 106 839
E-Mail: airportcid@mweb.co.za

Procurement Policy

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1. Purpose

The purchase of goods and services is necessary for the AICID to fulfill its mandates as defined in the business plan and supporting legislative framework for Special Rating Areas. The aim of this policy is to define good governance in the procurement of all goods and services whilst not being unnecessarily onerous and thereby constraining the operational effectiveness of the volunteer – based organization. All purchases are bound by this policy.

2. Policy Statement

The AICID recognizes that it is funded by the owners in Airport Industria, and will at all times use the funds as effectively as possible, and avoid conflicts of interest. The purchase of products, and services will be fair, equitable, transparent, competitive, cost effective and the product or service must meet the requirement for its intended purpose. The purchase value will determine the extent of the process to be followed. Such that the higher value purchases require greater oversight and control. All purchases will be in line with the budget and business plan, or board resolutions that changes the budget. 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.

3. Procurement Principles

The purchase of products and services are guided by the following principles;

- Value for money
- Local economy support – where possible purchases will benefit the local Airport Industria community via employment, local businesses, etc.
- Conflicts of interest – potential suppliers and service providers must declare any direct or indirect family or other personal relationships with the AICID board members.

4. Procurement Procedure

The procurement of all products and services will follow the required procedure based on the value of the purchase amount (one-off or cumulative within the financial year) and the level of understanding of the solution and potential suppliers and their offerings.

There are two expense categories:

- Amounts up to R20 000.00
- Amounts greater than R20 000.00

4.1 Expense Category 1: Amounts ≤ R20 000.00

Required approval: Portfolio Head

Procedure

- Purchase requirement needs to be identified.
- Portfolio head confirms budget capacity, alignment with business plan and priorities, and approved purchase.
- The manager submits Quotation (for payment in advance) to the accountant.
- Work or Capital item quoted for is confirmed completed or in place specified.
- Payment made on invoice as quoted for.

Directors:
J Jackson; N McMurray; G Magee; A Healey

4.2 Expense Category 2: Amounts ≥ R20 000.00

Required approval: Board (resolution)

Procedure

- Purchase requirement needs to be identified.
 - a. Suppliers / Service Providers invited to tender and a minimum of three tenders, if possible, are required.
 - b. Written tenders received and evaluated against tender criteria (including cost, quality, track record/experience etc).
 - c. A recommendation made to the board (all documentation must be finalised and stored for future reference).
 - d. Board approves at a board meeting (if satisfied with the recommendation and adherence to process) and resolution minuted (including authorisation for Portfolio Head and or Manager), to contract with supplier / service provider.
 - e. Purchase made or contract entered into.

5. Contracting principles

The following contracting principles should be adhered to for all contracts.

Must meet the requirements set-out in the Finance Agreement the CID has entered into with The City of Cape Town:

- a. Clear performance indicators with appropriate targets and / or service levels.
- b. Provision for regular meetings to review performance against these targets and / or service levels where problems which could impact performance are resolved.
- c. Incentives and penalties which enable the Executive Officer (board) to correct performance.
- d. A termination clause that allows the contract to be terminated in the event of poor work performance.
- All contracts for the acquisition of any goods or services must be in writing (a valid invoice from a supplier is an absolute minimum requirement for all contracts).
- Parties – clearly identified the legal entity being contracted with (include registration number);
- The goods or services purchased or sold must either be definite or at least ascertainable.
- Performance – detail precisely each party's duties, rights and obligations, in particular any special conditions. If possible, build in a service level obligation to ensure that contractual performance meets an agreed standard.
- Price – show the make-up of the price in detail. Clarity over whether a price is inclusive or exclusive of VAT is essential. As a rule, payment for goods or services should only be made after delivery. Upfront payment should be kept to a minimum.
- Period and termination – in general, contract should not be longer than three years. Contracts must be subject to right of cancellation if the Supplier or Service Provider is in material breach or has not complied with its obligation when measured against the agreed service level. Contracts that are signed for three years may be extended for a further two years (five years in total) if approved by the board. After five years, this service should go out to tender again.

6. Future policy amendments

The expenditure category bands in point 4 will be reviewed by the AICID annually.

Other amendments to this policy may be made as necessary. Such amendments must be presented to an approved by resolution of the AICID board.

Directors:
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