

**SOMALI WOMEN ASSOCIATION
(SWA)**

PROCUREMENT POLICIES AND PROCEDURES MANUAL

2021

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List of Abbreviations

SWA	Somali Women Association
ED	Executive Director
PU	Procurement Unit
LPO	Local Purchase Order
PC	Procurement Committee
GRN	Goods Received Note

1 Introduction

1.1 Statement of purpose

Somali Women Association (SWA) is local non-governmental, non- profit organization established in 2002 by a group of enthusiastic young educated members of society. This was after being alarmed by the devastation of war and natural disasters and the subsequent political instability.

SWA was started with the hope that in the Youth lay immense potential for self protection and national development. Youth offered an excellent avenue to restore the nation back to its course of independence, stability and development.

OUR VISION

SWA vision is to create an environment where youth move together playing a pivotal role in self preservation, enlightenment of others and peaceful coexistence amongst group contributing positively to development.

OUR MISSION

SWA exists to mobilize, nurture and support youth to **collectively** appreciate and uphold universally positive values like peace, human rights, freedom, family stability, peaceful and effective governance structures, environmental conservation, positive culture and improved livelihoods for all.

1.2 Target Audience

This manual provides guidance to all Somali Women Associations staff whose official functions require involvement in the procurement processes of the organization or as delegated from time to time by the Executive Director or the Facility Head.

This manual is primarily aimed at providing information for the following groups:

- Requesters: individuals requesting procurement services.
- Logistic officers or entities: individuals or entities responsible for conducting Procurement activities.
- Overseeing/validating/approving entities: individuals or entities responsible for Overseeing, validating or approving procurement activities.

2 Definition

2.1 Procurement Definition

The process of identifying, contacting and selecting of a supplier of goods, services, work and capital items (including renting of equipment or facilities). It involves making sure that goods that correspond to the requesters needs/requirement are provided in the most cost-effective, efficient, timely and ethical manner in accordance with all policies and legal and donor imposed regulations and conditions.

2.2 Other Definition

For the purpose of this document and its implementation the following definitions will be used:

Supplier: The person or company that offers goods, services, work and capital items.

Request for Quotation (RFQ): A solicitation document that describes the requirements (quantitatively and qualitatively) and requests prices and commercial terms from suppliers, for goods that meet neutral specifications and are usually readily available on the market.

Requestors: (see Annexure 8): The unit or staff member submitting a request for goods or services to be procured.

Invitation to Bid (ITB): A solicitation document in which the requirements for formal competitive bidding are specified for contracts with a budget over US\$ 10,000

Request for Proposals (RFP): A solicitation document designed to obtain proposals for services to satisfy a requirement that cannot be described in a complete or definitive manner. An RFP leads to the selection of the proposal that offers the best value in accordance with the pre-defined evaluation criteria. Where appropriate, the RFP will indicate that negotiation may be undertaken in respect of the preferred proposal.

Contract: A deliberate agreement between two or more competent persons/parties to perform or not to perform a specific act or acts. A Purchase Order when accepted by the supplier becomes a contract.

Purchase Order: A contract for the procurement of goods.

Service Contract: A contract for the delivery of services.

2.3 Objectives and mandatory principles

The purpose of this policy support document is to establish the responsibilities and requirements for procurement in order to ensure that the appropriate level of review and approval is implemented and documentation is obtained before procurements are made. The key objectives and mandatory principles of this manual are in accordance with the SWA Good Management and Accountability Quality Standards:

Principle 1: We are accountable to local communities, the government and donors

Principle 2: We get things done with good and transparent management practices

Principle 3: We share responsibility for having the greatest possible impact on the welfare of communities

The following procurement standards derive from the above principles:

- Protect the interests of SWA, the children in our care, the co-workers responsible for procurement and our supporters, by maintaining our reputation and credibility as a professional and trustworthy organization.
- Ensure the best possible balance between quality and cost.
- Ensure a transparent, fair and competitive selection process to identify the best possible supplier, by applying internationally recognized procurement standards.
- Do not engage in unethical conduct such as corruption, bribery, collusion, coercion, situations of conflict of interests, and the purchase of items produced with child labour.
- Keep the administrative burden on co-workers proportional and ensure that delivery delays are kept as short as possible.
- Develop criteria for the selection and exclusion of suppliers.
- Acquaint the staff of SWA with essential procurement policies and procedures. Acquaint the staff of facility institutions with SWA policies and procedures. Provide fundamental guidance on best practice in conducting procurement and inventory management activities.

This manual is a detailed description of the entire process necessary to meet user needs for goods, works, services and consultancies. It therefore covers the end to end management of third party spend which is comprised of two key activities. Procurement (identification of business needs, supplier selection and management, ordering) and Inventory management (receipt, storage and issue to the end user).

3 Procurement Policy and Principles

3.1 Procurement Ethics

The SWA, has a responsibility to promote fair and ethical procurement and business practices. These principles should be observed and followed by all employees in all aspects of the procurement processes, including but not limited to, identification of requirements, bidder/supplier selection, tendering, bid evaluation, contract award, contract management and payment/contract closure.

The SWA Anti-Fraud &Anti-Corruption Guideline outlines the following ethical practices that are intolerable for all employees:

- Any form of corruption such as bribery, conflict of interests, embezzlement, extortion, theft, favouritism and nepotism, fraud and acceptance of gifts

SWA will only consider bidders and suppliers, which, to the extent of SWA's knowledge, observe ethical standards during the procurement and execution of contracts specifically with regard to the non-exploitation of child labour, anti-terrorism, the respect of basic social rights and working conditions, the local legislation and tax requirement.

3.2 Responsibilities and Procedures

3.2.1 Identifying Responsibility

The budget responsible persons (e.g. Facility managers, Procurement managers, project managers, etc.) their supervisors and assignees are the only persons authorized to initiate the purchase of goods, services and construction work. The purchase may also be initiated via purchase requisition or similar measures.

3.2.2 Competitive Bidding

By seeking quotations, the procurement department will get to know the standards of the various suppliers in the region and be aware of changes in the market. If quotes are requested for goods and services before the procurement department has received budget clearance, the potential contractor should be made aware, that the quote is at this point for information only.

The invitation to bid and other documents forming part of the tendering procedure must follow international practices for such documents. The invitation to bid must explicitly establish the exclusion, selection and award criteria and these must be non-discriminatory. They should as far as possible avoid the use of brand names .The invitation to bid must also establish criteria on how the bidder's financial, technical and professional capacity to fulfil the contract will be assessed. Exclusion grounds and other criteria set out in our policy must also be included. Bidders may be asked to provide evidence that they are legally authorized to perform the contract under the applicable national law.

Competitive bidding requires that three or more qualified suppliers be solicited for written offers/proposals when the value of the contract has an expected value of more than US\$ 1,000 (or equivalent). This basic form of competitive bidding is also referred to as "negotiated procedure" Further details, such as sealed bidding, are given under "Procedures". The Executive Director may make exceptions from the competitive bidding rule only in the following cases:

- Prices or rates are fixed pursuant to national legislation or by regulatory bodies.

- Standardization of supplies, equipment or spare parts render competition impracticable.
- Exigencies of service do not permit the delay attendant upon issuance of a request for Quotation or an Invitation to Bid e.g. Goods and services that are required immediately to prevent harm to life, health or well-being of beneficiaries. Urgent need owing to delay by those responsible or failure to plan adequately does not qualify for waiver;
- The proposed contract relates to procurement from a sole source of supply or services e.g.
- Humanitarian Procurement Centers (HPC);
- Request For Quotation/Request For Proposal would not give satisfactory results or would not be deemed in the interest of the organization.

It is important to strictly adhere to these procedures and keep exceptions to an absolute minimum. The Executive Director or his/her delegate must approve in writing, all exceptions to the policy, which requires competitive bidding

3.2.3 Best Value for Money

Value for money is a core principle in the evaluation criterion when procuring goods and services and measuring the total cost versus benefits. Contracts should be awarded to the Bidder offering the best value for money while taking care to avoid any conflict of interests. Best value for money should not be equated with the lowest initial bid option. It requires an integrated assessment of technical, organizational and pricing factors in light of their relative importance (i.e. reliability, quality, experiences, reputation, past performance, cost/fee realism, delivery time, reasonableness, need for standardization, and other criteria depending on the item to be procured).

3.2.4 Probity and Equity

Probity is the evidence of ethical behavior including integrity and honesty that upholds public values and ensures effective competition, accountability and transparency. Suppliers, consultants and SWA employees are required to seek best practice standards and demonstrate probity in the process. Procurement is to be managed in accordance with the following standards of probity and equity:

- Honesty & Fairness: Parties shall conduct all procurement, purchasing and business relationships with honesty and fairness.
- Accountability & Transparency: The process including reasons for recommendation, selection and awarding contracts shall be open, clear and defensible. All processes are to be documented and kept for audit and reporting.
- No Conflict of Interest: A party with a potential conflict of interest shall declare that interest to the other as soon as the conflict is known to that party .
- Rule of Law: Parties shall comply with all legal obligations.
- No Anti-Competitive Practices: Parties shall not engage in behavior or practices that are anti- competitive.

- No Improper Advantage: Parties shall not engage in behavior or practices that aim to give any party an improper advantage over another.

Co-operation: Parties will maintain business relationships based on open and effective communication, respect and trust, and should adopt a non-adversarial approach to dispute resolution

3.2.5 Open and Effective Competition

All potential suppliers should have the same opportunities to compete for SWA business and must be treated equitably based on their commercial, technical and financial abilities. The goods or services offered must be considered on the basis of suitability for the intended purpose and procurement methods must not discriminate against potential suppliers based on their affiliations, ownership, location, size or basis of origin.

