

# Salvation and rehabilitation organization

S.R.O Est, 2001

## PROCUREMENT MANUAL



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## 1. Introduction

The procurement manual outlines the policies and procedures for acquiring goods and services in a manner that ensures fairness, transparency, and cost-effectiveness. This manual is intended for use by all employees involved in procurement activities within S.R.O Team.

Procurement is a critical function for the NGO, as it directly impacts the quality of goods and services delivered to beneficiaries, and the efficient use of donor funds. This manual provides a comprehensive guide to all procurement activities, ensuring that they are conducted in line with best practices and regulatory requirements.

## 2. Purpose

The purpose of this manual is to provide clear guidelines on the procurement process to ensure that all purchases are made in compliance with applicable laws and regulations, and that they support the NGO's mission and objectives. This document aims to:

- Standardize procurement procedures across the organization.
- Ensure transparency and accountability in procurement activities.
- Promote fair competition among suppliers.
- Achieve value for money in all procurement activities.
- Mitigate risks associated with procurement.

### 3. Scope

This manual applies to all procurement activities undertaken by S.R.O Team, including the acquisition of goods, services, and works. It covers all stages of the procurement process, from planning to contract management and evaluation. The scope includes:

- Goods: Tangible products such as office supplies, equipment, and project materials.
- Services: Intangible products such as consulting, training, and maintenance services.
- Works: Construction and engineering projects.

### 4. Principles of Procurement

The following principles guide all procurement activities at S.R.O Team:

- **Transparency:** Ensuring that all procurement activities are conducted in an open and transparent manner, with clear procedures and documentation.
- **Accountability:** Maintaining responsibility for the decisions made and actions taken during the procurement process. Employees involved in procurement must be accountable for their conduct and decisions.
- **Value for Money:** Ensuring that the organization obtains the best possible outcome for the resources expended. This involves considering the total cost of ownership, including purchase price, maintenance, and disposal costs.
- **Fairness:** Providing equal opportunity for all eligible suppliers to compete for contracts. This includes ensuring non-discrimination and promoting a level playing field.
- **Integrity:** Conducting procurement activities with the highest ethical standards, avoiding conflicts of interest, and ensuring that personal interests do not interfere with the procurement process.

### 5. Procurement Process

#### 5.1 Needs Assessment

The procurement process begins with a needs assessment to determine the specific requirements of the goods or services to be acquired. This involves consultation with relevant stakeholders to ensure that the needs are accurately identified and documented.

- **Example:** If a project requires new computer equipment, the project manager should consult with IT staff and end-users to identify the specifications and quantity of equipment needed.

#### Detailed Steps:

1. Identify the project or operational needs.
2. Engage stakeholders for input and validation.
3. Document detailed specifications and requirements.
4. Prioritize needs based on urgency and impact.

#### 5.2 Market Research

Conduct market research to identify potential suppliers and understand the current market conditions. This may involve soliciting information from multiple sources to ensure a comprehensive understanding of available options.

- **Example:** Researching suppliers for medical supplies might involve contacting multiple vendors, reviewing product catalogs, and comparing prices and delivery terms.

#### **Detailed Steps:**

1. Identify potential suppliers through directories, online searches, and industry networks.
2. Gather information on product availability, prices, and supplier reputation.
3. Analyze market trends and pricing structures.
4. Prepare a market research report summarizing findings.

### **5.3 Procurement Planning**

Develop a procurement plan that outlines the steps and timelines for the procurement process. This plan should include a budget estimate, procurement method, and evaluation criteria.

- **Example:** A procurement plan for a training program might include a timeline for issuing an RFP, evaluating proposals, selecting a vendor, and scheduling training sessions.

#### **Detailed Steps:**

1. Define the procurement objectives and deliverables.
2. Develop a timeline with key milestones.
3. Estimate the budget and secure necessary approvals.
4. Identify the appropriate procurement method (e.g., RFQ, RFP, ITB).
5. Establish evaluation criteria and form an evaluation committee.

### **5.4 Solicitation**

Prepare and issue solicitation documents, such as Requests for Quotations (RFQs), Invitations to Bid (ITBs), or Requests for Proposals (RFPs). Ensure that these documents contain clear specifications and criteria for evaluation.

