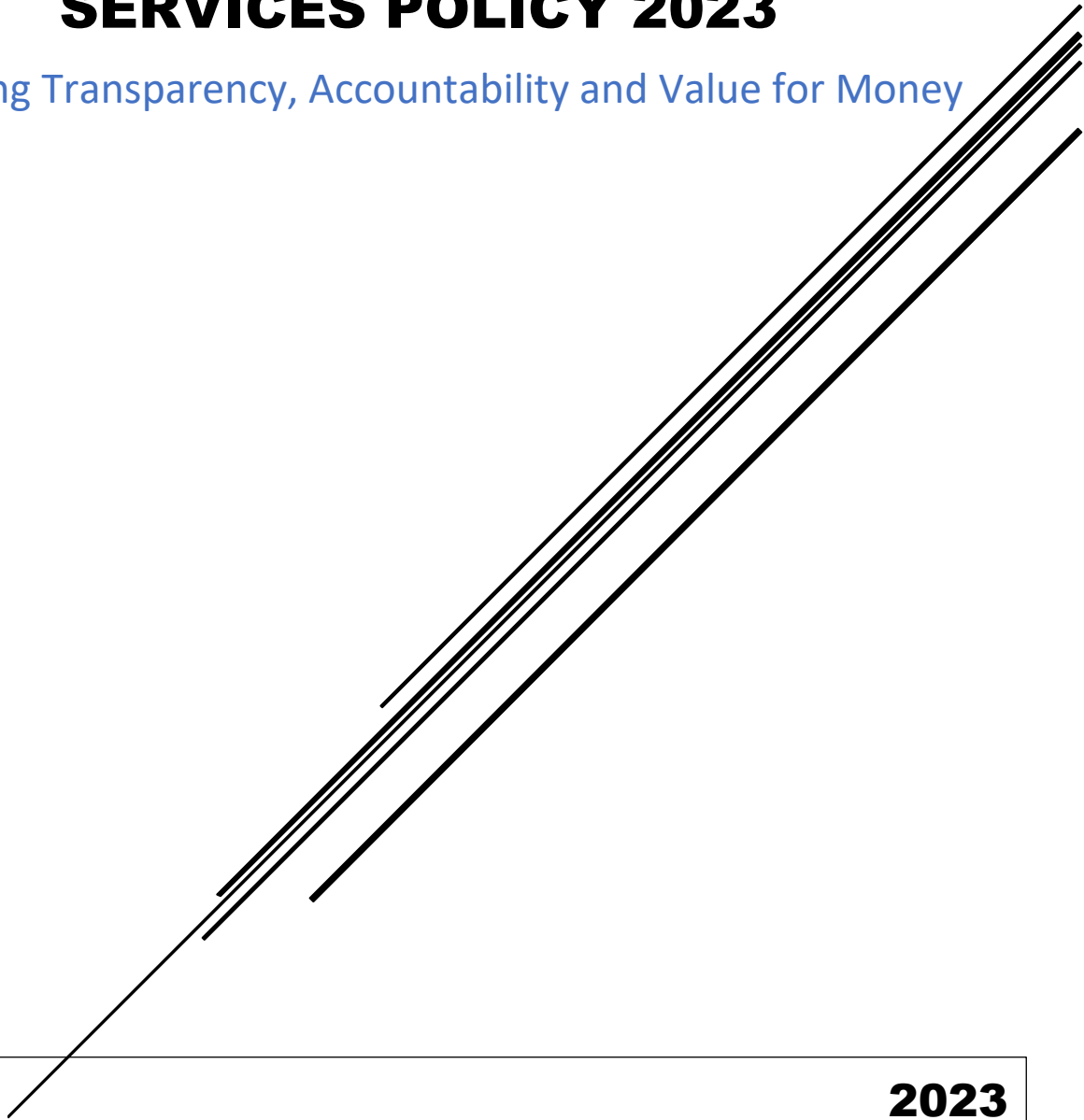




# **PROCUREMENT OF GOODS AND SERVICES POLICY 2023**

Ensuring Transparency, Accountability and Value for Money



# PROCUREMENT OF GOODS AND SERVICES POLICY 2023



## PURPOSE OF PROCUREMENT POLICY

The overall purpose of this procurement policy and regulations is to ensure that Network AID gets the highest quality of desired goods and services at the best price possible. Further, the regulations are aimed at streamlining the process of procurement while maintaining adequate controls. These procurement procedures apply to all staff, volunteers, consultants, interns etc involved in the procurement process and to all types of procurement.

NETWORK AID procurement and supply procedures can be referenced to Sierra Leone Public Procurement Act 2004; as well as customised to relevant donor regulatory procedures. The procurement and supply function is an integral part of NETWORK AID and its operations and is managed through close collaboration between operations, finance and programme units to avoid confusion and to identify where there may be conflicts with donor's rules. The main objective of this policy is to ensure that the rules and regulations governing the process of acquiring goods and services are complied with and to minimize costs associated with the purchase of those goods and services.

## THE PROCUREMENT COMMITTEE

- I. Network AID procurement committee will comprise of an Advisory Team Member, Programme Quality Coordinator, Finance Coordinator, Administrative/Human Resources Coordinator and a volunteer/staff of the organisation – a body that checks a procurement process for compliance. This stage is not necessary for smaller value purchases. Their roles and responsibilities are:
- II. The committee shall meet when there is a need to deliberate on issues of procurement.
- III. The key terms of reference for the committee shall be to: i) Award tenders ii) Approve orders iii) Award contracts iv) Approve variation of contract conditions.
- IV. The quotations are reviewed based on price, quality, specification, delivery and after-sales terms and a preferred supplier is selected and authorized.
- V. Adhere to the following
  1. Frequency of PC Meetings;
  2. Documentation;
  3. It approves when procedures are complied with or disapproves if the procedure is not respected.;
  4. Letter of Invitation;