3.2.6 Avoiding Conflict of Interest

It is imperative that we avoid conflicts of interest when procuring goods and services. Conflicts of interest usually result in SWA paying higher prices than necessary, getting lower quality than acceptable thus damaging the reputation of the organization.

Where a member of the Procurement Committee, any officer participating in any procurement process or a close relative or a family member has or intends to acquire a direct or indirect personal interest in any agenda item or specific matter requiring the Procurement Committee's consideration and decision, that member shall:

- Disclose such interest, as soon as possible after receiving the agenda of the meeting, or on notification of a matter being brought to the attention of the Procurement Committee;
- Not be present at or participate in the deliberations or decision-making process of the Procurement Committee in relation to the agenda item or the matter in question; and
- A disclosure of interest shall be recorded in the minutes of the meeting at which it is made or to which it relates.

3.2.7 Unethical Behavior & Other Grounds for Exclusion

Apart from the social standards outlined below, we demand ethical conduct from our potential suppliers in the procurement process. The following practices are intolerable and co-workers proven to be involved with such activities may have their employment terminated with immediate effect:

- Corruption: deliberately promising or giving an advantage to a person in order to influence that person to act in a specific way or to refrain from acting in accordance with his/her professional duty
- "Corrupt practices" may also be interpreted to mean, soliciting or accepting, directly or indirectly, gratuity, gift, favor, entertainment, kickbacks, commissions, employment or promise of employment to self, family and relatives, or things of monetary value from anyone.
- Collusion: the active or tacit co-ordination of potential contractors' competitive behavior, with the likely result that prices rise, output is restricted and the profits of the colluding companies are higher than they would otherwise be (e.g. price fixing agreements).

- Coercive practice: threats or harm of persons are made in order to influence procurement processes.
- Fraud: the use or presentation of false, incorrect or deliberately incomplete statements and documents. It can also mean the misapplication of funds for purposes other than those for which they were originally intended.
- Any of the above conduct by a supplier results in the rejection of its offer and the termination of existing contracts. This should also be stated in all relevant bidding/tendering and contractual documents. Furthermore, potential contractors must certify that none of the following applies to them:
 - They are bankrupt, being wound up, having their affairs administered by the courts, having entered into an arrangement with creditors, having suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
 - They have been convicted of an offence concerning their professional conduct by a judgment which has the force;
 - They have been guilty of grave professional misconduct proven by any means which the contracting authority can justify;
 - They have not fulfilled obligations relating to the payment of taxes and other statutory contributions in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;
 - They have been the subject of a judgment which has the force of court of final decision for fraud, corruption, involvement in a criminal organization or any other illegal activity;
 - Found to be in serious breach of contract in previous contracts with SWA or its partners.

3.2.8 Social Consideration

Based on our mission statement, we understand ourselves as a social development organization. We base our conduct on ethical standards and take into account the social effects of our conduct. SWA will at all time act in a socially responsible manner when it comes to procuring goods or services. We can make a contribution to local development of the communities where we work by procuring locally as much as possible. We should promote fair trade, and proper, legal conduct in the market place.

4 Procurement Process

4.1 Procurement Responsibility

It is necessary to protect the SWA programs/projects and donors by formulating clearly defined procedures to authorize Requisitions, obtain offers/proposals, authorize invoices, make expenditures and dispose of assets.

Executive Director has the ultimate authority and responsibility for the procurement of goods and services necessary to support operations. The Executive Director ensures that coherent purchasing functions are established and maintained in the Office as this will usually take the form of a Procurement Unit (which normally in our case is an integrated part of a Logistic unit).

Executive Director appoints Procurement Committee for specific procurements. The Procurement Committee shall consist of at least three (3) and no more than five (5) members. The Executive Director then delegates, as he/she finds appropriate, the responsibility for the various elements of this task to members of his staff according to their qualification.

4.2 The Function Heads, Program Managers, Facility Heads and Project Coordinators is responsible for;

- Assigning one staff in the programme project who will be responsible for coordinating procurement processes in the event that a logistic position does not exists.
- Identifying the requirements that require procurement action. This includes the item/service specifications, quantity, delivery point and delivery time/schedule. The Logistic Manager/Officer can assist with the specifications and advise on delivery details.
- Approving Order Requests for goods/services required for their respective areas.
- If a Procurement Plan is required, then coordinating with the Finance function and Logistic Unit to ensure that the Plan covers all the Programme /Financial/Administration requirements.
- Obtaining Budget approval on the Order Request for items not budgeted for
- Submitting the Order Request to the Logistic Manager/Officer

4.3 The Logistic Manager/Officer is responsible for:

- Establishing and maintaining local procurement procedures that are easily understandable, if required due to local situation.
- Verifying suppliers
- Update and Maintaining a Suppliers List from which Bidders for Request For Quotations (RFQs)
- and Invitation To Bids (ITBs) can be sourced.
- Carefully reviewing Order Requests in regards to the technical specifications, selection & exclusion criteria, allocated budget & funding source and delivery time & place.

- Invite suppliers to bid or submit quotations
- Acts as the secretary to the procurement committee
- Ensuring that the goods and services required to support operations are supplied in a timely manner, of adequate quality and quantity and of the best price quality ratio.
- The timely coordination of all procurement processes required to satisfy Order Requests or
- Procurement Plans.
- The accurate and safe keeping of all procurement documents, files and samples.
- The security of all procurement documents and files to ensure that all confidential procurement information is not readily available to non-procurement staff, Bidders, or Suppliers.
- Bringing to the Executive Director notice any abnormality identified in any procurement action or process that may cause negative action by the donor, beneficiaries, or local authorities.
- Bringing to the Executive Director notice all instances of corruption, whether proven or otherwise, at the earliest practical opportunity.
- Preventing unnecessary waste, including inefficiency, poor administration, and the lack of oversight and coordination
- Provide advice on procurement matters as and when required.
- Conduct regular capacity building for all personnel involved in procurement processes

All staff involved in the procurement process are all responsible for the transparency of the process; probity; documentation (paper trail); accountability and confidentiality.

4.4 Procurement Committee

The Procurement Committees shall be responsible for;

- Together with Logistic Unit, evaluate the existing suppliers used by SWA
- Together with Logistic Unit, identify new potential suppliers & check worthiness, Code of Conduct and capacity through audit, supplier vetting or references.
- Together with Logistic Unit, select and compile a list of preferred suppliers and recommend the list to the Executive Director for approval and validation.
- Enforce strict use of validated suppliers. Vet and advice if a new supplier has to be added to already validated list of suppliers

- Monitor and respect of procurement procedures to ensure adherence to SWA Procurement guideline.
- Advice also on property/asset management, leases and disposal of goods.
- Oversee the procurement/tender procedures to ensure compliance of law of the country.

Proposed Composition of the Procurement Committee:

The Procurement Committee is a permanent body whose exact composition may vary according to the task at hand. The membership of the committee is comprised of the following:

1. Procurement Officer
2. Finance and Admin Manager
3. Program Coordinator
4. Technical Person (Need basis)
5. Finance Assistant
6. Project Officer (Requisitioner)

The required quorum shall be a team of three members. All the members shall submit signed report and recommendations for tenders evaluated.

5 Bidding and Selection Process

While looking at bidding and procurement as a process, its also Important to take in to consideration the following documents subtitled and applicable to all responses to bids and quotes.

The guide lines and meanings are explained severally within this manual and this clause acts as reminder that adherence is of paramount importance.

- Health, Safety and Standard Operating guidelines
- Authorization policy
- Financial Policies
- Code of conduct and antifraud anti corruption guidelines.
- Human Resources Procedures Manual
- Other organization policies.

5.1 Overview of Policies on Procurement of Goods and Services

It is important to consider Risk management as an essential component of managing the function of Procurement. Policies and practices should regularly be reviewed in light of at least annual risk analysis for the supply management function. This will assist the procurement division on making decisions on pricing, storage usage and evening budgeting.

5.2 Transparency and Ethics in Procurement are Essential

- Clear specifications, evaluation methods and criteria are defined before the start of the process.
- The decision to award a contract to a supplier is based on a variety of factors including responsiveness to technical and other requirements, total cost of ownership (goods), characteristics of the supplier and financial criteria (including hire vs. buy decisions).
- The first consideration is given to open competition when determining the procurement methods to be used.
- Procurement activities adhere to the highest professional, ethical, moral and legal standards.
- The duties within the procurement unit (except for the manager) rotate at least every two years. Strict segregation of functions between finance, procurement and stores is respected.
- All staff engaged in SWA procurement activities must be familiar and abide by the code of conduct and antifraud anti corruption guidelines.
- The procurement process complies with the Authorization policy and is well documented. This implies that all large procurement actions are subject to approval by the Procurement Committee. Technical units or other experts are also brought to bear on the decision-making process.
- Procurement Committees (PC) shall be appointed by the Executive Director. The PCs will serve for a period of one year. PCs are responsible for;
 - Together with Logistic Unit, evaluate the existing suppliers used by SWA
 - Together with Logistic Unit, identify new potential suppliers & check worthiness, Code of
 - Conduct and capacity through audit, supplier vetting or references.
 - Together with Logistic Unit, select and compile a list of preferred suppliers and recommend the list to the Executive Director for approval and validation.
 - Enforce strict use of validated suppliers. Vet and advice if a new supplier has to be added to already validated list of suppliers.
 - Monitor and respect of procurement procedures to ensure adherence to SWA Procurement guideline.
 - Advice also on property/asset management, leases and disposal of goods.
 - Oversee the procurement/tender procedures to ensure compliance of law of the country.