- **Example:** An RFP for a consulting service should include a detailed description of the scope of work, deliverables, evaluation criteria, and submission instructions.

#### **Detailed Steps:**

1. Draft the solicitation document, ensuring it includes:
  - Detailed specifications and requirements.
  - Submission instructions and deadlines.
  - Evaluation criteria and process.
2. Advertise the solicitation through appropriate channels.
3. Provide a mechanism for potential bidders to ask questions and receive clarifications.
4. Ensure all responses and addenda are communicated to all potential bidders.

### **5.5 Evaluation and Award**

Evaluate the received bids or proposals against the established criteria. This should be done by a committee to ensure objectivity. Once the evaluation is complete, award the contract to the supplier that best meets the criteria.

- **Example:** A bid evaluation committee might score proposals based on technical merit, experience, cost, and proposed timelines. The contract would be awarded to the supplier with the highest score.

#### **Detailed Steps:**

1. Form an evaluation committee with relevant expertise.
2. Review and score each proposal against the evaluation criteria.
3. Hold committee meetings to discuss and finalize scores.
4. Conduct negotiations with the top-ranked supplier if necessary.
5. Document the evaluation process and decisions.
6. Notify the selected supplier and all unsuccessful bidders.

### **5.6 Contract Management**

After awarding the contract, manage the supplier relationship to ensure that the terms of the contract are met. This includes monitoring performance, handling changes, and resolving disputes.

- **Example:** For a construction project, the project manager would regularly check progress against the contract milestones, handle any required changes, and address any issues that arise.

#### **Detailed Steps:**

1. Develop a contract management plan.
2. Monitor supplier performance through regular check-ins and performance reviews.
3. Document and manage any contract changes or amendments.
4. Address and resolve any disputes or performance issues.
5. Conduct regular meetings with the supplier to discuss progress and issues.
6. Ensure all deliverables are met and documented.

### **5.7 Record Keeping**

Maintain detailed records of all procurement activities, including solicitation documents, bids received, evaluation reports, and contracts. These records should be stored securely and be accessible for audit purposes.

- **Example:** Procurement records might include copies of all bids, the bid evaluation report, the awarded contract, and correspondence with the supplier.

#### **Detailed Steps:**

1. Create a standardized filing system for procurement records.
2. Ensure all relevant documents are stored securely, both physically and digitally.
3. Maintain a log of all procurement activities and decisions.
4. Ensure records are accessible for audits and reviews.

5. Regularly review and update record-keeping practices to ensure compliance with legal and organizational requirements.

## 6. Procurement Methods

### 6.1 Competitive Bidding

Use competitive bidding for procurements that exceed a certain monetary threshold. This method involves publicly advertising the opportunity and evaluating bids based on pre-determined criteria.

- **Example:** Publicly posting an ITB for construction services on the organization's website and in relevant industry publications to attract multiple bids.

#### Detailed Steps:

1. Determine the threshold for competitive bidding.
2. Develop and advertise the ITB.
3. Ensure the bidding process is open and transparent.
4. Evaluate bids based on pre-established criteria.
5. Award the contract to the most competitive bidder.

### 6.2 Request for Proposals (RFP)

Use the RFP method when the procurement requires a detailed proposal from suppliers, particularly for complex or specialized services. Evaluate proposals based on both technical and financial criteria.

- **Example:** Issuing an RFP for a new IT system that includes detailed requirements for software functionality, implementation services, and ongoing support.

#### Detailed Steps:

1. Develop a comprehensive RFP document.
2. Include detailed specifications and evaluation criteria.
3. Advertise the RFP widely.
4. Allow sufficient time for suppliers to prepare proposals.
5. Evaluate proposals using a structured scoring system.
6. Select the supplier offering the best value.

### 6.3 Direct Procurement

Direct procurement, or single-source procurement, is used in situations where only one supplier is capable of providing the goods or services. This method should be used sparingly and justified in writing.

- **Example:** Procuring proprietary software from the sole vendor who owns the rights to the software.

#### Detailed Steps:

1. Identify and document the justification for direct procurement.
2. Obtain necessary approvals from senior management.
3. Negotiate terms directly with the supplier.
4. Ensure the procurement is in compliance with organizational policies and legal requirements.
5. Document the procurement process thoroughly.

