



# Procurement policy

## OBJECTIVE

The objective of the procurement policy is to provide fundamental guidance to the project on best practices in conducting procurement for goods and services.

## PURPOSE

The purpose of the procurement policy is to establish procedures for the projects for procurement of all goods and services and ensure that all goods and services procured are obtained in cost-effective prices, at the required specifications and quality and are delivered in time. This will be achieved through the following process;

- a) Procuring quality goods and services from reliable and well-established Suppliers.
- b) Effective negotiations with the suppliers to obtain quantity discounts.
- c) Locating, evaluating, and developing economical and supply sources for the group through an elaborate vendor prequalification.
- d) Continuous investigations on new suppliers and market prices trend goods and services the projects continuously require.
- e) Procuring prudently by placing emphasis on competition and selection of vendors whose offers confirms to the terms and conditions as well as the technical requirements and specifications stated on purchase requisitions.
- f) Management of stock inventory to provide best service to users including employees.
- g) Minimizing the value of stock held to avoid tying funds unnecessarily.

## SCOPE

Up to 999\$: to facilitate efficient administration, the budget holder or delegated person may obtain three informal quotes over the phone but these must be recorded and filed in the finance office.

1,000\$ – 4,999\$: the budget holder has discretion but rules regarding preferred suppliers, consortia and value for money must always be met. Three email quotes should be obtained and a record kept on file in the finance office.

5,000\$ - 9,999\$: the budget holder must obtain eight written quotations. Brief details of quotations must be entered on file and lodged by the finance office for audit purposes.

10,000\$ and over: Tender procedure



## PROCUREMENT POLICY APPLICATION AND RESPONSIBILITY

### Responsibility

The Procurement department has the responsibility to maintain an open and competitive process for procuring goods and services.

Bids, proposals, and quotations from competing vendors will be evaluated by procurement committee after which the contracts will be awarded.

Departmental end users where technicality is involved should compare prices between vendors even when the purchase amount does not require a formal bidding process.

In an open and competitive purchasing process, it is expected that information pertinent to the bidding process be kept confidential until the conclusion of the process.

### Application

The policy regulations shall apply to procurement of all goods and/or services by the Hasar organization. Any deviation from these guidelines for whatever reason must be authorized in writing by the Head Office.

These policies and any modifications thereof, shall be effective from a date approved by the Executive Committee and communicated by the Human Resource officer.

All staff involved in the buying process, including managers and supervisors are responsible for reading and understanding these regulations and any amendments made to them.

Ignorance of any of these regulations will not be accepted as an excuse for failure to act appropriately upon any matter or comply with the regulations as stated in the policies herein.

### Procurement Policy Update

The procurement policy will be reviewed and updated annually, unless a change is triggered through Audit recommendations or reorganization within the group necessitating radical changes in processes, roles, and responsibilities.

## CODE OF CONDUCT

### Behavior

Being representatives of Hasar, it is expected that employees will conduct themselves in a professional and ethical manner, maintain high standards of integrity and use good judgment in all the dealings.

All employees are expected to be principled in their project interactions and to act in good faith inside and outside the organization.

The group shall be governed by the code of conduct in performance, behavior, and actions of all who are engaged in any aspect of procurement including but not limited to - purchasing goods and services, awarding contracts, and the administration and supervision of contracts.



## Conflict of Interest

Where apparent or real conflict of interest to a reasonable person would be involved, then in such a circumstance, no employee, officer, or any agent shall participate in such selection, award or administration of a bid or contract supported by the commitment of the project's funds.

Such a conflict would arise when the employee, officer, agent, or any member of his or her immediate family, his or her partner or an organization which employs or is about to employ any of the parties indicated herein, has a financial or any other interest in the firm selected for an award.

This information must be disclosed to the procurement services management.

Where there would be conflict of interest with the project of the organization. Such situations should be declared to the Group in accordance with the code of conduct of the group.

## Competition

All procurement transactions shall be conducted in a manner to provide open and free competition, to the maximum extent practical.

Non-competitive practices among contractors that may hinder, restrict, or eliminate competition should be avoided at all times.

Such practices include but are not limited to:

Placing unreasonable requirements on firms for them to qualify to do project.

None competitive pricing practices between firms or between affiliated companies.

## Accepting Gifts from Vendors

The employees, officers or agents of the group should not accept or solicit money, credits, gifts, services, entertainment, or favors from current or prospecting suppliers on or off the work premises.