6 General Rules and Responsibilities

6.1 Roles of stakeholders of the procurement process

WHO	WHAT
Executive Director	Oversees compliance generally with SWA policy and approves procurement actions as per the Authorization Policy
Requisitioner	<ul style="list-style-type: none">• Plan needs• Fill in a requisition with all the required information proper specifications, delivery time and locale, budget ceilings and accounting information are provided.• Submit this requisition for the budget holder's approval• Keep informed of the progress of the purchase• Give feedback to the procurement unit on the performance of the good/ service that was purchased
Budget Holder	<ul style="list-style-type: none">• Provide information for procurement plan purposes in line with the approved• Budget• Approve the Purchase Requisition ensuring proper specifications, delivery time and locale, budget ceiling and accounting information are provided and also ensuring that options such as leasing or renting are considered before purchasing• Submit requisition to others as per Authorization Policy• Approve the bid analysis whenever required as per the Authorization policy• Keep informed of the progress of the purchase• Give feedback to the procurement unit on the performance of the good/service that was purchased

Procurement Unit	<ul style="list-style-type: none"> • Engage the user departments and any other entity requiring services from the PU to identify and clarify goods and services requirements (including the option of renting or leasing as opposed to purchasing) • Aggregate these requirements at the highest level for maximum leverage • Develop and implement, with the user departments and any other entity requiring services from the PU annual procurement plans and contracts that provide holistic solutions to business problems involving third party spend • Implement simplified and standardized procurement processes to enable speedy delivery of customer requirements on time, every time. • Know and understand the markets for the goods and services required by the communities • Select suppliers who will deliver value to SWA and maintain updated Supplier List with input from relevant other units/ individuals including Finance and Stores • Be functionally excellent with competent and dedicated professionals providing services of recognized values to the business • Procure materials and services from reliable sources using robust terms and conditions with respect to quality, pricing, technical, safety requirements and delivery as well as environmental impacts (green procurement) Manage the organization's external relationships to ensure maximum benefit of these relationships for parties involved. • Develop and abide by well-defined performance standards • Lead regular risk assessment for the supply function together with the • Inventory Function
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	<ul style="list-style-type: none"> Identifying leading practices governing procurement globally and making these available to internal and external customers Reviewing and developing contracts to reflect business needs as agreed with the user departments. Acting as custodian for the Procurement Manual, reviewing existing standards and, ones implemented, ensuring compliance. Developing, documenting, implementing and improved procurement policies, processes and systems, procedures, guidelines, and standards, including inventory management and creditors. Preparing and delivering procurement management information to a variety of internal and external stakeholders. Monitoring legislation as it affects contracting generally, and agreements for specific services, and provides advice to the user departments accordingly. Providing professional negotiation support in high value categories. Providing independent advice on individual contracts for the users. Preparing and collecting bid/ quotation documents, and coordinating all aspects of the bid/quotation process, including bid/quotation qualification, commercial evaluation and clarification. Collating and editing the final contract documents; scheduling the contract for legal review; ensuring that the contract is signed by SWA and the supplier without delay so execution of any work only takes place with contractual cover. Acting as focal point for handling all contractual claims and disputes and maintaining the Claims and Disputes Register. Providing relevant contract management information such as spend, expiry and renewal dates, and other records held in the Contract Log. Function as secretary of the Procurement Committee and screen all submissions for compliance and quality before the Committee sees them. 25. Act as the custodian of all contract documents
Stores Unit	<ul style="list-style-type: none"> Work closely with the Procurement Unit to achieve common objectives especially in terms of selecting items to be kept in stock. Assist Procurement Unit in all roles above as required Manage inventory levels optimally in view of present and future needs Manage physical inventory optimally, including Donor considerations Receive goods, ensure they conform to requirements and document the process effectively Interact with end users as necessary Assist in the Supplier evaluation process
Finance	<ul style="list-style-type: none"> Maintain the supplier database and ensure that it corresponds to the Supplier List maintained by the Procurement Unit at all times. Process payments accurately and efficiently Verify that the procurement policy is being followed and that procurement actions are properly documented. Adequately insure inventory items against possible risks. Assist in the Supplier evaluation process

Legal Advisor/Technical Legal Background	<ul style="list-style-type: none"> • Review terms and conditions to be used in contract documents • Provide advance in handling contractual claims and contract termination procedures
Procurement Committee	<ul style="list-style-type: none"> • The Procurement Committee ensures that procurement processes applied in • the procurement of goods and services to maximize value to SWA without compromising controls and ethics and in compliance with this policy. • It is especially in charge of approving all procurement actions above the threshold defined in the Authorization Policy. • The Procurement Committee reviews the Supplier List annually

7 Overview of Process and Responsibilities in Procuring Goods

Steps / stages in the process	Responsible person / unit
<input type="checkbox"/> Develop procurement plans	Initiated by the various requesters, budget holders, assisted by program heads/department heads and coordinated by the Procurement unit
<input type="checkbox"/> Approves requisition	As per authorization policy
<input type="checkbox"/> Convenes the Procurement Committee	Procurement unit with requester's input
Organizes meetings and actions to: <ul style="list-style-type: none"> <li data-bbox="260 699 775 789"><input type="checkbox"/> Determine the procurement process and method specific for those goods in line with the procurement policy <li data-bbox="260 789 775 856"><input type="checkbox"/> Ensure conflict of interest exists does not exist <li data-bbox="260 856 775 924"><input type="checkbox"/> Determine criteria for selection of tenders (technical, financial) <li data-bbox="260 924 775 958"><input type="checkbox"/> Finalize tender invitation documents 	Procurement unit with requester's support
<input type="checkbox"/> Sends requests for bids / tenders	Procurement Unit
<input type="checkbox"/> Opens, analyzes tender documents and make a recommendation on the selection	Procurement Unit or Procurement Committee as per Authorization policy limits
<input type="checkbox"/> Approves recommendation on tender analysis	As per Authorization policy
<input type="checkbox"/> Documents the process at each step of the way	Procurement Unit
<input type="checkbox"/> Prepares purchase order	Procurement Unit
<input type="checkbox"/> Authorizes Purchases Order	Finance/Function Head
<input type="checkbox"/> Ensures Supplier agrees to Purchase Order	Procurement Unit
<input type="checkbox"/> Receive ,Stores and Issues stock items	Stores
<input type="checkbox"/> Receives Non Stock Items	Stores /Technical unit
<input type="checkbox"/> Update IT system with receiving details	Stores and Requester
<input type="checkbox"/> Manages performance of goods provider	Procurement Unit
<input type="checkbox"/> Evaluates performance and documents Evaluation	Procurement unit with the support of the requester or the relevant technical unit
<input type="checkbox"/> Initiates Payment	Budget holder (for purchases below \$ 500 or procurement unit in all other cases.
<input type="checkbox"/> Approves Payment request(s)	Budget holder

<input type="checkbox"/> Maintains file on contract and goods provider ,assists Auditors, settle claims and disputes	Procurement Unit/Finance
<input type="checkbox"/> Provide Management information	All (Procurement Unit ,stores ,Finance
<input type="checkbox"/> Maintains Documentation to support transactions.	All (Procurement Unit, Stores , Finance)
<input type="checkbox"/> Provides feedback on process and /or good itself	User, Budget Holder ,Stores

8 Bidding Methods that may be used at SWA

Method	Characteristics	When to be used
Open competition	<ul style="list-style-type: none"> <input type="checkbox"/> Involves advertising in internal and / or local newspapers and other media as appropriate (e.g specialized websites, international newspapers) for all eligible bidders to compete <input type="checkbox"/> Requires formal bidding procedures and documentation <input type="checkbox"/> A multi-stage bidding procedure (prequalification, un priced technical proposals are invited and after technical clarifications and adjustments, final technical proposals and priced bids are submitted, also includes facility visits, reference takings, presentations and Q & A sessions) for goods with complex technical specifications and standards 	<ul style="list-style-type: none"> <input type="checkbox"/> The first consideration should be given to open competition in determining the method to be used for procurement of goods <input type="checkbox"/> Other methods to be used where open competition is not the most economic and efficient method of procurement <input type="checkbox"/> When procuring services, open competition will be used where SWA is not familiar with the market <input type="checkbox"/> Sometimes Method may be specified by the donor
Restricted competition	<ul style="list-style-type: none"> <input type="checkbox"/> Involves competition by direct invitation for goods and works which are of a specialized nature or available from a limited number of suppliers. <input type="checkbox"/> Bids may be invited from three to five 	<ul style="list-style-type: none"> <input type="checkbox"/> Will be used for goods or services SWA procures on a regular basis <input type="checkbox"/> Used in all other cases when procuring services
Request for quotation	<ul style="list-style-type: none"> <input type="checkbox"/> Involves comparing price quotations obtained from three to five firms <input type="checkbox"/> Appropriate for procuring small value goods of standard specifications or contracting of small works <input type="checkbox"/> Requests for quotations should be sent at the same time and all suppliers should be given the same information, conditions and deadlines. <input type="checkbox"/> Quotations may be submitted by fax or mail and are not subjected to a formal invitation, acceptance, opening and evaluation 	<ul style="list-style-type: none"> <input type="checkbox"/> For goods values at less than US \$ 1,000 one quote from a supplier will be obtained <input type="checkbox"/> For goods valued above US \$ 1,000 - US \$ 5,000 , 3 quotes will be obtained. <p>The Procurement Unit will justify any case when it was unable to obtain 3 quotes.</p>