  5. Instructions to Offers;
  6. Currencies and Payments;
  7. Submission of Offers;
  8. Receipt of Offers;
  9. Offers' Queries;
  10. Modification to Bids / Proposals.

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## **EVALUATION OF OFFERS**

1. Purpose of Evaluation;
2. Evaluation of Quotations;
3. Opening of Bids or Proposals;
4. Evaluation of Bids;
5. Evaluation of Proposals;

## **SEPARATION OF DUTIES**

There shall be a proper separation of duties between i) The person who orders a particular purchase from a vendor. ii) The person who satisfies that the goods supplied are satisfactory. iii) The person who accepts goods into the store. iv) The person who authorizes payment.

## **PROCUREMENT PLANNING**

Procurement planning is part of the annual budgeting process. Each departmental head is responsible for planning his/her project's estimated procurement needs on an annual basis through the use of the Annual Procurement Plan (APP), which indicates the items to be bought in the various quarters of the year. The Procurement Coordinator or person designated will use the APP to plan for requisitions. It is crucial that the procurement committee discuss the APP at the beginning of each year and as needs may arise within the year. The APP will also require the final approval of the Programme Quality Coordinator or Project Coordinator, who will share it with the Country Coordinator for comments before approval.

The procurement and supply plan shall be a detailed and realistic estimate of procurement and supply requirements over a given period. The plan must answer to the following questions; What, When, Where, How, How many, and how much.

## **PROCUREMENT REQUISITION (PR)**

Each specific procurement procedure process shall be initiated by procurement requisitions to the Procurement Coordinator or person designated from the requesting department and should show detailed specifications and requirements for the item(s) being requested. They should also indicate that the item is budgeted for. The PRs allow the departments flexibility within the overall annual plans regarding specifications, exact quantities, delivery dates, etc. They are also used to cater for unplanned or emergency procurement. A supply requisition is a document used to initiate procurement of supplies and/or equipment and could be done in two modes – offshore or locally.

