



Women's Affairs Center (WAC)

User's guide (Manual)

For

Procurement Policy Manual

Procurement System

1. Overview

1.1. Purpose

- The purpose of this document is to provide guidelines for the procurement policies and procedures for goods and services utilized in WAC operations.
- These policies and procedures specify the procurement authority limits and determine the procedures that should be used in conducting procurement of goods, fixed assets and services, to ensure that unnecessary items are not purchased, and to ensure that such procurements are obtained in an effective manner and in compliance with the terms of the grant agreements.

1.2 Scope

- These policies and procedures are applicable to all WAC purchasing operations and functions.

1.3 Responsibility and Authority

- Changes to this document must be approved by the Executive Manager and the Board of Directors.
- The overall responsibility for the implementation and use of these policies lies with the Executive Manager , the Purchasing Committee and the Financial Officer .

2. Procurement Policies

2.1 General Policies

- The donor special procurement instructions, if any, should be considered in the processing of procurement procedures that are financed by this donor to ensure the compliance with the donor requirement.
- All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. WAC shall be alert to organizational conflicts of interest as well as non-competitive

practices among contractors that may restrict or eliminate competition or otherwise restrain trade.

- In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, and invitations for bids and/or requests for proposals shall be excluded from competing for such procurements.
- Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to WAC , price, quality and other factors considered. Solicitations shall clearly establish all requirements that the bidder or offer or shall fulfil in order for the bid or offer to be evaluated by WAC recipient. Any and all bids or offers may be rejected when it is in WAC 's interest to do so.
- Solicitations for goods and services provide for all of the following.
 - A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.
 - Requirements which the bidder/offer or must fulfil and all other factors to be used in evaluation bids or proposals.
 - A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable standards.
 - The specific features of “brand name or equal” descriptions that bidders are required to meet when such items are included in the solicitation.
- Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.
- Cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indexes, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability.
- Procurement records and files for purchases in excess of the small purchase threshold shall include the following at a minimum:
 - Basis for contractor selection.
 - Justification for lack of competition when competitive bids or offers are not obtained.

- Basis for award cost or price.
- A system for contract administration shall be maintained to ensure contractor conformance with the terms, conditions and specifications of the contract and to ensure adequate and timely follow up of all purchases. WAC shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions and specifications of the contract.
- WAC shall include, in addition to provisions to define a sound and complete agreement, the following provisions in all contracts above U.S. \$ 25,000.
- Contracts shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms, and provide for such remedial actions as may be appropriate.
- Contracts shall contain suitable provisions for termination by the recipient, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.
- A bid guarantee from each bidder equivalent to five percent of the bid price shall be obtained. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder shall, upon acceptance of its bid, execute such contractual documents as may be required within the time specified.
- A performance bond on the part of the contractor for 100 percent of the contract price.
- A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by statute of all persons supplying labour and material in the execution of the work provided for in the contract.

2.2 *Purchasing ethics*

- No employee, or officer shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, or officer, 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 other interest in the firm selected for

procurement.

- The officers, and employees, of WAC shall neither solicit nor accept gratuities, favours, or anything of monetary value from contractors, or parties to sub agreements.

2.3 *Suppliers List*

- An approved list of suppliers should be compiled for regular, low cost purchases.
- WAC should maintain files for the approved suppliers; the files should contain price lists, available products and specifications, supplier experience with the related products and history of dealings with WAC .
- The approved list of suppliers should be regularly updated by WAC , and approved by the Executive Manager .

2.4. *Procurement Committee*

- A procurement committee should be formed to supervise and approve WAC purchases with respect of type, quality, quantity and price before executing the purchase process. Further, the best price offer should be selected and approved by this committee.
- The procurement committee should comprise the following:
 - Executive Manager.
 - Financial Officer or the Accountant.
 - The related Program or Project Officer .
 - Procurement officer.
 - Expert in materials purchased.

2.5. *Procurement Authorization Limits*

- WAC procurements authorization limits are as follows:

Procurement Amount (U.S. \$)	Required Level of Approval
Up to U.S. \$ 500	Executive Manager
Up to U.S. \$. 5000	Procurement Committee, Executive Manager and Financial Officer
More than U.S. \$ 5000	Procurement Committee and Board of Directors

2.6 *Requesting Policies*

- Tenders or price offers should be obtained for requests of goods or services that exceed a certain amount as follows.