Gifts would include gift vouchers, pens, hats, t-shirts, mugs, calendars, bags, key chains, portfolios, supplier provided food, beverages, or entertainment in form of events like sporting, as well as items of greater value. Even if it is seemingly less value, such gratuities can give rise to or appearance of conflict of interest

## Principles

The following principles should be adhered to in the procurement of goods and services:

### a) Fairness –

- There should be fair competition. All binders should be treated with fairness and ensure that they are all given the same level of information when preparing quotations and tenders.
- Keep the competition process as simple as possible, but consistent with achieving value for money, to help minimize costs to suppliers.
- The concept of fairness includes that the procurement process should be free from favoritism, self-interest, or preference in judgment.



- During the pre-solicitation phase, no one must allow suppliers access to specific, privileged information on a particular acquisition before such information is available to the business community at large;
- Offer meaningful feedback to suppliers on the evaluation of their proposal at the end of the tendering process.

b) Cost Effectiveness - Quotations and tenders should be evaluated on competitive pricing, quality of the products / services and track record of the bidders.

c) Transparency –competition documents should provide all the necessary information for facilitation of submission of appropriate and competitive tenders.

## PROCUREMENT METHODS

The following procedures should be adopted according to the amounts and nature of the procurement of goods or services.

### Small Purchase procurement:

This is relatively simple and informal procurement of services, supplies or other items that do not cost more than 1000USD.

Verbal request for quotations or through email will be obtained from any qualified supplier / contractor who has in the recent past, been fair in pricing and quality.

For verbal quotations, the responsible officer must make a record of the verbal quotations for review and verification.

### General Procurement

After obtaining approval from the authorized officer, written quotations should be sought from at least three supplies including the successful tenderer in the last procurement exercise.

These quotations should be from the suppliers / vendors who meet the requirements.

The quotations should be sought from the list of the group supplies who have been shortlisted after successfully going through the prequalification process.

The lowest quotation meeting the requirements should be accepted.

Any procurement exceeding the amount qualifying for small purchase procurement must go through the General procurement.

### Procurement by non-competitive proposal

This is where procurement is from only one source, or after solicitation of several sources, competition is determined inadequate. This method may be used only:

- a) If the required item is available only from a single source;
- b) The urgency for the requirement will not permit a delay resulting from competitive solicitation;
- c) After solicitation of several sources, competition is determined inadequate.



In such a case the person initiating the procurement must indicate why they are no alternative suppliers and no need for three quotes.

## Procurement procedure

### Need Recognition:

The requisitioning department must identify its need on strong rationale and should be able to justify. The requirement can be fulfilled either from internal or external sources. The material or services may be one that needs to be reordered, or it may be a new item or being revised after lapse of longer period than required for reordering.

### Step 2: Specifying Material:

Selection of the right product and vendor are critical for the organization. Some industries have standards to help determine specification with prequalified vendor list. Any way, it never means to close the door for new comers. It is always important to be in touch with new vendors, products and technologies.

### Step 3: Locating Source:

The projects need to determine all possible sources to obtain the product. The organization might have an approved vendor list. If not, the projects will need to search for a supplier using various resources through market visit, internet, sales representatives, directories etc. The organization needs to qualify the suppliers on predetermined criterion before enlisting them and awarding a contract.

### Step 4: Negotiation (Price, Terms):

The Procurement department will investigate all relevant information to determine the best price and terms for the organization. Negotiations are considered as the very basic job of a procurement manager after sourcing. Good negotiations do not always end up with the cheapest cost but acquiring the best cost of ownership of required quality on or before time.

### Step 5: Contract Document:

The purchase order or contract is used to buy materials and specifically defines the price, specification, terms and conditions of the product or service. It also covers additional obligations, if applicable on one or both the parties such as late deliveries or late payments etc.

### Step 6: Expediting:

Expedition of the purchase order addresses the timeliness of the service or materials ordered. It becomes especially important to avoid delays through appropriate correspondence and finalize handover/takeover processes between two parties. The issues mostly relate which payment dates, delivery times and work completion according to specifications and schedule.

### Step 7: Receiving of Material Services:



The acknowledgement of receiving of material and services against order or contract is vital before it qualify to proceed to payment. Procurement needs to ensure cent percent compliance of all agreed terms & conditions before accepting delivered material or services.

#### Step 8: Receipt and Inspection of Purchases:

Once the vendor has delivered the product, the organization needs to accept or reject upon receipt. Acceptance of the items obligates the organization to pay while rejection entails replacement by vendor or cancellation or order.