The PR form will show the following: i) Items required. ii) Quantities. iii) Delivery dates and locations. iv) Accounting information. v) Whether procurement is within APP/budget or emergency or unplanned. vi) Signature of the preparing person. vii) The departmental head.

It is the responsibility of the procurement committee to ensure that donor requirements and restrictions are observed in the procurement of goods and services but within the framework of Network AID procurement guidelines.

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All requisitions must be signed by the departmental heads or designate, who should ensure that the item(s) are in APP or should seek authority to procure as per policy. Any persons designated to authorize requisitions in an acting capacity must have the authority given in writing stating the period authorized.

## **SPECIFICATION**

the exact quantity, standard and guide price of the goods or services required, as described in the project budget. Other principles and procedures include:

1. To forecast procurement/supply needs over a reporting period;
2. To preposition resources – both human and materials;
3. Focus on strategic/essential procurement/supplies;
4. Employ a category management approach to better define procurement strategies and to save time and cost;
5. Used as information to forecast warehouse replenishment and also to give on local procurement;
6. Assist in ensuring timely delivery of supplies;
7. To assist in the overall budgeting process;
8. To serve as the reference point for all supply activities throughout the reporting period.

## **Developing Specifications**

The specifications must be generic and not favourable to any one supplier. Suppliers may be incorporated as part of the solicitation document. Must be complete, clearly describing the need, including requirements for marking, packaging, packing and delivery; include

1. Unit of measurement;
2. Currency;
3. Delivery time and income tax;
4. Logos;
5. For printing, information that negatives and graphics belong to the solicitor validity of bids;
6. Instructions for submitting offers, including the date and time at which offers must be received;
7. When bids or proposals will be publicly opened;
8. Instruction for forwarding samples, where required;
9. Criteria for adjudication;
10. Any other matter requiring the particular attention of the suppliers.

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## Preference

Preference should be given to local procurement. However, where NETWORK AID has a comparative advantage (cost efficiency direct access to international suppliers and risk levels), it may procure on behalf of its partner.

Procurement requests whether local or international should be processed in a timely and economical manner.

## Part of a Purchase and Supply Requisition

A specified number of quotations from reputable independent suppliers are obtained for items over a specified limit. Purchase order sent to selected supplier with a copy kept on file; it forms a contract with the supplier. The quotation is usually attached to the order for reference. Other checklists include:

1. Issue date
2. Budget reference
3. Estimated delivery date
4. Delivery place
5. Contact person and program
6. Item specification
7. Item Quantity
8. Unit cost
9. Total cost
10. Distribution plan
11. Approval

## BIDDING PROCESS FOR GOODS AND SERVICE

Bidding is an essential part of the procuring process. Financial regulations and rules require that, with certain exceptions, all purchases should be the result of competitive bidding. Written solicitation for offers will be sent to several suppliers sufficient to obtain preferably at least three valid tenders/quotations/proposals for supply goods or services valued between Le 15, 000, 000 to Le 50,000,000.

## Exceptions To Competitive Bidding

1. The order is for Leone or less;
2. The prices of rates are fixed;
3. Emergencies;
4. Sole source of supply;

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5. Not in the particular case, deemed in the interest of NETWORK AID.

## **Suppliers Source Lists and Prequalification**

The procurement staff should maintain regularly updated lists of prequalified a supplier by assessing:

1. Its financial viability;
2. Its capacity to meet quality, delivery, price and after-sales requirements;
3. The procurement staff may consider conducting a site visit and a quality assurance survey evaluation products;
4. The supplier profile for each supplier should be complied with.

## **Solicitation Method**

1. quotations are requested from suppliers by issuing a request for quotation (RFQ);
2. Bids are requested from suppliers by issuing the standard invitation to bid (ITB);
3. Proposals are requested from service providers by issuing a request for proposal (RFP).

