



Development Empowerment Women Association DEWA

PROCUREMENT POLICY

dreamstime



Procurement is the process of purchasing goods or services and is usually in reference to business spending. Business procurement requires preparation, solicitation, and payment processing, which usually involves several areas of the organization.

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1. General Terms

1.1 Bid Request:

Generally, procures a product by means of competitive bidding, whereby two or more potential suppliers are asked to offer proposals. **DEWA** may request a proposal from a specific supplier, however, when technical competence, patents, production capacity, equipment compatibility, or other factor is of particular importance.

1.2 Bid Submission:

Written proposals will be deemed valid only if they meet **DEWA** deadlines, specifications, and conditions. Proposals based on specifications different from those designated by **DEWA** will not be considered, however, if such alternative specifications satisfy **DEWA** functional and performance requirements.

1.3 Supplier Selection and Price Negotiation:

After comparison as a general rule, **DEWA** negotiates the final price of a contract with the low bidder only. Unsuccessful bidders will be informed of the results upon request.

1.4 Contract Conclusion:

A contract should, in principle, be in compliance with the clauses prescribed by **DEWA** when placing an order. When circumstances necessitate, however, a contract may be drawn up in accordance with terms and conditions agreed upon between Company and the supplier.

1.5 Delivery, Inspection, and Payment:

Products will be inspected upon delivery by **DEWA** to confirm conformance with contract stipulations. The supplier's presence at such inspection and/or assistance may be requested.

Payment will be made after delivery of items as per specifications and checking by the concerned officer receiving the items. If warranted, such as when long lead time is needed to manufacture a certain type of product, Company will make scheduled disbursements or other special payment arrangements. However, **DEWA** will make ensure payment to the supplier/vender within Financial Year.

1.6 Consultant Agreements:

Consultant agreements are contracts with individuals (i.e., consultants or independent contractors in business for themselves, not bona fide companies) for specialized services that cannot (either because of time or skill level) be performed by **DEWA** employees. Organization will use a consultant agreement when the individual is performing a specialized type of work under a contract that clearly specifies the scope of work, rate and terms of compensation, time period of performance, deliverables, and terms of the agreement.

2. Procurement Process

A. Purchase Policy and Procedure

Effective internal controls over procurement of goods and services shall be established to ensure the better utilization of DEWA's and donor's resources.

The project manager through monthly request as per the project plan makes **procurement requisitions**. Finance and admin officer submit such requests to the Executive Director for approval and further processing.

Procurement Authorization

All the procurements shall be done after formal authorization from the Executive Director. The purchase request form shall be used for such an authorization. Each purchase should be justified by filling in column of "justification" in the said form unless such a justification is given to donors, and it is included in the approved budget proposal for a donor.

All requests for purchase of goods and services above Rs. 5,000 shall be made on a Standard Purchase Requisition Form. Person making the request will submit the purchase requisition form to Finance Manager, who will check the availability of budget.

Selection of Vendors

Following is the procedure to select vendors/ and procurement

- i) Formation of a vendor selection/ Purchase committee
 - a. Executive Director will form and notify a vendor Selection/ Purchase Committee comprising from following members (at least 3 Members and 60% female)
 - ❖ Head of Admin and Finance
 - ❖ Head of HR
 - ❖ Members from Board
 - ❖ Members from Project/Program Staff
 - ❖ Member from Community (In case of Community Procurement).
 - ❖ Expert person in required procurement (if needed)

Powers of committee

- a. To select the vendors for the purchases to be made in the year.
- b. Call quotations from the vendors
- c. Prepare comparative statements
- d. May depute more than one employee (at least two) to visit market to get competitive prices and over the counter negotiations.
- e. Negotiate with vendors in case large/ high value procurement before signing the contract.

- f. Any other role assigned by the top management

Procurement of items costing up to PKR 500,000/- shall be approved by the Executive Director, whereas procurements exceeding PKR 500,000/ will be approved by president.

Three comparative quotations shall be taken from different vendors for procurement of all the items costing above PKR 25,000/-. The vendor offering lowest price and matching the desired quality of goods shall be sent a formal purchase order for the supply of goods. The purchase order shall show name of supplier, agreed amount, specifications, clauses, payment terms and delivery date etc., duly signed by the Executive Director. For finalization, the vendor price shall be considered as an important but not the only deciding factor.

Following factors will be considered in reviewing quotation and awarding contracts:

- i. Prices.
- ii. Quality
- iii. Bidders previous record of performance and service; and
- iv. Ability of bidder to render satisfactory service.