<p>Single-source contracting</p>	<p><input type="checkbox"/> Involves direct appointment of one supplier to supply goods or services</p>	<p>Is suitable for</p> <ul style="list-style-type: none"> <input type="checkbox"/> Variations of less than 20% of initial values of on-going contract. Best cycle is one month and best use prequalified list. <input type="checkbox"/> Where standardization of spare parts and goods to be compatible with existing goods is required hence items must be procured from the original supplier. <input type="checkbox"/> Where the required item is of proprietary nature and obtainable from only one source or only one firm is fully qualified with clear cost advantages or has the exceptional experience <input type="checkbox"/> Where goods or services can be procured from an approved humanitarian procurement centers <input type="checkbox"/> For emergency purchases Emergency purchases are defined as : A life- threatening situation <input type="checkbox"/> A significant impact on organizations reputation <input type="checkbox"/> A clear and present threat to assets of strategic value <input type="checkbox"/> An urgent requirement to comply with legislation <input type="checkbox"/> The need for business continuity
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Procurement agents	<ul style="list-style-type: none"> <input type="checkbox"/> Procurement agents <u>may</u> be selected and engaged on the basis of their professional experience and proven ability to carry out the work to the highest ethical and technical standards <input type="checkbox"/> A contract will be signed with the procurement agent and should not exceed three years <input type="checkbox"/> The responsibilities for drafting specifications rests with SWA <input type="checkbox"/> Procurement Unit will ensure that it is getting a competitive offer by soliciting other offers. <input type="checkbox"/> Agents will be paid on unit rate based on transactions handled or on a flat fee per year irrespective of number of transactions handled. 	<ul style="list-style-type: none"> <input type="checkbox"/> Importation of goods that overseas suppliers don't want to supply (because the values are small or they are unwilling to supply to the region) <input type="checkbox"/> Where the agent is the sole distributor/ agency of certain products. <input type="checkbox"/> When it is cost- effective to consolidate purchases for sourcing, transport or clearing <input type="checkbox"/> When there are legal requirements for the suppliers to export the goods to SWA that the Procurement agent can assist with.
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9 Identification and submission of Requirements

The following processes will be followed in the procurement of goods and services:

- A purchase requisition is prepared by the Department/section head in need of service.
- The purchase requisition must be occasioned by an office/programme need and must be found in approved budgets.
- The department head of the requisitioner analyses the need and approves the requisition.
- All purchase/works need to be authorized according to the detailed rules set out in our Finance Manual and more importantly within budget limits.
- The requisition is given to the finance department to verify budget availability and conformity of the requisition to policy. If the finance department confirms availability of funds, it will then forward the request to the PC for sourcing of quotations.
- A Procurement file should be opened for each programme/project and every time a procurement process is undertaken, all documents should be filled and each step of the process needs to be duly recorded in writing.
- All purchases must go through a competitive bidding process unless the items requested for are frequently used goods for example, office stationery, office tea expenses; Frequently used goods will be purchased using a competitive data base of suppliers established prior to such purchases;. However, this will be guided by the thresholds set in this document.
- The Purchasing Officer shall then approach potential supplier(s) based on the guidelines set by the thresholds under this guideline.

The Invitation to Bid and other documents forming part of the tendering procedure must follow international practices for such documents. The Invitation to Bid

The Invitation to Bid should also establish criteria on how the bidder's financial, technical and professional capacity to fulfil the contract will be assessed. Exclusion grounds and other criteria set out in our policy must also be included. Bidders may be asked to provide evidence that they are legally authorized to perform the contract under the applicable national law.

Bids/quotations should be received directly by the Procurement Committee in a confidential manner – either in a sealed envelope clearly marked with the bid reference number or to a specific and secured email address. The tender committee shall, in all meetings, note that envelopes were received sealed and in the event this was not the case, will reject any bids that came in unsealed envelopes. Where quotations are invited, these can be received by one of the committee members who will prepare an analysis to be discussed by the PC.

The PC will analyze all bids/Quotations and prepare detailed minutes and analysis of the bids/quotations received. A decision as to the most appropriate bid/quotation both in terms of eligibility, quality, price and suitability will be made by the Procurement Committee who will then present their recommendation to the Executive Director and this decision is documented in writing and filed accordingly, indicating the main reasons for the decision.

The Logistic unit shall communicate to all the bidders who were not successful clearly citing the reasons why their bids were not successful.

The Executive Director or her/his delegated authority approves the selection of the supplier and the approved document is forwarded to the Administrator/Field Officer who prepares an LPO (Local Purchase Order) and signs it off.

The Local Purchase Order (LPO) is then forwarded to the Administration and Finance Officer or his/her delegated authority for review and signing it off. The Head of Finance or his/her delegated approves the LPO.

The LPO is forwarded to the supplier who supplies the goods/services and invoices the organization. The supplier delivers the goods and issues a Delivery Note which is signed by the receiving officer. The Delivery Note is accompanied by an Invoice.

The Accountant prepares the payment voucher. The payment voucher is taken to the Program Manager for authorization of the payment.

10 The Requisition Should Include;

- A clear and full description of the item /service.
- For services applicable terms of reference or requirements, including nature, scope, format, and applicable standards of the deliverables
- The quantity and types of units e.g (1,m1, box of 5...) required.
- The delivery date or Required-On-Site date or time-frame for services.
- Detailed specifications including appropriate references.
- Materials safety data .sheets, drawings, catalogue number should be attached to the requisition,
- Suggestions on technical and other evaluation factors
- The maximum cost of the proposed requisition and budget information (account, grant...). The estimate is based on historical cost benchmarks where available, or other reliable sources, including direct and informal price solicitations from suppliers with no commitments.

Technical and other criteria and their weight.

- Suggested supplier(s) if known. However, Procurement Unit has the responsibility of inviting bids/quotes and may reject user's recommendations on suppliers.

Suggested supplier(s) if known

- Key contact person who will interact with the provider (or manage in Indications of any specific terms and conditions of payment the requester will want to see.

11 Consultancies

11.1 Definition of a Contract.

Services encompass very wide range of requirements that SWA needs in the various facets of its operations. Some examples are travel services, general consultancies, equipment maintenance, security services or construction contracts.

A major difference between the procurement of goods and that of services is that the Procurement unit cannot always be delegated the full responsibility for the procurement action as it will often not have the necessary expertise for the selection process as well as for the receipt of services which often extend over a period of time. Services often require a high degree of technical specialized knowledge that the requester may be the only one to have, such as in the case of consultants, or that another part of the organization has, such as in the case of a construction contract

The greater involvement by the requester or technical units does not mean at all that the requester or the technical unit should be responsible for every step of the process. The role of the procurement unit is to facilitate the process and ensure that the contracting process is consistently as open, transparent and fair as possible and that administrative quality is maintained.

11.2 Stages and Steps in Contracting

Steps / stages in the process	Responsible person / unit
Determines and writes specifications / requirements for services	Requester
Convenes the appropriate Procurements committee / task force (Procurement, finance, technical group, user groups, external parties as appropriate)	Procurement Unit with requester's input
Organizes meetings and actions to: Determine the procurement process and method specific for those services in line with the procurement policy Ensure no conflict of interest exists in the task force Determine criteria for selection of tenders (technical, financial) Finalize tender documents (one , two or three alliterations may be necessary depending on the complexity of the contract) Open and analyze tender documents Make a recommendation on the selection	Procurement unit with requester's support
Document the process at each step of the way	Procurement Unit
Finalizes contract	Procurement unit with requester's support
Authorizes contract	As per Authorization policy

Manages performance of service provider (as detailed to the extend possible in the Service Level Agreement)	Requester or relevant technical unit with the guidance and proactive support of the Procurement Unit. PU has to ensure this is done systematically and regularly
Evaluates performance and documents evaluation	Procurement unit with the support of the requester or the relevant technical unit
Prepares payment request (s)	Requester / relevant technical unit
Approves payment request (s)	As per Authorization policy (budget holder generally)
Maintains file on contract and service provider' assists auditors	Procurement Unit

Changes to an existing contract would be a joint effort of the Requester or relevant technical unit and the support of the Procurement Unit to ensure that the proposed Amendment is appropriate and handled effectively in all respects.

12 Guidelines on managing Consultancies

12.1 Consultants vis-a-vis Employees

- A consultant is a highly specialized expert who possesses outstanding qualifications and high degree of achievement in a scientific or technical field. Certain criteria can help decide what SWA really requires:
- A consultant determines their own method of completing the instructions while employee receives instructions about how, where and when the work should be done.
- Consultants use their own methods to complete the job and do not receive training from SWA on how to do the job except on matters relating specifically to SWA.
- Employee services are substantially integrated into Somalia operations while consultants are not subject to direction or control of SWA as an integrated employee.
- Consultants may or may not have a continuing relationship with SWA.
- Consultants are free to set their own hours, working when and for whom they choose.
- Consultants have more than one client.
- Consultants are generally paid by the value of the work they have delivered more than by the time they have spent as an employee would be.
- Consultants usually use their own tools (laptop, phone) rather than expect SWA provide them
- Consultants invest in their business undertaking (tools, licenses, insurance.)
- Consultants aim to make a profit, not to earn a wage

12.2 Recruitment of Consultants

12.2.1 Terms of Reference

The process starts with;

- Clear and precise Terms of Reference for the consultancy, which should outline in simple, clear, and detailed terms (and as much as quantified as possible):

The objective of the consultancy

- The Key contact persons for the consultant and the frequency and mode of interaction with the person supervising the consultancy
- The Deliverables- formats, specific contents
- The Calendar of activities for the consultants

- Where the work is to be done and how
- Key reference documents

12.2.2 Fees

It is especially important that the fees be based on historical data considering the specifics of the present consultancy as well. A budget is an upper limit for the cost of a consultancy, not a guide to the actual fee. Other indicators to make a decision about the fees include comparable consultancies already commissioned by SWA that are in the data base maintained by the Procurement Unit.

12.2.3 Evaluation of the consultant

It is important that the requesting unit provides feedback on the consultancy to the Procurement Unit who can then update the consultant database. Criteria include quality of the deliverables, adherence to TOR, timeliness of the deliverables, how self-directed the consultant was and is/her ability to work with people and other important aspects of the performance.