## **Receipt and Opening of Bids or Proposal**

Bids or proposals are returned in sealed envelopes and kept securely in a tender until the date and time specified for the public opening. Bids or proposals are opened at the specified time by the procurement staff in the presence of a witness from another department/unit. The procurement staff and witness initial each page of each bid. If there are no attendees, then the procedures outlined above must still be carried out. Bids are tabulated as soon as possible after the bid opening. This must not be shown to enquiring bidders. Note: bids received after the bid closing date and time will not be accepted adjudication of bids, quotations and proposals, received as offers must be evaluated to ensure:

1. The product or services offered fully meet the specifications and are of acceptable quality;
2. The costs involved are fair and reasonable;
3. The delivery offered meets the requester's requirement;
4. The bidder is reputable and the offer is acceptable;
5. The terms and conditions of the offer are acceptable;
6. All other things being equal, the best value for products or services confronting specifications should be acceptable.

## **Rejection of the Lowest Offer**

1. Unacceptable delivery time;
2. Non-conformity with specifications, including packaging requirements;
3. Any freight costs involved make the quotation no longer the lowest;

In all cases where the lowest acceptable bid is not selected, the reasons must be documented and signed for audit purposes.

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## REJECT BIDS, QUOTATIONS OR PROPOSALS

If the specifications are unsatisfactory or the offer is incomplete. Not following instructions to bidders must be invalidated (i.e. late bids, bids not sealed, etc)

### Recommendation of Bidder

The result of the award is noted on the tabulation sheet. Should the recommendation be made in favour of a higher bid, the reasons must be stated on the tabulation sheet and signed by the adjudicator. On completion of the adjudication:

1. Receive the necessary authorization/ approvals;
2. A purchase order or a contract is prepared for the most competitive bid.

### Maintaining Records of Bids

1. Every issuance of an ITB must be recorded in the bid register by a consecutive number;
2. A bid folder is prepared to include copies of the ITB and the list of suppliers to whom it was issued;
3. After opening, details of the bids are entered on a tabulation sheet. This sheet with copies of the returned bids is placed in the bid folder;
4. The award to the successful bidder is noted on the tabulation sheet;
5. A record of the withdrawal or rejections of bids is made;

## FOLLOW UP AND EXPEDITE ORDERS

Ordering – a purchase order is a form of written contract between a buyer and seller. A PO stipulates in clear terms all contractual obligations of both parties. It also states penalties that apply in case of failure:

1. Requisition reference;
2. Purchase Order (PO) information;
3. Supplier reference;
4. Procurement committee reference;
5. The bid number-when applicable;
6. The PO currency and currency of payment;
7. The delivery terms and date, and the payment terms as negotiated with the supplier
8. Item(s) description, quantity, unit of issue, unit price, discount (if any), total amount for each item as per the supplier's offer;

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9. Terms and conditions;
10. Consignee information;
11. Queries and remarks to;
12. Justification for selecting suppliers.

## PROCUREMENT ORDER TRACKING

To ensure quality and timely delivery of supplies, the procurement process must be subjected to systematic follow-up on all requisitions, from the date of issue to the date of delivery to the final consignee. This could be done in a way that the NETWORK AID chooses.

## RECEIPT, STORAGE, DISTRIBUTION

1. NETWORK AID is encouraged to have a functional and secure storage facility for keeping supplies/materials and ensure prompt distribution to end users;
2. NETWORK AID to maintain an automated stock management system to manage the warehouse (e.g. in Excel)
3. Other documents required for proper stock management are stock requisition; stock cards, store ledger, stock requisition, waybill, and gate pass.

## GOODS RECEIVED NOTE (GRN)

1. This arrives with the supplies and is signed to acknowledge receipt in good order;
2. Supplier invoice to be checked and matched up with the GRN, purchase order and quotation.