#### Step 9: Invoice Approval and Payment:

Three documents must match when a vendor requests payment, the invoice itself, the delivery challan and good receiving note. The numeric agreement of all these documents authenticate completion of transaction from both; the ordering organization and vendor. In case of any discrepancy; it must be resolved before the recipient clear the bill. Usually, payment is made in the form of cash, cheque, bank transfers, letter of credit or any other types of electronic transfers.

#### Step 10: Record Maintenance:

The organization must maintain proper records of all transactions which take place in procuring material and services for the organization. These include purchase records, purchase requisition to which reference purchases were made, the working paper including comparative statement and approvals from approving authorities. Records also need to ensure compliance with organizational polices & procedures.

## PROCUREMENT GUIDELINES

### Requirements

All procurement by the group shall comply with the requirements below:

The group shall avoid purchasing unnecessary items.

Where necessary, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement.

Request for supply of goods and services provide for all the following:

- a. Clear and accurate description of the technical requirements for the material, product, or service to be procured. In competitive procurements, such description shall not contain features which unduly restrict competition;
- b. Requirements which must be fulfilled and all other factors to be used in evaluating the proposal submitted in response to solicitations;
- c. Whenever practicable, a description of technical requirements in terms of functions to be performed or performance required, including minimum acceptable characteristics;
- d. To the extent practicable and economically feasible, preference for goods, products or services that conserve natural resources, protect the environment and are energy efficient.



The group shall make positive efforts to ensure utilization of small businesses, youth and women enterprises, and minority owned firms.

Contracts shall only be made with responsible contractors who possess the ability to successfully perform under the terms and conditions of the proposed procurement.

Matters such as contractor integrity, past performance record and financial and technical resources.

## Procurement committee

### Purpose

To ensure procurement activities are conducted in line with accepted professional purchasing practices and appropriate rules and regulations, and independent review and evaluation of procurement documentations.



## RESPONSIBILITIES AND OBJECTIVES

The Procurement Committee shall:

Review the annual procurement plan.

Ensure that proposed procurement activities are executed according to the procurement plan.

Review the procurement policy as required.

To analyze quotations provided by the logistics department, and provide recommendation for approval by the person who signed the SR or someone delegated by them.

To ensure all documentation is accurately completed.

To ensure that the supplies/services quoted for comply with what was requested on the service request (SR).

Seek clarification from suppliers'/service providers where necessary.

The PC should also be assigned a role within the supplier pre-qualification process

In certain contexts, it may be appropriate for some or all members of the PC to be directly involved in the collection of quotations.

Ensuring proportionality, transparency, accountability and fairness in the procurement process

Ensuring all relevant documentation is prepared prior to PC meeting

Ensuring all necessary procurement procedures are properly followed including any relevant donor procedures.

## MEMBERS' APPOINTMENT PROCESS

The Committee members shall be appointed by the Board of Directors.

The Board from time to time will review the composition of the Procurement Committee to ensure that members have the required skills and capabilities to effectively discharge their responsibilities.

## MEMBERSHIP & COMPOSITION

The Procurement Committee shall comprise of not less than three (3) directors.

Officers of Hasar including members of the Internal Procurement Committee, may be called upon to participate in meetings as resource personnel. In addition, the General Manager and the Procurement Unit Head shall be invited to attend each meeting.

## PRINCIPAL OFFICERS

Chair The Chair of the Procurement Committee shall be appointed by the Hasar Board of Directors.

Logistics Manager or equivalent

Finance Department Representative.

## TENURE

The Procurement Committee tenure is two (2) years.





## MEETINGS

**Notice:** At least seven (7) days written notice shall be given to each member of the Committee except in the case of an emergency. The notice shall contain, inter alia, an agenda identifying in reasonable detail the matters to be discussed at the meeting and copies of any relevant papers to be discussed at the meeting.

**Venue:** The venue shall be at the Offices of Hasar unless otherwise agreed.

**Frequency:** The Committee shall meet monthly or otherwise as required either in person or by electronic Means: Additional meetings will be scheduled as necessary to consider matters for approval.

**Quorum:** A quorum is a majority of committee members established as sixty percent (60%) rounded up to the nearest whole number.

### Voting

- i. Only Committee members have the right to vote at meetings.
- ii. Matters arising at any Procurement Committee meeting shall be determined by a majority of votes.
- iii. In case of an equality of votes, the Chairman shall have a second or casting vote.