



# PROCUREMENT PROCESSES IN LOCAL GOVERNMENT

FAIR PROCESS.  
OPEN COMPETITION.  
VALUE FOR MONEY.



VALUE FOR MONEY



OPEN COMPETITION



ETHICS &  
FAIR DEALING



ACCOUNTABILITY &  
REPORTING



EQUITY

## WHAT IS

# PROCUREMENT?

Procurement is the process through which a municipality purchases goods and services.

## WHAT IS SCM?

Procurement is part of supply chain management (SCM).  
SCM covers the full cycle of planning, buying and awarding contracts.



### IDENTIFY NEEDS

Determine what is needed.



### SOURCE SUPPLIERS

Find and compare qualified suppliers.



### AWARD CONTRACTS

Select the best supplier and award the contract.



## THE 5 PROCUREMENT PRINCIPLES

All municipal procurement must be guided by these principles.



### 1 VALUE FOR MONEY

Best value for public funds.



### 2 OPEN AND EFFECTIVE COMPETITION

Fair opportunity for all suppliers.



### 3 ETHICS AND FAIR DEALING

Act honestly and fairly.



### 4 ACCOUNTABILITY AND REPORTING

Be transparent and report decisions.



### 5 EQUITY

Promote fairness and inclusion.



## WHY IT MATTERS

These principles reflect constitutional values and are embedded in procurement laws and regulations designed to limit opportunities for corruption and promote fair, transparent and accountable spending of public funds.



# PROCUREMENT THRESHOLDS

The value of the contract determines which procurement process the municipality must follow.



## WHY IT MATTERS

Following the correct process for the value of the contract ensures fairness, transparency and value for money.



### UNDER R2 000 PETTY CASH



Use petty cash.



Manager approval required.



Keep receipts as proof of payment.



### R2 000 – R200 000 QUOTATIONS



Obtain written quotations from at least 3 suppliers.



Advertise the opportunity where required.



Minimum advertising period: 7 – 14 days.



### ABOVE R200 000 COMPETITIVE BIDDING



Follow the full competitive bidding process.



Three committees:

- bid specification committee (BSC)
- bid evaluation committee (BEC)
- bid adjudication committee (BAC)



Minimum advertising period: 30 days.



These thresholds may be updated from time to time.  
Municipalities must always apply the current legislation.

# THE QUOTATIONS PROCESS

Used for contracts with a value from **R2 000** up to **R200 000**.



## WHY IT MATTERS

Getting written quotations from suppliers promotes fair competition and value for money.

## HOW IT WORKS



### 1. IDENTIFY THE NEED

Determine what goods or services are required.



### 2. REQUEST QUOTATIONS

Request written quotations from **at least 3** suppliers.



### 3. EVALUATE QUOTATIONS

Compare the quotations and select the best supplier.



### 4. AWARD THE CONTRACT

Award the contract to the supplier and issue a purchase order.



### 5. RECEIVE AND PAY

Receive the goods or services and pay according to the agreement.



## ADVERTISING PERIOD

The invitation for quotations must be advertised for a minimum of **7-14 DAYS**, depending on the value and nature of the contract.



## KEY POINTS



Obtain quotations from at least 3 suppliers.



Evaluate fairly and choose the best value.



All quotations and decisions must be kept on record.



Do not split contracts to avoid using the correct process.



Keep all documents for audit and accountability purposes.

# COMPETITIVE BIDDING PROCESS

Used for contracts with a value  
**above R200 000.**



## WHY IT MATTERS

A transparent and competitive process ensures fairness, accountability, and value for money.

## THE PROCESS OVERVIEW



### 1. ADVERTISE

Advertise the opportunity for a minimum of **30 days.**



### 2. RECEIVE BIDS

Receive bids from interested and qualified suppliers.



### 3. EVALUATE BIDS

Evaluate bids in line with the evaluation criteria and select the best bidder.



### 4. AWARD THE CONTRACT

Award the contract to the successful bidder and issue a purchase order.



### 5. RECEIVE AND PAY

Receive the goods or services and pay according to the agreement.

## THREE COMMITTEES

Procurement decisions are made in three stages to ensure checks and balances.



**BSC**

**BID SPECIFICATION COMMITTEE**

Develop specifications and evaluation criteria.



**BEC**

**BID EVALUATION COMMITTEE**

Evaluate bids and make a recommendation.



**BAC**

**BID ADJUDICATION COMMITTEE**

Consider the recommendation and make the final decision.

# GOOD PRACTICES IN PROCUREMENT

Good procurement practices help ensure fairness, transparency, accountability, and value for money in every purchase.



## WHY IT MATTERS

Following good practices builds trust, prevents fraud and ensures the best use of public funds.

## BEST PRACTICES



### BE FAIR

Treat all suppliers equally and give everyone a fair opportunity.



### BE TRANSPARENT

Follow the correct process and keep decisions clear and open.



### BE ACCOUNTABLE

Take responsibility for your decisions and actions.



### BE ETHICAL

Avoid conflicts of interest. Do not accept gifts or favors.



### BE COST-CONSCIOUS

Always seek value for money and avoid waste.



### BE COMPLIANT

Follow all policies, procedures and applicable laws.

## KEEP GOOD RECORDS

Accurate records provide proof of a fair process and support good financial management.

- ✓ Keep all documents safe.
- ✓ Record decisions and reasons.
- ✓ Store records for audit and accountability.



# COMMON PITFALLS AND HOW TO AVOID THEM

Avoiding common mistakes helps ensure compliance, fairness and the best use of public funds.



## WHY IT MATTERS

Understanding the risks helps prevent irregular, fruitless and wasteful expenditure.

## COMMON PITFALLS



### SPLITTING CONTRACTS

Breaking a contract into smaller amounts to avoid stricter rules is not allowed.



### NOT FOLLOWING THE PROCESS

Skipping steps or not following the correct process can lead to irregular expenditure.



### POOR SUPPLIER MANAGEMENT

Not verifying suppliers or managing contracts properly can lead to poor performance.



### LACK OF COMPETITION

Limiting competition can result in higher prices and lower value for money.



### POOR RECORD KEEPING

Incomplete or missing records make it hard to prove a fair and transparent process.



### CONFLICTS OF INTEREST

Personal interests must not influence procurement decisions.

## HOW TO AVOID THEM

- ✓ Know and follow the procurement thresholds and processes.
- ✓ Plan ahead and allow enough time for each step.
- ✓ Ensure fair competition and give equal opportunity to all suppliers.
- ✓ Keep accurate records of all decisions and documents.
- ✓ Declare and manage any conflicts of interest.
- ✓ Monitor supplier performance and manage contracts properly.



# YOUR ROLE IN PROCUREMENT

Everyone has a role to play in ensuring that procurement is fair, transparent and achieves the best value for public funds.



## WHY IT MATTERS

Your actions contribute to good governance, public trust and service delivery that makes a difference.

## WHAT YOU CAN DO



### KNOW THE RULES

Follow procurement policies and procedures.



### PLAN AHEAD

Prepare early and provide accurate information.



### ACT WITH INTEGRITY

Be fair, honest and avoid conflicts of interest.



### KEEP GOOD RECORDS

Document every procurement decision.



### WORK TOGETHER

Communicate and support accountability.



## OUR COMMITMENT

By following the right procurement processes, we protect public funds and strengthen public trust.

**FAIR. TRANSPARENT. ACCOUNTABLE.**

*That's good procurement.*



Funded by  
the European Union



SOCIAL CHANGE  
ASSISTANCE TRUST



TRANSPARENCY  
INTERNATIONAL  
the global coalition against corruption