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**TO ALL : HEADS OF DEPARTMENTS
: SCM PRACTITIONERS OF USER DEPARTMENTS
: PROJECT MANAGERS OF DEPARTMENTS**

**SUPPLY CHAIN MANAGEMENT PRACTICE NOTE ON QUOTATIONS UP TO R30 000
2/2021**

1. PURPOSE

The purpose of this Practice Note is to provide guidance to Heads of Departments, SCM Practitioners of the City’s user departments of the procedure to be followed in the procurement of goods and services between R2000 and below R30 000. In all cases, Departments are required to complete the **RFQ Template for procurement of goods and services below R30 000 (Annexure A)**.

2. BACKGROUND

Group Strategic Supply Chain Management is committed to ensure that all procurement through Request For Quotations (RFQ) fully complies with the provisions of Regulations (16) and (17) of the Municipal Supply Chain Management Regulations.

This Practice note seeks to address recurring audit findings involving transactions between R2000 and R30 000, found in each year’s audit assessment to be non-compliant with Policies and procedures specified for the above stipulated financial thresholds.

2.1 WRITTEN QUOTATIONS

Regulation (16) of the Municipal Supply Chain Management Regulations provides that the procurement of goods or services through written quotations must follow the following process:

- Quotations must be obtained from at least three different providers, preferably obtained from but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality (Database) or from municipal entity
- Where quotations are obtained from providers whose names do not appear on the list of accredited suppliers of the municipality or municipal entity, such providers must meet the listing criteria as stipulated in Clause 14.1.3 of the Supply Chain Management Policy of the municipality
- Providers must be requested to submit quotations in writing



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- Where it is not possible to obtain at least three quotations , reasons must be recorded and reported quarterly to the Accounting Officer or to another officer designated by the Accounting Officer
- The Accounting Officer must record the names of the potential providers requested to provide such quotations and their quoted prices
- Where a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider

2.2 FORMAL WRITTEN PRICE QUOTATIONS

Regulation (17) of the Municipal Supply Chain Management Regulations provides that the procurement of goods or services through Formal written Price Quotations must follow the following process:

Regulation (17) of the Municipal Supply Chain Management Regulations provides that

- Quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality (Database) or municipal entity
- Quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the Supply Chain Management Policy required by Regulation 14(1) (b) and (c)
- **If it is not possible to obtain at least three quotations, reasons must be recorded and approved by the Group Chief Financial Officer, or an official designated by the Group Chief Financial Officer**
- The Accounting Officer must record the names of the potential providers and their written quotations

Paragraph 20 (3) (1) of the City's Supply Chain Management Policy provides that:

- In instances where it is not possible to obtain three (3) quotations due to repair work requiring stripping prior to quoting the following must prevail:
 - Reasons substantiating the above-mentioned scenario must be recorded and a report to that effect compiled



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- Evidence must be presented and supported by the Group Head: SSCM or the Head of department as per delegated authority

The officer in the department, designated by the Group Chief Financial Officer, must within three (3) days of the end of each month report to the Group Chief Financial Officer on any approvals granted during that month by the officer so designated

3 PROCEDURES FOR PROCURING GOODS/SERVICES THROUGH WRITTEN OR VERBAL QUOTATIONS AND FORMAL WRITTEN QUOTATIONS

In terms of Regulation 18 (b) of the Supply Chain municipal Regulations, It is of critical importance that when using the list of prospective providers the Accounting Officer must promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotational basis

The Accounting Officer must also take all reasonable steps to ensure that the procurement of goods and services through written or verbal quotations and formal written quotations is not abused

That the Accounting Officer or Group Chief Financial Officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted in terms of a sub-delegation; and there must be proper record keeping at all times.

3.1 PROCESS FLOW FOR WRITTEN OR VERBAL QUOTATIONS AND FORMAL WRITTEN PRICE QUOTATIONS

3.1.1 Quotations between R2 000 – R10 000

- Quotation process initiated by user department
- A requisition for procurement of goods or services created on SAP by Officials of user department
- Requisition approved by departmental Budget Head
- Requisition approved by the Head of Department
- A minimum of at least three different supplies to be obtained from a list of accredited providers (COJ database)
- Suppliers contacted by user departments, preferably through email, to submit all-inclusive quotations for goods or services required
- Quotations requested must include:



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- Clearly written specifications with quantities required or Terms of Reference
 - MBD forms (MBD 4, MBD 6.2(if applicable) and MBD 9)
 - Pricing Schedule
 - Confirmation of CSD Registration (MA Number)
- Received quotations are evaluated by the user department using the 80/20 preferential preference point system as provided for in the PPPFA, Act 2000
 - The user department awards the contract to the supplier that scored the highest points

3.1.2 Quotations Between R10 000 – R30 000

- Quotation process initiated by user department
- A requisition for procurement of goods or services created on SAP by Officials by user department
- Requisition supported by departmental Budget Head
- Requisition approved by the Head of Department
- A minimum of at least three different supplies to be obtained from a list of accredited providers (COJ database)
- Suppliers contacted by user departments, preferably through email, to submit all-inclusive quotations for goods or services required
- Quotations requested must include:
 - Clearly written specifications with quantities required or Terms of Reference
 - Evaluation criteria
 - MBD forms (MBD 4, MBD 6.2 (If applicable) and MBD 9)
 - Pricing Schedule
 - CSD Registration report
- Central Supplier Database (CSD) Report required for quotations above R15 000
- Tax matters of suppliers must be verified through CSD and SARS using the submitted PIN from the supplier.
- Received quotations are evaluated by the user department using the 80/20 preferential preference point system as provided for in the PPPFA, Act 2000
- Head of Department approves final award
- The user department awards the contract to the supplier that scored the highest points



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3.2 PURCHASE REQUISITION / ORDER STAGE

Upon approval of the quotation the following process shall commence:

- Purchase Requisition to be created on SAP by user department
- Purchase Requisition approved by Departmental Budget Head (R1 Release)
- Purchase Requisition approved by Head of Department (R2 Release)
- Purchase Order created by user department and approved by Head of Department
- Purchase Order forwarded to approved supplier

NB: In compliance with the above procurement thresholds, Departments are required to utilise the **RFQ Template for procurement of goods and services below R30 000** attached as Annexure A. This RFQ Template (checklist) is an internal control mechanism that has been developed to act as a guide for the departments when processing all quotations up to R30 000.00, in order to ensure that none of the compliance requirements are omitted in the process.

4. APPLICATION OF THE PRACTICE NOTE AND EFFECTIVE DATE

This Practice Note is applicable to all Departments and takes effect immediately.

5. CONTACT INFORMATION

Enquiries related to this Practice Note should be directed to:

Name & Surname	Designation	Contact details	Location
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Floyd Brink
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City of Joburg

20/07/2021

Date