A summary sheet shall be submitted to the approving authority for review. Contract shall be awarded to the lowest bidder after an evaluation of the quotations. In case of supplier who is not “the lowest”, but the goods or services offered by such supplier are considered to be the best; contract may be awarded to him / her. Proper justification for assigning contract to “not the lowest bidder” should be given on the approval form or in the minutes of the purchase committee.

b. Purchasing Necessary Items

Purchases less than Rs. 10,000 may be purchased to best advantage without quotations subject to the following conditions

- a) Rates should be reasonable and consistent with normal market rates for items of a like nature
- b) Requirements should not be split into components or succession of orders for the same goods or service for the purpose of enabling the goods or service to be obtained under the Rs. 10,000 limit
- c) Procurement should be approved by Manager Finance/Officer.

Only items that are necessary for the efficient and effective operation of **DEWA** will be purchased. This pertains both to items purchased for the indirect operations of **DEWA** or direct project operations.

C. Written quotation

For purchases greater than Rs. 10,000 but less than Rs. 50,000 at least three written quotations should be obtained subject to the following conditions:

- a. Rates should be reasonable and consistent with normal market rates for items of similar nature.
- b. Requirements should not be split into components or succession of orders for the same goods or services for the purpose of enabling the goods/service to be obtained under the Rs. 50,000 limit.
- c. For purchases greater than Rs. 50,000 but less than Rs. 300,000, a minimum of three sealed quotation ¹ must be obtained through courier/post from the vendors/suppliers. Such procurement will be advertised through DEWA social media page/emails/any other media etc. However, the organization may advertise the same in newspapers subject to availability of fund and approval of Procurement Committee. The head of **DEWA** should approve purchase of this size.
- d. For purchases that are considered high risk and over Rs. 300,000 considerations should be given to undertaking a Competitive Tendering and Contracting (CTC) process and will be advertised in 02 Newspaper (01 National & 01 Local). This should include documentation of a written brief or outline of specifications for the purchase. The Executive Director of the organization should approve such purchases. The procurement amount exceeds Rs.500, 000/- then approval from the president will be mandatory.

D. Competitive Bids /Quotations

All purchases are entered into the Procurement Department tracking system. The method of obtaining bids differs with the estimated cost of the item.

- a. Items ranging Rs.1 to Rs.10000/-; no bids/quotations are required;
- b. Items ranging 10001 to 50,000, simple quotation from at least 3 different suppliers are required.
- c. Items ranging 50001 to 300,000, 3 sealed quotations from at least 3 different suppliers are required through couriers/post.
- d. Items ranging Rs.300, 001 and above, must be tendered; advertised in 02 Newspapers (01 local & 01 National newspaper.)
- e. Bids reviewed in a committee designated by the Executive Director or otherwise will comprise of; Program Manager/Department Head, Admin & Log Manager, Finance Manager, Executive and Director (or designees). Representative from the donor may also participate.

¹Three written quotations do not have to be obtained where the goods or services are proprietary (held under patent, trademark or copyright), or are only obtainable from fewer than three suppliers.

E. Tender

An Invitation to Tender; Alerts the maximum number of vendors to **DEWA** intent to procure an item and receive competitive bids. To maintain a transparent procurement system and obtain the best value for goods or services procured, all suppliers and contractors are to be identified through competitive tendering.

Tender Rules: The tendering process should follow these basic procedures:

- The Program Manager/budget holder or the originator of the procurement request is responsible for determining the specification of the goods/services required. The Procurement department, in coordination with the budget holder, will identify suppliers capable of meeting the requirements and keep updated lists of potential suppliers, manufacturers and vendors.
- The specification is forwarded to the required number of national newspapers and potential suppliers of goods/services with a cover note (Invitation to tender) stipulating the rules under which the tender must be made. The Invitation to Tender must stipulate the date and time by which the tender closes and any other terms and conditions. Brand names are not mentioned on tendering advertisements. One person to be designated in the advertisement for contacts/queries.
- A minimum of three suppliers/contractors must be invited to tender. If for any reason this is not possible, a note to the file should be written explaining the reasons for the tender action taken.
- All tenders above 50000 must be received in sealed envelopes, clearly marked with the reference to the goods/services tendered, address of the tenderer and deposited into the tender box. A log of tenders received should be maintained. Tenders are to remain sealed until the date and time by which the tender closes.
- On the specified date the tenders are to be opened and reviewed by a minimum of three individuals including the Executive Director, procurement/Logistics Manager, Admin & Finance Manager, Program Manager and or approving supervisor of the originator of purchase request. Representative from donor may also participate. Tender details are recorded on a summary sheet, which is kept on file with the tenders received. Vendors who submit tenders may be invited to the opening of tenders.
- A call deposit of 2% (if required) of the bid offer as a security deposit to be obtained from the tendering participants. If the contract is awarded, the security deposit could be forfeited in case of failure to meet the agreed upon obligations.
- Tenders are carefully analysed to determine that no irregularities in the tendering process exist and the best offer is selected. The final selection may not be based on the lowest price.