12.2.4 Extension of consultancy contracts

Extensions to contracts should be exceptional and only in response to a case of 'force majeure' or some major event that came in after the initial contract was signed and affected the consultancy greatly. If an extension has to be provided because the consultant is late by his/her own fault, then the clause for lateness of deliverables should be invoked.

13 Contract Variations and Claims

13.1 Contract Variations

Variations usually arise from one or more of the following contractually agreed situations:

Changes to the scope of work, i.e. an unforeseen or unforeseeable increase in the quantity of goods or services to be delivered.

Changes to 'contract period or contract price

Once the contract is signed, any fundamental change in the goods and services to be delivered must be treated as a potential amendment and approval sought in the same way as the original purchase.

Where a variation clause that provides for increasing rates is in the contract there is no further requirement to seek approval as this is deemed obtained when the contract award was supported.

Variations must be in writing and signed by both parties in the form of an Addendum or other document that legally and effectively varies the original contract.

Variations cannot cover additional costs incurred to remedy defects attributable to the supplier.

Procurement Committee submissions shall, wherever applicable, suggest a review limit for variations within the Contract Manager's sanction. Under normal circumstances this should not exceed 10%.

13.2 Claims and Disputes Approach

The first reflex should always be to settle claims and disputes amicably; in a fair and open manner that protects SWA present and future interests to the maximum. Legal advice may be sought from legal advisors as required.

If this fails, seeking arbitration is the second alternative. Legal recourse should be avoided to the extent possible and only after all other means have been exhausted.

14 Restricted Tendering

14.1 Exceptions to Competitive Bidding and Open Tenders

14.1.1 Emergencies

Goods and services procured to respond to an immediate emergency situation and its aftermath (first six months as a maximum) and which have not been procured before the emergency has occurred can be procured on a single bid basis, i.e. only one known potential contractor is requested to make an offer. This is to ensure that the materials reach the affected beneficiaries in the shortest period of time. Emergencies are defined as the direct effects and humanitarian needs of an unforeseeable or unexpected, sudden, natural or man-made disaster, such as floods, land slides, earthquakes, an epidemic and outbreaks of fighting or sudden influx of large numbers of refugees to an area without the infrastructure to support them. Such situations are so severe that they preclude procurement through the otherwise recommended methods described in this document. A protracted crisis is not considered an emergency.

14.1.2 Other Legitimate Reasons to Proceed to Single Bids:

Prices or rates are fixed by national legislation or by regulatory bodies (may be the case for fuel, certain drugs, etc.);

No	Situations	Justifications
i)	Where the value of the procurement is below USD 1000	<ul style="list-style-type: none"> • Low value shopping • This applies where exigency of need is such that the time and transaction cost involved in obtaining three offers is not justified.
ii)	No competitive market for performance or price is available	<ul style="list-style-type: none"> • Where a monopoly exists; where fixed pricing by national legislation is in effect at the time of the procurement; or where the requirements involve proprietary product or service. • Where there are only two players in the market, it is no longer a monopoly and comparison between the two suppliers/service providers should still be established. • Where fixed pricing is in effect, evidence of such legislation should be documented. • When proprietary product or service is being procured, it must be established why other equivalent non-proprietary product or service will not meet the requirement.
iii)	Determination or need for standardization	<ul style="list-style-type: none"> • Compatibility and consistency with existing equipment or systems requires a specific brand of equipment or technology; any change in these standards will have a direct financial impact or other adverse consequences for the end users or the program/project.
iv)	A cooperative agreement exists between the supplier and SWA	<ul style="list-style-type: none"> • An already existing long term agreement exists and SWA hopes to utilize the existing agreement.
v)	Offers for identical requirements have been obtained competitively within the past 12 months and the prices and conditions offered remain competitive	<ul style="list-style-type: none"> • Prices of goods obtained within the last year following a competitive exercise remain valid.
	The proposed procurement contract for the purpose of purchasing or leasing property	<ul style="list-style-type: none"> • Selection of location is based on security concerns
vii)	Genuine exigency for the requirement exists	<ul style="list-style-type: none"> • This includes requirements during times of natural disaster, health epidemic, or sudden unforeseen crisis. • “Genuine exigency” must refer to goods or services for which any slight delay will result in the imminent loss or endangerment of human lives or the excessive damage to valuable properties, or will deter the delivery of basic human needs. It does not apply to urgency arising from poor planning, poor oversight or delay in receipt of funding, among other possible circumstances. • Procurement of goods or services which does not meet these criteria will not be considered for an

No	Situations	Justifications
		exception to the competitive process, even if the context is an early recovery program/project.
Viii)	The proposed procurement contract is for relevant services that cannot be objectively evaluated	<ul style="list-style-type: none"> • Cutting-edge technology or other new methodologies are in use and no possibility of comparison exists
ix)	Consultancies	<ul style="list-style-type: none"> • Where the user is of the view that he/she knows the capability and expertise of the consultant based on previous work or the consultant is already well known
x)	The Procurement Committee has otherwise determined that formal solicitation will not be in the best interest of SWA	<ul style="list-style-type: none"> • Localization of certain activity in a particular area , community context etc...

15 Classification of a Supplier

If the potential supplier does not fall in the above categories, the following criteria will be used: The Procurement Committee reserve the right to award upon satisfaction with or without hard-line stand on the requirements listed below if it is foreseeable to cause no harm to the procurement process.

Criteria	Qualifications
Legal compliance	Required licenses to be able to legally conduct business in the country and possibly the city for which it is registered
Compliance with tax obligations	Compliance with tax obligations for the last three years should be provided.
Health and Safety	Certification according to local industry norms or national regulations.
Financial capability and stability	<p>A minimum average turnover for the past three (3) years supported by audited annual financial statement</p> <p>A minimum cash flow (or access credit facilities) for a specified period in order to implement the contract satisfactorily</p>
Technical experience, reliability, reputation, service management and past performance on similar contracts:	The supplier's capabilities should be related to the nature, size, value and complexity of goods to be procured. Minimum experience should be stipulated as an average value of contracts carried out over the past three (3) years. The supplier must provide references for contracts that have been performed within the last two years.
Qualifications of key staff	Requirements on staff capabilities should be related only to key personnel of the supplier. Criteria should be based on minimum number of years of experience at a similar position, and a minimum number of years of experience on similar contracts. For certain executive and managerial positions, the supplier may be asked to provide personnel with sufficient management skills or position with the supplier.
Physical resources	Adequacy of equipment, storage and transport facilities for the goods or services to be procured.

Quality assurance	Evidence of product quality assurance process. E.g ISO certification
Litigation History	List of all contracts over the last three (3) years that resulted in litigation proceedings with an indication of the months and amounts in dispute. The criteria for rejection of pre-qualification should be one of numerous arbitral awards or court decisions against the supplier.
Past experience with SWA	Proof of at least previous contracts with SWA References may be sought by the Procurement Unit and responses evaluated accordingly.

16 Supplier De-registration

When a supplier fails to deliver the required goods or service to SWA's satisfaction, then Procurement Unit, after securing authorization from the person who authorizes registration as per the Authorization Policy can de-register the supplier. The Procurement Committee will be updated on an annual basis.

Some possible reasons for de-registering a supplier from the registered lists are:

- Unsatisfactory performance of product or services.
- Repeated failure to make satisfactory effort to render competitive prices and service.
- Misconduct
- Refusal to replace products failing during warranty
- Financial difficulties (e.g. insolvency)
- Debarment by any national government or the World Bank Group or donors.
- Involvement either in " fraudulent", " Corrupt", illegal and unethical practices in the performance of contracts.
- Consistent or very serious failure to comply with procurement guidelines and procedures.

17 Thresholds Currently in Use

The table below sets the thresholds for all procurements. This shall inform the procedure to be followed in seeking quotations/bids from suppliers for goods and services and the level of authorization.

Process	Supply/service/works contracts
Single Quotation	Value less than \$1000
Minimum three quotations with evaluation captured in bid evaluation sheet	Value \$1,001- \$ 10,000
Open tenders with evaluations done by procurement committee (All bidders must receive identical instructions, terms and specifications)	Value above \$10,001

The table below is an extended summary of the above thresholds and the two acts like quick guidelines on the players and mandates on procurement.

	Level 1	Level 2	Level 3
Goods & Services	Less than US\$ 1000	\$1,001- \$ 10,000	Value above \$10,001
Construction work	Less than US\$ 15,000	15001-50,000	Above 100,000
Recommended documentations	• Purchase order	• Purchase order • Bid analysis • Procurement report/Recommendation	• Purchase order or Contract • Invitation to bid • Bid analysis • Contract notice • Procurement report
Responsibility	Logistic Officer and Budget Holder	• Logistic Officer, Procurement Committee	Logistic Officer, Procurement Committee

17.1 Procedure for quotations

- i. Write a list of desired technical specifications (e.g. for a laptop, , model, the memory capacity, processing capacity, size, etc).
- ii. Approach at least specified number of possible suppliers and collect formal quotations (these can be a written quotation These quotations must be in letter heads, agree with the technical specification, they must include the contact details of the supplier (phone and address) and include delivery terms or any other details that may affect the decision making process.
- iii. Quotes shall be provided in writing and can be submitted in the form of an e-mail, letter or fax, but they can be opened only after the deadline for submission expires.
- iv. A minimum floating time (no less than three working days) shall be granted to vendors for submitting their offers.
- v. Set up a Procurement Committee to assess and rank the quotations received from the possible suppliers. The committee must have an odd number of members (at least three), and members must have the knowledge and experience that will be necessary to give an informed opinion on the tender applications. If this knowledge and experience is not available within SWA, it is acceptable to invite an 'external' adviser to the committee (e.g. a third party procurement or technical expert).
- vi. The Procurement Committee will rank and select one offer and write a short note/memo signed by all members of the committee to justify the choice.
- vii. The Procurement Committee should have in mind the market rates from the market survey lists. the must get verbal quotations from at least one other supplier to verify that all bids are competitive, and there has not been any collusion.
- viii. The procurement committee shall rely on the written references from other organizations that have purchased equipment from this supplier from the vendor's file if the same was not part of information requested.
- ix. If the Procurement Committee is not satisfied with any of the quotations, or if they suspect collaboration among suppliers, cancel the process and start again. Warning signs might be home made quotations, the same phone number or address on more than one quotation, one quotation that is significantly better than all others etc.
- x. Negotiate the terms and conditions of the contract with the selected supplier.
- xi. Keep all the documentation related to the process (this includes the technical specification, suppliers contacted, quotations received, minutes of the procurement committee meetings and reports and rankings of the Procurement committee) together and safe in the.

