



### **Procurement Policy for Parow Industria CID:**

To ensure a transparent process, which is easy to inspect for irregularities, this Procurement policy will be adopted with effect from 1 July 2019, with regards to all purchases/procurement transactions done.

#### **GENERAL PURCHASES:**

1. For every item procured a minimum of three comparative quotations will be obtained. The three companies will be provided with an email indicating:
  - 3.1 Description of item required – stating brand if applicable (in order to compare “apples with apples” – especially in the case of larger more expensive items.
  - 3.2 Number of units required.
  - 3.3 Closing date and time by when the quotations must reach the CID office.
  - 3.4 No quotations received after the closing date and time will be considered.
2. After the closing date and time, the CID office will draw up a comparative table of all the quotations received and present it to the Board of Directors for approval.
3. If the item is under R5000.00 (and an emergency) then the CID manager can approve such expenditure. The Board of Directors are to be informed as soon as possible thereafter, by means of an email, and the expenditure is also to be minuted at the next board meeting for approval.
4. Should the item be over R5000 (and an emergency) then the CID manager will send a WhatsApp to the Directors group for immediate response and follow up with an email.

#### **TERM CONTRACTS:**

1. A Term contract will be awarded for the following commodities: provision of public safety service, camera monitoring service, cleansing service and camera maintenance service.
2. Before the expiry of each term the CID will go out on a request for proposal or tender process to test the market and ensure healthy competition for current service providers. The Board will consider the options presented and make a final decision in terms of the best interests of the CID.

#### **PAYMENTS:**

1. The CID manager and/or assistant are only awarded the function of loading payments and cannot release payments.
2. The function of releasing of payments rests with the financial director, after scrutiny of all invoices loaded for payment by the CID admin officers.
3. All financial documentation is to be circulated to the Board of directors within the first week of each month for scrutiny.

Excerpt from Nexia (Parow Industria CID appointed Auditors) newsletter:

## How You Can Detect Fraud in Your Business

Few things are as devastating to a business' reputation as internal fraud – it undermines staff morale and creates a new uncertain relationship with stakeholders such as suppliers, investors and compliance authorities. News bulletins and newspapers all talk of the massive corruption being unearthed in South Africa – don't think your business is immune.



### ***Build good control systems, particularly around procurement***

The bulk of fraud happens around procurement which makes it a good place to start. **Use your accountant here – you will need his or her expertise plus your accountant will have an independent, impartial view of your business.**

Whilst every business is unique you should ensure your system has the following basics in place:

- Thorough recruitment processes for procurement staff. Check for criminal records, debt judgments and properties and companies owned (a common method of fraud is buyers using a company they own to become a “supplier”). Also do exhaustive background checks to ensure his or her CV is consistent with the applicant's lifestyle. You need to satisfy yourself that the person being considered has integrity.
- Procedures should be robust - such as the three-quote system is used, new suppliers are carefully checked, a conflict-of-interest register is in place and maintained and gifts are declared.
- Ongoing checks are in place by management independent of procurement where buying patterns are analyzed, any deviations from procedure are checked for justification and authorization, and you continually monitor the lifestyle of the members of the buying department.

Judgment and common sense should be your guide e.g. it isn't time consuming to do an independent check on new suppliers whereby you phone their number (in the current Eskom/Transnet investigations, an early indicator of fraud is the supplier being essentially a front - the telephone is seldom answered and the address turns out to be a small unmanned office).

**We all know how destructive fraud is to a business – make sure you put into place the systems needed to block it in your company.**