Contract may be awarded on the basis of credibility, past performance, lead time and quality. When this is the case, a note to the file should be written explaining the selection criteria. A completed Competitive Vendor Analysis will be used to summarize the selection process and signed by all members of the Selection Committee.

- **DEWA** is not obliged to accept any of the tenders received, in which case the tender process will be repeated or terminated with a note to the file explaining the circumstances.
- All vendors who submit tenders are to be informed of the results of the tender, regardless of their success in the tendering process.
- Tenders are required for any one (1) item exceeding Rs.300, 000/-. Not for multiple items repeated in one order.
- Quotations received from a properly conducted tendering process can be valid for up to 6 months – after review from Executive Director and Finance Manager. Tender quotes can be shared throughout **DEWA** offices

F. Lease versus Purchase Analyses

For all purchases with a unit cost greater than one million, whether with federal or non-federal funds, there will be an analysis as to whether it is more cost effective or practical to purchase or lease the item. This analysis will be performed by an appropriate member of the executive staff, the Executive Director, or the Administrative Assistant.

G. Procurement Authority

The authority to approve and execute procurement transactions on behalf of **DEWA** is as follows:

1. Authorization of Officer:

The Board may unanimously authorize any officer or officers, agent or agents to enter into a contract or execute or deliver any instrument in the name of and on behalf of the organization and such authorization may be general or confined to specific instances. In the absence of other designation, all contracts, grants, or similar instruments shall be executed in the name of the organization by the Chair and the Finance; and when so executed, no other party to such instrument or any third party shall be required to make any inquiry into the authority of the signing officer.

2. Prior Approvals:

Before proceeding with project purchases of goods or services, prior written approval may be required by the donor. For example, requiring prior approval has been detailed in the proposal's project description and budget, and it is incorporated into the budget of the final award

Requests for prior approvals, when required, are submitted to the awarding federal agency by the Administrative Assistant under direction of the Executive Director. No procurement will occur without the required prior approval.

3. Procurement Records:

For each procurement action, the Administrative Assistant shall maintain a procurement file with the following information:

- Signed copy of the procurement instrument (e.g., contract or purchase order);
- All amendments to the procurement instrument;
- Copies of all bids and offers;
- All purchase specifications including delivery requirements;
- Cost/price analysis that was the basis for the award cost or price;
- As applicable, a written justification as to why sole source or minimum competition was used
- Written explanation as to why the winning contractor was selected
- Upon completion of the contract, written comments regarding the quality of the vendor's services and guidance and recommendations regarding potential future work.

4. Vendor/Supplier's List:

DEWA will prepare and maintain an up-to-date list of qualified and capable individuals and contractors throughout Target Districts/Provinces. The list is maintained in the **DEWA** main office and will be updated on a frequent and regular basis as additional firms submit qualifications and expressions of interest.

5. Immediate Purchasing

Situations do exist where purchases are of immediate in nature and as a result, standard Procurement Procedures may not be applicable. Both must be handled on a case-by-case basis and require prior approval from authorized **DEWA** management.

There are occasions where immediate procurement of goods or services is required without adherence to standard **DEWA** Procurement Policies & Procedures. These must be on a case-by-case basis and be emergency or time-sensitive in nature. Pre authorization by the Executive Director or other authorized **DEWA** management is required, and supporting documentation must be maintained. Purchases must be reasonable in cost, service, and quality.

6. Short-term Consultancy:

For highly technical/short term tasks, **DEWA** can hire consultants. Executive Director/any other authorized person will directly negotiate with consultants. Remuneration will be set according to the expertise of the particular consultant/availability of the budget, which may vary time to time and according to the specific tasks. The Executive Director will issue/sign contract.

7. Contractor Selection:

The Executive Director in consultation with the appropriate **DEWA** office barer and the Project Team will be responsible for selecting a contractor. Written documentation of the review process, including all cost analysis and the basis for contractor selection shall be prepared by the Executive Director and maintained in the **DEWA** main office. If the recommendation does not represent a consensus, then any minority positions shall be recorded.

No procurement will be made from a contractor identified on the General Services. The Administrative Assistant is responsible for obtaining the appropriate signatures and forwarding a final, original, signed copy to the contracting organization.