## PAY PAYMENT REQUEST

The person responsible for authorizing payment must check that the goods or services have been received at the agreed price before payment can be made. This includes:

1. Payments are initiated based on deliveries and involve submitted;
2. Payment requests can be done for supplies delivered only;
3. Approved payment request is forwarded to Finance for payment;
4. Copies of approved payment requests are kept in the supply files;
5. Payment is entered into NETWORK AID's cashbook;
6. If equipment is purchased, it is entered into the NETWORK AID Asset Register or Inventory. This might also happen at an earlier stage when the item is received.



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## **FILING / CLOSURE**

A clean and easy-to-understand filing system which gives a complete history of every requisition must be maintained. The content: authorized copy of the requisition, and all correspondence related to that requisition. Purchase orders, cop of bid tabulated/analysis, delivery note (s), invoice(s), waybill, payment request.

## **MONITORING AND EVALUATION**

The following checklist of activities should be followed in NETWORK AID procurement and supply:

- 1.Undertake procurement planning;
- 2.Develop a roster of vendors;
- 3.Purchase in bulk through competitive bidding;
- 4.Establish a long-term agreement (LTA) with vendors to reduce procurement lead times;
- 5.Periodic market surveys to gather information about markets and service providers.

## **PROCUREMENT ETHICS**

1. Procurement Delegated Authority
2. Conflict of Interest
3. Procurement Ethics / Code of Conduct

## **CONTRACT MANAGEMENT**

These will constitute the following principles and procedures:

1. Description
2. Payment and Taxes
3. Breach and Termination of Contract

## **ASSET MANAGEMENT**

1. Develop TOR on asset management
2. Asset acquisition
3. Developing Service/Maintenance Agreements

A procurement and supply policy that guides the organization at all levels of administration, programme, projects, communities, partnership and collaboration work as well as running of NETWORK AID is to be fully developed and made to be implemented.

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Note: It is subject to review and modification as the need arises.

## **CONTROLS ON PROCUREMENT**

Goods and Services will only be procured within approved budgets except in case of emergencies, which have to be approved by the Country Coordinator. Thus, in addition to being responsible for preparing the APP/budget, the departmental heads should ensure that actual procurement throughout the year remains within the budget. Each requisition should reference the line bearing the item or requisition and if needed, be attached to the page where such line is contained.

The Finance Coordinator or person designated shall assist the Procurement Coordinator in conducting periodic checks on procurement activities to ensure that they conform to APPs, donor procurement requirements, and Network AID policies and procedures.

It is the responsibility of the person who signs the local purchase order (LPO) to verify that the following have been, done whether or not he/she collects the goods concerned.

(i) That the correct quantity has been received and signed. (ii) That the quality and price of goods are as agreed. (iii) That all goods delivered have been securely and inventory records appropriately updated. (iv) That the delivery note is checked, signed, and forwarded to the Finance Coordinator to await the invoice.

Purchases under petty cash must not exceed the maximum amount established and documented by the Finance Coordinator.

Procurement staff and all members of the procurement committee will be required to sign a 'conflict of interest' document stating that they will not purchase goods or services from a company they have a vested interest.

## **THE PROCUREMENT PROCESS REPORT**

Upon receipt of requisitions, the Procurement Coordinator will first verify that the requisition is properly approved according to the signing authority. He/she will then enter the requisition details into the procurement report worksheet. After this, he/she will begin the process of sourcing the goods.

The procurement report worksheet is updated to reflect requisitions as they are received. It also includes information on the status of each procurement requisition, complete with the expected delivery date. This is to be submitted to the projects/programme department on a monthly analysis or bi-monthly analysis.

The Procurement Coordinator is required to present a monthly financial and narrative report on procurement to the Country Coordinator, through the Administrative Coordinator and a copy forwarded to the Finance Coordinator.