## 7. Supplier Management

### 7.1 Supplier Selection

Select suppliers based on their ability to meet the organization's needs and provide the best value for money. Consider factors such as price, quality, reliability, and past performance.

- **Example:** Evaluating suppliers for office supplies based on their pricing, delivery times, and customer service record.

#### Detailed Steps:

1. Develop criteria for supplier selection.
2. Evaluate potential suppliers using these criteria.
3. Conduct site visits or request additional information if needed.
4. Make a selection based on a balanced assessment of all factors.
5. Establish a supplier database for future reference.

### 7.2 Supplier Performance Evaluation

Regularly evaluate supplier performance to ensure that they meet the terms of the contract and deliver the expected outcomes. Use performance metrics and feedback to inform future procurement decisions.

- **Example:** Using a performance scorecard to track a supplier's delivery times, product quality, and responsiveness to issues.

#### Detailed Steps:

1. Develop performance metrics for suppliers.
2. Conduct regular performance reviews.
3. Provide feedback to suppliers and address any issues.
4. Document performance evaluations and use them in future supplier selections.
5. Recognize and reward high-performing suppliers.

## 8. Ethical Standards and Code of Conduct

All employees involved in procurement must adhere to the highest ethical standards and conduct their activities with integrity. This includes avoiding conflicts of interest, accepting bribes, and ensuring fair competition.

- **Example:** Employees should not accept gifts or favors from suppliers that could influence their procurement decisions.

### **Detailed Steps:**

1. Develop a code of conduct for procurement activities.
2. Train employees on ethical standards and expectations.
3. Establish a system for reporting and addressing ethical violations.
4. Enforce consequences for breaches of the code of conduct.
5. Promote a culture of integrity and accountability.

## **9. Conflict of Interest**

Employees must disclose any potential conflicts of interest and recuse themselves from the procurement process if their impartiality could be compromised. The organization should have clear policies in place to manage conflicts of interest.

- **Example:** If an employee's family member owns a business that is bidding for a contract, the employee should disclose this relationship and not participate in the evaluation process.

### **Detailed Steps:**

1. Develop a conflict of interest policy.
2. Require employees to disclose potential conflicts.
3. Establish a process for reviewing and managing disclosures.
4. Ensure transparency in handling conflicts of interest.
5. Document all conflict of interest cases and actions taken.

## **10. Monitoring and Evaluation**

Regularly monitor and evaluate the procurement process to ensure compliance with policies and procedures. Use feedback and lessons learned to improve the procurement process continuously.

- **Example:** Conducting annual audits of procurement activities to identify areas for improvement and ensure adherence to the procurement manual.

### **Detailed Steps:**

1. Develop a monitoring and evaluation plan.
2. Conduct regular audits and reviews of procurement activities.
3. Gather feedback from stakeholders on the procurement process.
4. Implement improvements based on audit findings and feedback.
5. Track the impact of changes and continuously refine processes.

## **11. Review and Revision**

This procurement manual should be reviewed and updated regularly to reflect changes in laws, regulations, and organizational needs. Employees should be trained on any changes to ensure ongoing compliance.

- **Example:** Updating the manual to incorporate new anti-corruption laws and conducting training sessions for all procurement staff.



## **Detailed Steps:**

1. Establish a schedule for regular review and revision of the manual.
2. Monitor changes in relevant laws and regulations.
3. Gather input from stakeholders on needed updates.
4. Revise the manual and communicate changes to all employees.
5. Provide training on new procedures and policies.

## **12. Appendices**

### **Appendix A: Sample Forms and Templates**

- **Needs Assessment Template**
- **Market Research Report Template**
- **Procurement Plan Template**
- **Solicitation Document Templates (RFQ, RFP, ITB)**
- **Bid Evaluation Form**
- **Contract Template**
- **Supplier Performance Scorecard**

### **Appendix B: Glossary of Terms**

- Definitions of key procurement terms and acronyms.

### **Appendix C: Legal and Regulatory References**

- List of relevant laws, regulations, and guidelines that govern procurement activities.

### **Appendix D: Contact Information**

- Contact details for the procurement department and key personnel.