Expense Approval Authority Limits for offices are as follows – unless otherwise stated:

SIGNATORY	COST CENTER	APPROVAL LIMIT
Executive Body	All cost centers: Capital Expenditures	Rs.500,000 and above at a time
Executive Director	All cost centers	Up-to Rs.500,000 at a time
Program Manager/Coordinator (designated)	All cost centers – Program Support Lines	Up-to Rs.100,000 at a time
Senior Field Staff – as designated	All cost centres – Program Support Lines	Up-to Rs.10,000 at a time
Finance Manager	No approval authority – financial review only	

The role of the Finance Manager is to keep the Management and Project Managers informed of budget expenditures and availability, financial review and to ensure all documentation is properly completed and processed.

Summary- The staff authorized for the expense limit authorities and Finance Manager will be responsible for determining the appropriateness of each expenditure and whether it is within approved budgets. Project Manager/Coordinators may only approve expenditures for cost centers within their

authority, and are responsible for approving all expenditures within those cost centers. Exceptions to this are recurring, routine costs, such as rent and utilities, capital and certain equipment costs, and other allocated costs as determined by the Executive Director. Administration is responsible for approving recurring routine program support costs. The Executive Body will have final and overall approval authority on all expenditures.

3. Procurement Filing Procedures

Procurement department will maintain a COMPLETE FILE for each purchase. This complete file will include:

- A. Copy of Bid Comparison Form
- B. Copy of Purchase Order
- C. Copy of Invoice/Bill
- D. Copy of Receiving & Inspection/Waybills, etc.
- E. Copy of Payment stamped PAID by Finance Department/Check or Transfer of Payment Form
- F. Copy of Invitation to Tender /Quotation– written specifications to vendors
- G. Copy of at least 3 bids or approved justification for not receiving 3 bids for purchases of more than Rs. 10000/=
- H. Copy of Purchase Request Form

4. Conflict of Interest

DEWA policy on employees accepting gifts and receiving any type of financial remuneration from any individual or organization doing business with **DEWA** is as follows:

- **Gifts** - No employee shall accept a gift (financial or material), personal loan, entertainment or other special consideration from any individual or business organization doing business with **DEWA**. If an employee is suspected of this type of involvement strict disciplinary action will be taken immediately.
- **Conflict of Interest Statement and Disclosure of Confidential Information** – All employees are obligated to read and sign a Conflict of Interest Statement. By signing this statement, the employee agrees to the conditions and terms outlined in the Statement. Failure to abide by the conditions of this document will be subject to employee dismissal. Conflict of Interest Forms are completed upon hire and maintained by the Human Resource Manager.
- **Ethical Guidelines**
No matter how transparent or fool proof an arrangement may be its success lies in the behaviour of the officer(s) in-charge and his or her intention in following the laid down

procedures and regulations. The set of rules laid below can serve as a guideline for any purchasing officer.

- The best value for the organisation's goods and services must be sought.
- There will be a documented process for all purchases, which allows for transparency of decisions and review of purchases.
- The conduct of procurement is subject to continuous auditing by the organisation and by external bodies such as the Board, Audit Officer and Stakeholders.
- Staff will ensure that they are not, or are not perceived to be in a conflict of interest with any supplier.
- Those staff who have, or may be perceived to have, a vested interest in the outcome of a purchase should disclose any conflict to their supervisor and discuss whether they should exclude themselves from any role in the purchase.
- Staff will be suitably skilled and qualified to attend to the completion of their purchasing and contracting role(s).

5. Monitoring Performance

The Executive Director, an appropriate member of the executive staff, or the Administrative Assistant shall be responsible for monitoring the implementation of the procurement instrument and shall ensure the fulfilment of all written requirements. If the contracting organization violates any of the terms or conditions of its award, then concern authority of **DEWA** is responsible party shall notify the Executive Director immediately. The Executive Director is responsible for taking appropriate corrective action.

The Administrative Assistant shall provide **DEWA** responsible party with sufficient advance notice about the date and hour of each delivery of goods, and shall prepare all the necessary conditions for receiving a delivery. Upon delivery, organization responsible party shall check the type and amount of delivered goods or services by noting them on the back of the delivery form. If a delivery is not in compliance with the terms of the procurement instrument, unless it is within normal commercial practices and there is no evidence of violation of any policies, then the Administrative Assistant shall be advised. The Executive Director, in conjunction with the Administrative Assistant, is responsible for taking appropriate corrective action. Invoices will show sufficient detail to include hours worked, billing rates and all other direct costs incurred during the previous month as well as a summary total of costs incurred to date. Goods or services may be acquired through one of the following options:

- Direct Purchase from a company/supplier. This includes cash transactions, credit card purchases, quick orders and cheque payments.
- Written quotation.
- Call for Expressions of Interest