## **VENDOR SELECTION**

Careful selection of vendors should be done to ensure that the best possible price, value for money, quality and delivery time available within the markets is obtained. A list of suitable vendors (the list of pre-qualified vendors), for each type of goods and services based on letters of introduction and past performance shall be maintained. The vendor list shall be reviewed and updated periodically to ensure that current known factors are taken into consideration. Once the previous year's list of vendors has been updated and

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approved by the procurement committee, procurement of goods, and services can be affected. Vendor selection for inclusion on the list of pre-qualified vendors will take place once per year or every six months and will be done by the procurement committee.

## **VENDOR SELECTION CRITERIA**

The following set of criteria is essential for deciding on the choice of vendors: -

i) Price ii) Quality of goods/services. Such a justification must be verifiable. iii) Availability of goods/services within the required delivery time. iv) After-sale services, including availability of parts/supplies. v) Bidder's previous records of performance and service. vi) Ability of the bidder to render satisfactory service in this instance. vii) Financial stability of the vendor. viii) Availability of bidder's representatives to call upon and consult with ix) Payment terms x) Warranty offered. xi) Ability to provide samples. Xii) Value for Money.

## **PROCEDURE FOR TENDER**

The Procurement Coordinator and the heads of the various departments may recommend potential vendors but the selection of those invited will be left to the discretion of the procurement committee. The Procurement Coordinator will send an invitation to tender to each supplier listed to be invited. The vendors will pick up tender documents at Network AID offices specifying the goods and details or any relevant information needed to get accurate bids. All suppliers must receive the same information.

## **USE OF DEALERS AND SOLE SUPPLIERS**

In the interest of ensuring quality, reliability and timeliness, the Procurement Coordinator may establish purchase agreements or contracts with main dealers of regularly purchased goods. Where possible due to other factors, the Procurement Coordinator will negotiate rates and discounts with the supplier or a method to determine price for invoice justification. These agreements and prices (net of discounts) should be reviewed quarterly/annually to ensure that they are competitive.

## **LOCAL PURCHASE ORDERS (LPO) WITH VENDORS**

The LPO is a contract with vendors that should include all information regarding the goods and services being procured as well as standard terms of delivery, payment and arbitration in case of dispute. If contracts are precise and clear, the possibility of disputes will be reduced and Network AID will stand a far greater chance of receiving the goods and services as expected. Upon selection of a vendor, a legally binding contract or work order should be drawn up for the goods and services in question and signed by both parties before procurement. Detailed specifications; quantities, unit prices, delivery deadlines, locations, and payment schedules must be specified in such contracts.

## **ORDER FOR RECURRING REQUISITION**

Procurement of a recurrent nature, i.e. where the same goods and services may be issued several times a year, one vendor may be selected for a period of up to one year. In some cases, particularly for services, contracts for the goods or services can be drawn up once, which may then be referenced every time those goods or services are required without requiring separate quotations and contracts on each occasion. In other cases, particularly for regularly purchased goods, vendors can be selected once, but separate contracts are drawn up on each occasion the vendors are used.

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## **CERTIFYING DELIVERY OF GOODS AND SERVICES**

The procurement process cannot be completed without certification that the goods and services procured have been received entirely to Network AID's satisfaction, in particular, to the satisfaction of the requisition. The procedure for receiving goods and services is therefore important in ensuring that vendors have entirely met their obligations. Once Network AID has certified that goods and services have been received to their satisfaction, it has little further resources to complain about a vendor's performance; and payment can then be made.

In all cases, the certification of receipts of goods and services is a pre-requisite to Network AID and the following guidelines are essential for that purpose: -

- i. The procurement office should ensure that goods and services are checked against contracts, waybills, invoices, or delivery notes.
- ii. The requisition department at the time of delivery will facilitate the receiving and checking of goods and services whereby the receiving person will have to sign the delivery notes or any other documents during delivery.
- iii. Physical checking should be done by the requisitioning department and not by the procurement office.
- iv. In some cases, receiving of goods and physical checking of goods or services may be delegated to other Network AID officers who are so authorized by the Procurement Coordinator. Such might include cases where goods or services are delivered directly to a project field location; or where a specialist's technical certification is required.
- v. Any differences between documents done and physical checks should be noted and reported to the Procurement Coordinator for action.