17.2 Procedure for tenders

The following procedure will be adopted for tenders

- i. Prepare a detailed list of the specifications for the equipment or supplies to be purchased.
- ii. Advertise the invitation for tender in all appropriate media. The procedure will also allow the tenders to be advertised in organization website. The process must give all eligible suppliers the same opportunities to bid
- iii. The advertisement must be published for at least 14 to 21 days before the closing date.
- iv. Set up a Procurement Committee to manage the tender process. The committee must have an odd number of members (at least three), and members must have the knowledge and experience that will be necessary to give an informed opinion on the tender applications. If this knowledge and experience is not available within SWA, it is acceptable to invite an 'external' adviser to the committee.
- v. The Procurement Committee will meet to rank and select one offer and write a report which shall be signed by all members of the committee to justify the choice.
- vi. If the Procurement Committee is not satisfied with any of the quotations, or if they suspect collaboration among suppliers, cancel the process and start again. Warning signs might be home made quotations, the same phone number or address on more than one quotation, one quotation that is significantly better than all others etc.
- vii. Keep all the documentation related to the process of awarding a contract in the File. This includes: the invitation to tender, the names and experience of members of the Procurement committee, tender applications received, the minutes of the meetings of the Procurement Committee, the ranking of the applications received and the memo confirming the choice, signed by all members of the procurement committee.

17.3 Information in solicitation documents

The quotations and tender documents shall contain the following details

- i. Specifications: The specifications of the goods or services to be ordered will be described in as full a detail as possible. The exact quantity of each line item should be specified, as should any quality standards.
- ii. The Time and Place of Delivery: The document must include the required delivery date except in the case of indefinite quantity requests. Suppliers may be invited to quote their best possible alternative delivery offers including schedules of partial shipments if such would be acceptable. The place of delivery should be stated in all RFQs. The method of delivery, where applicable, may also be stated.
- iii. Special Requirements: If not fully explained in the specifications, any special requirements that are an essential part of the procurement shall be included. These may include such things as spare parts, user manuals, packing and marking, availability of service support, warranties, requirement for samples, etc.
- iv. Provisions for Payment: The standard payment terms for SWA purchases are “within 30 days after receipt of goods and documents in apparent good order.” Although this is the standard, it is recognized that there will be exceptions. Examples would be substantial discounts for early payment, partial payments for phased deliveries and partial prepayments when the supplier must purchase materials to complete the task, e.g., construction.
- v. The standard provisions for payment should be offered, with the provision that alternate payment terms will be considered.
- vi. Alternatives Clause: As it will not always be possible to get the exact specifications, delivery terms, etc., which are desired, the RFQ may include the clause that “Alternatives to the requested specifications may be considered.”
- vii. Insurance for Transportation of Goods: Suppliers are required to provide insurance, and the statement should state “Insurance will be effected by the seller and reimbursed at cost. The supplier is required to provide the buyer both a certificate of insurance and the invoice for the insurance provided.”
- viii. Period of Validity: The period of validity establishes the length of time which the supplier will accept a contract against the offer submitted.

17.4 Receiving bids

- a) All bids and proposals shall be dropped at the bid box. Sealed bids will be initialled by the receiving officer and placed in a locked bid box until the designated time for opening. The bidder shall sign the bid register upon satisfactory submission. Bids are to be opened at a meeting of the procurement committee.
- b) Any bids or proposals inadvertently opened before the due date are to be brought to the attention of the Procurement Committee for further action. This may include seeking an explanation why it was opened to ensure the intention does not defeat the principles in procurement. In the event that the circumstances indicate the bids should be retained for evaluation, then the Procurement Officer responsible will be replaced on the bid opening committee and the bid evaluation will be accomplished by another officer selected by the Program Manager.
- c) Any alterations to bid and RFT documents is expressly forbidden. Sealed bids and proposals may only be modified prior to the opening in writing and sealed in an envelope marked to "cross reference" to the original submission. Bids submitted by email may be amended in the same manner, as long as the amendment is received prior to the announced bid closing time.
- d) Bids received after the announced bid closing time will not be considered in the bid evaluation process.
- e) Costing data submitted in the suppliers' offers will be treated as confidential information and may not be released outside of SWA, or to those who do not need access to such information for the proper performance of their duties.

17.5 Bidding Irregularities

- a) Any unusual or questionable circumstances surrounding the receipt, opening or recording of the bids or the proposals will be reported to the appropriate Executive Director.

17.6 Comparative Bid analysis

The following shall entail the bid evaluation process

- a) All formal bids and proposals will be reviewed by every member of the Procurement Committee. Each individual bid will be examined closely.
- b) The Procurement Committee shall determine in advance the criteria and weighting of the individual scores. Each individual bid will be assessed and scored on the pre-agreed criteria. Following completion of the CBA, the Purchasing Committee shall provide a justification on the worksheet for each recommendation of award.
- c) Criteria may include the following considerations in the CBA;
 - i. Price: Price is an important factor in the evaluation process. The weight that price carries in the selection of a supplier will depend on the selected evaluation methodology. Currencies not in dollar shall be exchanged at the closing date rates as per
 - ii. Financial capability. The Procurement Committee should consider whether or not the supplier has the capability in all respects to perform fully the contract requirements, and the integrity and reliability which will ensure good faith performance. Suppliers should be asked to submit a third party guarantee of some sort, e.g. a confirmation of their financial capacity from a bank, or financial statements etc, to check that they can fulfil your order.
 - iii. Company profile;
 - iv. List of directors with their telephone and ID/Passport Numbers;
 - v. Valid registration certificate;
 - vi. Previous experience for similar nature of services: Provide either 3 high value contracts or Local purchase orders from previous clients for last 3 years.
 - vii. Good financial position: Provide either Latest audited report, or bank statement for 6 months with one year statement of income and expenditure signed by company management.

- viii. Valid tax receipt or proof of payment of tax.
- ix. Adherence to Specifications: Only bids or proposals offering items with fundamental characteristics meeting or exceeding those in the solicitation shall be considered as acceptable unless programme emergencies dictate otherwise.
- x. Supplier references - have they been supplied and do they seem to be legitimate? Following the selection of the supplier, all references must be thoroughly checked.
- xi. Availability of spare parts and servicing - Are these available locally?
- xii. Warranty - Is the warranty of sufficient scope and length in time
- xiii. Delivery date – can the supplier meet the required date

17.7 Evaluation report

The evaluation report will include:

- summary of the evaluation process
- bid prices and currency conversion (if applicable)
- technical evaluation
- allocation of points and supporting literature (if applicable)
- clarifications requested (if any)
- Any rejection, and proper justification for the rejection of bids
- Identification of the best offer
- Background check of suppliers, including an affirmative check stating that companies are not debarred from further relations with SWA

17.8 Tie Bids

- a) "Tie bids" are two or more offers exactly alike in prices and terms. If a tie bid or proposal is encountered, the award should be made by a random drawing of the names of the bidders or proposers concerned, such drawing to be accomplished by any mechanical means which will determine the successful bidder by pure chance. The drawing should be made by two or more employees of the Procurement Committee. The items so awarded should be highlighted on the CBA worksheet, and an explanation should be shown.

17.9 Errors and omission

- a) Errors in Price. SWA is not responsible for errors in price made by a bidder. However, if the Procurement Officer has reason to believe that the offer of a bidder contains an error in price, he should, before completing the evaluation, request the bidder orally or by email to verify the prices in question. If the bidder replies that the prices are correct as quoted, the evaluation may then be completed without further question. A note of the fact that a query was made, together with the reply, should appear in the file.
- b) Failure of Bidder or Proposer to Furnish Data: Failure to furnish data with a bid or proposal, will result in the bid being rejected.
- c) Errors in Affixing Signature: All bids and proposals must be signed, and the typed or printed name of the individual signing should also appear. A doubtful signature, a missing signature or a signature evidently executed by someone other than the typed name, should be questioned. If there is no indication that signing was intended, an unsigned bid or proposal should be rejected.
- d) Corrections or Alterations: Corrections or alterations in a bid or proposal must be initialed by the individual who signs the bid or proposal. If this stipulation has not been complied with, the bidder or proposer shall be requested to confirm each change in writing. Upon receipt of the confirmation, it shall be attached to and made a part of the offer. No correction or other alteration in the prices or terms of a bid or a proposal shall be permitted after the time of closing.

1.1. Release of bidder

- a) The authority to permit modification or withdrawal of a bid or proposal after the bid closing because of a perceived mistake therein rests primarily with the Procurement Committee. However, where the error is clearly clerical in nature, such as a transposition in figures, an error in the placing of a

decimal point or in the unit of measure, then the request for modification or withdrawal may be acted upon by the Procurement Officer, but must be documented in the procurement file.