<u>Procurement Amount U.S. \$</u>	<u>Quotations Required</u>
Up to 500	without price quotations
501 - 5000	Three price quotations requested and received in a closed and sealed envelope.
More than 5,000	Formal bids requested through newspaper announcement and received in sealed envelopes

- A price offer form should be used to document the request for tender or price offers.
- The request for tender or offers document must contain enough details to ensure that the supplier understand what has to be done, when and where it is wanted, and how much and on what terms they will be paid. It should include at least the following:
 - Details specification of the items or services required
 - The quantities required
 - Delivery date, location and instructions
 - Terms of payments
 - Terms and conditions of contract
 - Signature of an authorized person
- Before the preparation and approval of the request for quotations, all purchase requests that are financed by restricted grant should be compared and agreed with the grant agreement terms and budget by the Financial Officer , to ensure that this purchase is an allowable expense and within the grant's budget and scope.
- A contract should be prepared for all procurement of good and services that will be delivered or provided within a period exceeding one month, and for all procurement exceeding U. S. \$ 5000.
- Opening of the quotation envelopes should be witnessed and initiated by Procurement Committee. A summary should be prepared for all quotations received.
- Price analysis (could be in a tabulation form) should be made and documented through comparison of the price quotations submitted and market prices. This analysis should be used as a base for supplier selection, taking into consideration the financial and technical aspects of the

requirements.

- A cost analysis should be done to review and determine reasonableness, allocability and allowability.
- Procurement records should include the basis for contractor/supplier selection, justification for lack of competition when competitive bids or offers are not obtained.
- A prenumbered Purchase Order should be used for each purchase of goods or services that exceed U. S. \$ 100. Each purchase order should be approved in writing and in advance by the proper level of management based on the procurement authorization limits, as to vendor, prices, quality of goods and quantity.
- The Purchase Order should be a triplicate, a copy of the approved purchase order should be made available to the employee executing the purchase, and second copy to the Accounting Department and a third copy to the person who will receive the goods.
- An accounts payable subsidiary ledger should be used in the accounting system for each main supplier. This ledger should be updated upon receiving of the purchases on the accrual basis of accounting. The accounts payable subsidiary ledger should be reconciled periodically with the accounts payable general ledger

Description of Task

The procedures provide guideline for request materials.

Required Forms and Documents

Purchase Request Form

Price Offer Form

Procedures

Responsible Person

Action

Program/Project Officer

Determines that certain items are needed

Prepares a two copies Purchase Request using the Standard internal purchase request form.

Program/Project Officer

Reviews and approves the Purchase request form.

Financial Officer

Ensure that the Purchase Request agrees with the

Program/project budget.

Compares and agrees all purchase requests that are financed by restricted grant with the grant agreement terms and budget to ensure that this purchase is an allowable expense and within the grant budget and scope.

Checks the availability of cash for the requested purchases.

Approves the Purchase request.

Program/Project Officer

Files a copy of the approved Purchase request in the Project's open requisition file, by date of requisition.

Sends the second copy of the approved purchase request to the Purchasing Committee.

Purchasing Officer

Prepares the Request for Tenders or Offers Form that contains enough details to ensure that the supplier understands what has to be done, when and where it is wanted, and how much and on what terms it will be paid. It should include at least the following:

- Supplier name and address
- Date
- Detailed specification of the items or services required.
- Quantity needed
- Unit of measure
- Date shipment expected to be received
- Required place of delivery
- terms of payment
- Signature of authorized persons

The number of quotations to be obtained will depend on the estimated value of the Purchase Order (Refer to Purchasing Policy for details).

Head of Purchasing Committee

Reviews and approves the requests for quotations.

Purchasing Officer

Upon the receiving of the suppliers' responses,

enters the quotations in the (Tabulation of Suppliers Quotations).

Quotation over U.S \$ 500 are to be received in sealed envelopes and are to be opened in the presence of representatives from the Purchasing Committee, the Program/Project Officer and the Financial Officer .

Observers of Sealed

Envelopes Opening

Sign the (Tabulation of Suppliers' Quotation) certifying that the sealed envelopes were opened in their presence.

Purchasing Committee

Indicate the "Supplier Selected" and the justification in the Tabulation of the Suppliers' Quotations.

Forwards the Tabulation for Suppliers Quotations, together with the original quotations received to the Financial Officer .

Financial Officer

Checks the significant terms and conditions to ensure that funds will be available when payments are due.

Punching Officer

Prepares a purchase order and obtains the required authorization (Refer to the Purchasing Policy).

Distribute the purchase order as follows:

Original to the supplier.

Copy to the Accounting Department.

Copy to the person Executing the purchase.

Purchasing Committee/

Officer

Follow up on outstanding purchase orders.

2.7. *Receiving Function*

- The Executive Manager and the Procurement Committee should authorize the function of receiving purchases to certain employee.
- No purchases above U. S. \$ 100 should be accepted without an approved Purchase Order. Before accepting any goods, they should be physically counted by the person who authorized to receive the purchases, inspected

and agreed to purchase order specifications. The supplier's invoice should be compared to the price list or tender initially presented by the supplier.