## **PAYMENT- PROCESSING PROCEDURE**

The recipient department is responsible for preparing payment requisition which then forwards it to the procurement office for checking and certifying. The document is then sent to the finance department for further checking and necessary approval and authority to pay. All payments must be made following the contractual terms between the vendor and Network AID and in reference to the financial policies.

## **PROCUREMENT OF SERVICES**

### **Appointing And Paying Consultants**

Consultants' services shall be sought for: -

- i. A job for which the required technical expertise does not exist in-house at Network AID.
- ii. A job that is not ongoing and hence does not require full-time staff.
- iii. A job that does not require more than 12 months of continuous engagement.

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- iv. In case of emergencies, consultants can be hired for one year and subject to renewal based on performance.

The following procedure shall be observed for engaging the services of a consultant at Network AID: -

- i. The decision to hire the services of a consultant shall be taken by the Country Coordinator in liaison
- ii. with the heads of the various departments in consultation with the technical advisory and approved by the Chief Country Coordinator. Notwithstanding the i) the Country Coordinator shall approve local consultants with prior approval with the Chief Country Coordinator.
- iii. The Country Coordinator shall send an invitation to specific appropriate consultant(s) requesting for proposal for the consultancy by a stated date.
- iv. The proposals received shall be reviewed by a panel composed of the various heads of department and the ensuing recommended name shall be submitted to the Country Coordinator who shall discuss it with the Network AID Chief Country Coordinator or committee designated by him/her.
- v. The terms of reference for the consultancy shall be mutually agreed upon and the Finance Coordinator shall be involved in the negotiation of financial aspects of the terms.
- vi. The contract agreement shall be signed by both parties before the commencement of the consultancy assignment.
- vii. Payment is conditional on satisfactory completion of the whole job unless the agreement provides for instalments after specifically agreed components/tasks.

## **Appointing And Paying Temporary Staff**

Temporary staff include locum, short-term project staff engaged for on-off tasks. The following procedure shall be observed for engaging the services of temporary staff: -

- i. The temporary staff is engaged by the Country Coordinator in liaison with the department in need of the staff and the Finance Coordinator.
- ii. The letter of engagement/acceptance is issued by the Country Coordinator stating the temporary status of the employment and the agreed terms.
- iii. A temporary staff is expected to comply with all the policies, code of conduct, philosophy and values of Network AID while in the service of Network AID.
- iv. Payment shall be made at the end of the month along with the payroll of the regular staff.

## **Appointing And Paying Casual Workers**

Casual workers will be those engaged in project work, especially manual work, for one to several days. The following procedure shall be observed for engaging the services of casual workers: -

- i. The casual workers are engaged by the heads of departments upon the approval of the Country Coordinator.
- ii. A list of casual workers (name and legal identity numbers) shall be maintained by the head of the department stating the terms of reference for the casual worker.
- iii. The letter of authority for the engagement of casual workers shall be issued by the Country Coordinator or person designated by him/her to the head of the department, stating the terms of reference for the casual workers.
- iv. Casual workers are expected to comply with all the policies, code of conduct, philosophy and values of Network AID while at their service.
- v. Payment shall be made on a daily or weekly basis.

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## PROCUREMENT PLAN FORMAT FOR GOODS

Item description (What to buy?)	Month when needed (When to buy?)	Quantity (How many to buy?)	From where to buy?	Estimated cost

## PROCUREMENT PLAN FORMAT FOR SERVICES

What type of service is needed?	Month when needed	Needed for how many days?	Is this an individual or an organization	Total estimated cost