17.10 Bid cancelling

SWA may decide to cancel the bid procedure at any stage subject to the existence of a proper justification. Some possible reasons for cancellation include;

- a) The bid procedure has been unsuccessful, i.e. no qualitatively or financially worthwhile tender has been received or there is no or poor response;
- b) The economic or technical data of the project have been fundamentally altered;
- c) Exceptional circumstances or force majeure render normal performance of the contract impossible;
- d) The lowest responsive offer significantly exceeds SWA estimation and the financial resources available;
- e) There have been irregularities in the procedure, in particular where these have prevented fair competition. In the event of cancellation of bid, bidders must be notified of the cancellation by the SWA. Such bidders shall not be entitled to any compensation. When the tender procedure is cancelled before the envelopes are opened, the unopened and sealed envelopes must be returned to the respective bidders. SWA Procurement units must be aware that cancellation undermines credibility and its position in the markets. SWA should make proper use of tools such as procurement planning, market knowledge or stakeholder management, in order to avoid as much as possible the need for cancellation of bidding process.

17.11 Notification for tenders

- a) The outcomes for tender evaluations shall be updated in the website. Bidders will be notified to check the website. Bidders not listed will consider their bids unsuccessful.

17.12 Price negotiation

- a) Negotiations are discussions with a potential supplier after selection of the supplier but prior to the award of the contract, in order to ensure best value for money but without compromising the principle of fair and equal treatment of suppliers. Negotiation can be held with the vendor if the price quoted for the competitive vendor is competitive but may not be within the budget.
- b) Negotiations may be carried out with the selected supplier regarding payment terms, supplementary terms and conditions, delivery, etc. Negotiations should result in a clear understanding of responsibilities under the contract. Negotiations can be very effective in situations of direct contracting without competition as a way of ensuring best value for money.

18 CONTRACT AWARD AND ADMINISTRATION

18.1 Supply Contracts

18.1.1 Basis of Contract Award

- a) User units shall award contracts within the period of the offer's validity, to the bidder that meets the prescribed requirements and whose bid has been determined
 - i) To be substantially responsive to the solicitation documents, and
 - ii) To offer the best value for money.
- b) Where quotations have been solicited, price and other commercial terms and conditions are requested and award is made to the lowest priced technically acceptable offer.
- c) On the other hand, where bids are solicited, generally price is the sole determinant in making an award. The contract is awarded however to the lowest evaluated offer, where all technical criteria are met. The term "lowest evaluated offer" comprises, where possible, the costs of additional components, such as life cycle costing (i.e., running cost, maintenance cost) amongst other qualified and responsive competent offers.
- d) However, in the case of proposals/tender, a contract is awarded to either
 - i) A bidder, which attains the minimum qualifying technical score and presents the lowest financial proposal; or
 - ii) The bidder, which obtains the highest cumulative score of both the technical and financial proposals combined.
- e) Price is only one of several factors comprising the evaluation criteria. Award is made to the qualified and responsive bidder whose proposal /Tender substantially conforms to the requirements set forth on the solicitation documents and is evaluated to be the lowest cost.

18.1.2 General Provisions

- a) Contracts shall be awarded within the designated period of the offer's validity and clearly define:
 - the nature of the goods, civil works and/or services being procured;
 - the quantity being provided;
 - contract or unit price;
 - duration of the contract;
 - conditions to be fulfilled, including applicable General Terms and Conditions;
 - terms of delivery and payment;
 - name and address of Supplier; and
 - the rights and obligations of SWA and of the Supplier.
 - Performance clause

- b) Where a performance security is required to ensure performance during the warranty period, a contract should be signed only upon receipt of the performance security in the form of a bank guarantee or performance bond or any guarantee as may be agreed.

18.1.3 Contract Types

- a) The following types of contracts are referred to under the manual:

- lump sum
- time-based
- retainer fee; and
- indefinite delivery

18.2 Performance Clause

- a) The performance clause should be included in all supply contracts. Where time is of the essence, provisions for liquidated damages or similar provisions, generally established at one half percent (0.5%) of the total contract amount per week, shall be included in the conditions of contract when delays result in extra cost, or loss of revenue or loss of other benefits to SWA. Such a provision provides a claim of right to remedies, deducting a fixed percentage for each day or week of delay as compensation for losses sustained in the case of non- or late performance.

18.3 Contract Amendments

- a) Once a contract subject to prior review has been awarded and signed, The Procurement Unit is permitted to amend provisions in one of two situations:
- a) Existing contract provisions dictate modification; or
 - b) In furtherance to the execution of an original contract additional related goods, civil works or services are to be rendered by the same entity.
- b) All amendments must be requested by the Head of the user unit citing the revised contract provision(s), the original provision(s) and the affected specifications, statement of works or TOR; and submitted for review through the Procurement Committee or procurement Unit depending on the size of the Contract.

18.4 Communication with unsuccessful bidders

- a) In general, SWA should brief the bidders during the bid opening on possible dates of award. To provide the vendors with opportunity to submit protest, all awards must be awarded within two days of bid opening. Vendors will be open to inquire within the two days. The Procurement Officer shall in this case provide a written explanation of any inquiries from vendors. The scope of the written explanation meeting is limited to an identification of technical deficiencies or weaknesses within the bidder's proposal.
- b) The Procurement Unit is advised not to discuss with Suppliers any information related to any supplier regarding other vendors who participated unless permitted under confidentiality clause.
- c) SWA shall provide the vendors with the opportunities to channel any procurement related complains in the following manner;
- Provide the technical evaluation criteria in the tender advertisements
 - Invite the bidders to bid opening sessions where the bidders will get to access the financial and technical requirements for all the participating vendors

- Vendors will be informed time of the award decision is made and given, the deadline of any appeal -three days from the date of award -for vendors who will not be notified of the award.

18.5 Contract Formats

i. Purchase Orders

In the case of goods valued at U\$ 1000 or more procured by SWA, a Local Purchase Order (LPO) and must contain sufficient details.

ii. Professional Services Contracts

Professional services contracts are employed to contract in order to perform professional services generally, for the period specified in the contract.

a) Civil Works

Contracts for civil works are drawn up for the procurement of transportation, infrastructure, civil or engineering services required by the SWA

b) Long Term Agreements

A long-term agreement (LTA) is a mutual arrangement with Supplier to provide goods or services as required, over a specific period of time, with the quantity to be determined at prescribed prices or pricing provisions. LTAs are distinguished by the repeated nature of the transaction consequent of the relationship established between parties. Long-term purchase agreements are common practice to ensure a reliable source of supply goods and services at the lowest price.

Maximum period for a Long-Term Agreement (LTA) should be 1 year to which a rotation can be done for vendors dealing with supplies.

18.6 Transportation & warehousing

- The cost of transportation is a significant component in the cost of goods purchased by SWA and delivered to the designated site. Therefore the contract should state the mode of transport and terms of insurance if any to be provided by Supplier.
- During transportation and storage, all cargo is vulnerable to a range of risks, such as damage, pilferage and theft, breakage, non-receipt of part or an entire consignment. The supplier must ensure sufficient insurance thus provides protection against potential financial losses resulting from such risks. The Procurement & Logistics Unit should ensure the following:
 - Protection for goods subject to risks, including war, strikes, riots and civil commotions.
 - Ensure the supplies are sufficiently protected to avoid non compensated damages during the duration of handling in the store.
 - Supplies are properly verified at point of delivery to ensure the any breakages are reported to the supplier for replacement.

18.7 Goods receipt

- When goods are delivered to the Logistics unit, these should be accompanied by a delivery note. The unit should perform an inspection against the delivery note. If in apparent good order, a Goods Receipt Note should be raised or the delivery note may be signed to acknowledge receipt and inspection.

- b) If, however, signs of tampering are visible, a Goods Returned Note should be raised, in case the goods need to be returned, and should state necessary reservations (e.g., cases broken, contents lacking, cartons opened with sign of pilferage).
- c) Deliveries against an order by a Program unit are forwarded to the requisitioning unit by the Administration office for ratification of goods delivered. The recipient initials the delivery note as acceptance of goods delivered.

18.8 Contract Administration

In the case of supply of goods and services, contract administration is key and important function of procurement and consists of a series of activities performed by the SWA's procurement unit with the assistance of the user units. These include;

Monitoring current contract status

- a) Reviewing performance of supplier or contractor and resolving performance problem;
- b) Initiating payments to supplier or contractor, including determination of claims and other changes;
- c) Issuing formal modifications to existing contracts to amend the scope with related price or delivery period;
- d) Cancelling of all or part of the contract

18.9 Invoice Handling

- a) Upon receipt, invoices are sent directly to Finance and Administration Manager for verification and comparison against the LPO (prices, quantities, extensions or additions).
- b) Anomalies are brought to the attention of the Logistics Officer and/or Head of User unit for appropriate action and not received in the system.
- c) If the invoices are accurate, they are received by the head of user department and approved by Finance and Administration Manager.
- d) Procurement maintains an up to date record of orders placed but not yet fulfilled, to ensure that the supplies are fulfilled and invoiced (as per the LPO terms).

18.10 Payments

- a) All documents-LPOs, quotations, proforma invoices, invoices, fee notes- meant for payment are channeled through the FAM
- b) The FAM checks invoices and statements to ensure that the ageing analysis (time elapsed since order was made or goods/services invoiced) on the statements is as per purchase terms.
- c) Payments for all goods and services are made within the agreed credit days per the LPO terms or per suppliers' monthly statement.
- d) Payments are made using pre-printed Payment Vouchers (PV's), clearly indicating the details proscribed.
- e) All paid invoices are stamped "PAID" to avoid duplication of payment. Copy/duplicate invoices are clearly marked as "COPY" to avoid double payment.
- f) The supplier's statement is supported by invoices, delivery notes and credit notes held in the Finance department, to determine the actual liability of SWA.
- g) Where the suppliers' statement does not tally with the invoices received by Finance, reconciliation is carried out and any missing invoices requisitioned from the supplier. These invoices are taken through the ratification process (Logistics unit-requisitioning unit-Finance Office).