- The receiving section of the Purchase Order should be completed by the person who receive the goods, or a receiving report should be completed to document the receiving of goods.
- An official invoice should be obtained from suppliers for each purchase before cash payment.

Description of Task

The following procedures provide guideline for receiving Purchases.

Required Forms and Documents

Receiving Report

Item Discrepancy Report

Procedures

Responsible Person

Receiving Clerk

Action

Counts the delivered items, inspects them and compares them to the purchase order.

Files out an Item Discrepancy Report and forwards it to the Purchasing Committee, in case the delivered items do not match the purchase order.

Completes the receiving section of the purchase order or a receiving report should be completed to document the receipt of goods. Copy of the receiving report should be sent to the Accounting Department and to the Inventory Controller.

Matches the supplier invoice, purchase order and receiving report and signs the invoice.

Photocopies the supplier invoice and sends the original copy to the Accountant Department and a copy to the Inventory Controller.

Inventory Controller/

Custodian

Verifies count of goods by checking the quantity received and sign to acknowledge the receipt of goods.

Updates the inventory records.

Matches the Purchase Order, Purchase Request, Receiving Report and the supplier invoice.

2.8. *Reporting of Purchases*

- The Accountant should ensure the existence of all of the above supporting documents and he should review approve them before recording of the purchase transaction in the accounting system. Further, he should ensure that all purchases control procedures are followed in conducting each purchasing transaction. Any exception noted should be reported to the Financial Officer and the Executive Manager .
- After the completion of the Accountant review of the completeness and reliability of the procurement process, the Accountant should report the procurement transaction and update the supplier accounts payable subsidiary ledger.
- An accounts payable subsidiary ledger should be used in the accounting system for each main supplier. This ledger should be updated upon receiving of the purchases on the accrual basis of accounting. The accounts payable subsidiary ledger should be reconciled periodically with the accounts payable general ledger.

Description of Task

The following procedures provide guideline for recording of Purchases transactions.

Required Forms and Documents

Non

Procedures

Responsible Person

Accountant

Action

Ensure the existence of the supplier invoice.
Purchase order and receiving report

Ensure that all purchases control procedures are followed in conducting each purchase transaction and report any exception to the Financial Officer and the Executive Manager .

Records the purchase transaction and updates the supplier accounts payable subsidiary ledger.

2.9. *Cash Payment Function*

- Before payment of supplier's invoice, each invoice should be matched with the approved PO and agree the receiving details with respect of type, price

and quantity.

- All cash disbursements that exceed a certain amount (say U S \$ 100) should be paid by Ch. Paid invoices should be stamped “Paid” to prevent duplicate payments.
- All applicable supporting documents should be reviewed and signed by check signers prior to signing checks. In addition, all other procedures related to cash payments and check disbursements should be followed.
- The purchase request, PO, supplier invoice, check copy, and all other related documents should be filed with the prenumbered journal or payment voucher to allow for easy future review and audit of such documents.

Description of Task

The following procedures provide guideline for cash payment function.

Required Forms and Documents

Check

Procedures

Responsible Person

Action

Accountant

Before payment of the supplier’s invoice, matches the invoice with the approved Purchase Order and agrees the receiving details with respect to type, price and quantity.

Financial Officer

Prepares the check to be signed by the Authorized Signatories.

Authorized Signatories

Review and sign all applicable supporting documents prior to signing checks.

Accountant

Ensures that all amounts exceeding certain amount (say \$ 100) should be paid by checks. Stamps paid invoices as “PAID” to prevent duplicate payments.

Files the Request, Purchase Order, Supplier Invoice, check copy and all other related supporting documents with the prenumbered journal or payment voucher to allow for easy

future review and audit of such documents.

3. Inventory and Stores keeping

- All procurements above U.S. \$ 250 that will be consumed within a period exceeding one month and all procurements made for subsequent sales are subject to the inventory and store keeping procedures.
- The Executive Manager should assign the inventory custody function to an employee who is independent from accounting function.
- An inventory record should be maintained by the person responsible for the inventory to record the quantity on hand of materials and goods purchased for subsequent usage. Each item should be recorded separately in the records.
- Material item card should be maintained for each inventory item and should be updated upon receiving and issuing of these items.
- Adequate physical security should be maintained over inventory storage areas.
- A prenumbered issue voucher should be prepared for each issue of materials. This voucher should be approved by the Financial Officer .
- An annual physical count of WAC store inventories should be taken, and appropriate adjustments of the general ledger should be made to properly state the actual quantities on hand.