18.11 Advance Payments

- a) Except where normal commercial practice or the interests of SWA so require, no contract or purchase order shall be made on behalf of SWA requiring an advance payment(s) for goods or the performance of contractual services. If an advance payment is agreed to, all reasons therefore shall be documented. Advance payment, in all cases, should not exceed 40 percent of the total contract amount or based on agreement. Examples of activities that may justify an advance payment are:
 - i) Mobilization costs (civil works);
 - ii) Start-up costs (services); or
 - iii) Design costs; or
 - iv) Other consultancies
- b) The reasons for any exceptions shall be documented and handled appropriately. In the case of progress payments, the Program Manager may, where appropriate (i.e., in the interest of SWA) authorize such payments. Progress payments, however, should be linked to the successful completion of requested deliverables.
- c) To recover an advance payment, progress payments and the final payment shall be subject deduction of amount already advanced against the total contract amount.

18.12 Breach & Termination of Contract

i) Breach of Contract

Suppliers are liable for any material breach of their contractual obligations. A material breach is defined as when the SWA is deprived of significant value reasonably expected from the contract. If a Supplier materially breaches an obligation(s), the Procurement Unit should provide written notice to the Supplier, with a copy to Program Manager, allowing Supplier a commercially reasonable period of time to cure the defect. In the event that the Supplier fails to cure the alleged breach, the Procurement Unit must inform the Program Manager. The PM will consult the Executive Director for action.

ii) Termination of Contract

A contract can be terminated when;

- There is a material breach of the entire contract and the breach has not been cured or waived; or
- The agreement allows cancellation for the breach.

However, termination of a contract is not a recommended course of action. If the procuring entity still wishes to seek termination, the Procurement office should contact Program Manager and Executive Director for guidance and approval.

18.13 Procurement Complaints

- a) All the procurement complaints should be dispensed within 10 working days after the award. This is to ensure no delays in procurement are occasioned.
- b) Any bidder or contractor who feels that he or she has been aggrieved in connection with the solicitation or award of a contract by SWA may file a protest with the Complaint Officer three days after award.
- c) Procurement protest is defined in this context as any allegations made by an individual or entity with respect to failure of SWA or any of SWA staff to comply with relevant procurement procedures and uphold the basic principles and standards of integrity, transparency and fairness expected in the public procurement context.
- d) To be completed, the protest must contain the following information:
 - The protestor's name, address, telephone number and;
 - The solicitation or contract number, the name of contracting office;
 - A detailed statement of all factual and legal grounds for the protest and an explanation of how the protestor was wronged;
 - Copies of relevant documents supporting protestor's statement;
 - A statement as to the form of relief;
 - All information establishing that the protestor is an interested party for the purpose of filing a protest; and
 - All information establishing the timeliness of the protest.

Once received, the Unit must:

- Submit copy of the protest letter and SWA's acknowledgement to the Procurement Unit. Inform Program Manager of the receipt of the protest, who should then convene a meeting for Committee to conduct the due diligences and investigation within two (2) days of receipt of complaint;
 - The committee will invite the Complainant to present the fact of the case in the presence of the Procurement Committee who will defend the decision;
 - Committee will prepare a Report and include suggested remedies (if required);
 - Forward the report to the Executive Director upon completion for approval of the committee recommendation;
 - Complaints Officer to record the results and file.
- e) The Human Resource will submit a letter that responds to the issues raised by the protestor and addresses any other issues which, even if not raised by the protestor, may have been identified by the Procurement Unit as being relevant to the fairness of the procurement process.

18.14 Escalation of Protest

- a) The Program Manager must address in the first instance any complaint or protest from an unsuccessful bidder. He should also advise in its response that should the protestor not be satisfied, the complaint, along with the response, should be forwarded to the Executive Director, who will undertake a review and make a decision which is final and binding on all concerned.
- b) In case the Executive Director identifies potential misconduct in the handling of procurement, the case will be referred for further investigation by the members appointed by the Executive Director.
- c) If the vendor is not satisfied with the internal mechanisms, the vendors may appeal to the tender board. The final verdict from the tender board will be captured and put in action in future awards.

19 Inventory Management

19.1 What is inventory management?

The Logistics Officer is the process owner for Stock management. The stock management accountability shall include, but not be limited to:

- Identifying items for stocking on the basis of criticality and facility need.
- Identifying stock classification and management parameters (organization of stores, stock levels, reorder levels, etc.)
- Identification of non-moving and obsolete stock items
- Forecasting consumption levels, especially changes from the historic levels
- Collaborating with Procurement, Finance and end users as required to carry out the other responsibilities effectively
- Managing storage locations and space

19.2 What Needs to be Kept in Stock and Where

Stock levels are kept at the lowest level necessary to meet SWA's operational and financial requirements. The decision to put and keep an item into stock is one that requires careful attention, balancing the benefits of having an item ready for use by the users who may need it with the costs of holding it in inventory. It is a continuous decision as needs evolve and markets evolve and spans the procurement-disposal cycle.

Stocks should be held only when it is critical to facility continuity and the value exceeds the costs of non-availability. By buying foreseeable requirements in large batches, SWA may reduce its purchasing costs and may be able to buy at reduced prices by taking advantage of discounts for bulk orders and optimizing costs on transportation. Holding stocks also implies costs, both costs of maintaining the item in stock and opportunity costs as the market for that item evolves.

To determine when to hold stocks, careful consideration should be given to the costs of having to defer work and make alternative plans, the cost of rush ordering and the cost of downtime.

Where necessary/feasible SWA will set up supplier managed stocks or consignment stocking arrangements within materials storage facilities.

Reorder levels should be arrived at by using the Economic Order Quantity model but then comparing the result to projected needs as the needs may evolve fast for certain categories of goods.

19.3 Managing Store Locations and Space

- All inventoried items should preferably be stored together in central stores. As required, sub stores may have to be created to facilitate operations e.g. medicines from main store to pharmacy and perishables to facility kitchens
- Stores should be kept clean and well-organized at all times.

- Storage space should have good roofing, good ventilation, dry and solid walls, flat and strong floor, reinforced windows. It should be adequate for the volume to be kept in stores.
- Items of similar classification are located together regardless of differences in size, weight and source. Valuable items that are subject to pilferage are kept in lockable cabinets.
- Fast moving items are located near the exit while slow moving items are located in the interior.
- Bulky items that are difficult to handle are located near the point of receipt. Light items are located at the upper shelving.
- Items must be well arranged on shelves and kept on pallets when required. No item should be left directly on the floor. No item should be close to the ceiling or light bulbs either.
- Items should be arranged to facilitate access, control and count.
- Only the Logistics Officer or his/her official delegate and Security have access to the keys to the Main Stores
- Access to stores is limited to stores staff, who escort any other person who needs to enter in the course of conducting SWA related business.
- Stores staff wear protective clothing as recommended by the Health and Safety officer for the items they are handling.
- In all cases it's important to use FIFO Method of stock control to avoid wastage and obsolescence.

19.4 Stores Operations

19.4.1 General Receipt of Stores Items

All deliveries must be accompanied by the supplier's delivery note quoting the local Purchase Order (LPO) number against which supply is being made. The receiving Stores staff will retrieve the stores copy of the PO and inspect the goods to verify that the quantities, specifications and quality of items delivered are consistent with the PO.

Where the stores unit is not competent to verify the technical aspects of the goods, they will obtain the originator of the requisition's or the relevant technical manager's input before stamping and signing the delivery note to confirm acceptance.

Where goods delivered are accepted, the Stores staff will raise a goods received note (GRN) for stock items and non- stock issue/ receipt for non- stock items starting the three- way matching process in the financial system. The copies will be distributed as follows:

- Original copy to Finance unit for payment processing
- Duplicate to be retained by Stores unit
- Triplicate copy to Procurement Unit

19.4.2 Rejection of Items

Goods delivered to SWA will be rejected for the following reasons

- Delivery of poor quality goods
- Delivery of excess goods

Partial deliveries may or may not be accepted. This decision is made on a case by- case basis by the Stores Manager.

The Stores staff will raise a material return note and indicate the reason for rejection on them. The Stores staff and the supplier's agent will sign the form and the original copy issued to the supplier and a copy to procurement unit.

19.4.3 Loss or Damage Report

A loss or Damage Report is used to document and claim for any losses or damage to materials received from the supplier.

The Stores staff will raise the report for all items, in consultation with the user in the case of non-stock items and forward the report to Procurement unit for follow up with the supplier.

Where possible, claims should be supported by photographic evidence. The Procurement Unit shall number and track each report using a simple spreadsheet and treat claims expeditiously, and aim to close out each as soon as possible.

19.4.4 Issuing General Stock Items

- If the item is stock, the user will raise a material issue note approved as per the Authorization Policy.
- The Stores staff will check the quantities requested against the stock available. Where the requested quantities will adversely affect the stock levels, the Stores manager's approval is sought.

19.4.5 Local Purchase Orders (LPOs) Management

(i) Perishables

Perishables prices fluctuate depending on seasons .Its important however to sign contracts with suppliers for a maximum of 6 months with renegotiated prices based on the market averages.

Partial deliveries for an LPO that has gone through tendering committee must be accompanied with separate delivery notes well dated and items well specified.

A copy of the LPO should be attached to every delivery note. Partial payments to finance will have all the documents well stamped by the stores department.

The final payment will have a clause stamped: **(LPO NOW TERMINATED)**, to indicate that the LPO

has been well serviced.

It's best to use FIFO stock method to avoid wastage because of the perishable nature of goods.

The stores staff and the end users say resident cheffs or authorized food handlers will work together to ensure that quality of perishables meet the acceptable standards.

(ii) Dry Goods

LPOs on dry goods should be delivered in whole with all accompanying documentation. Special attention should be taken to consider expiry dates to avoid buying goods nearing the end of their shelf life.

(iii) Medicines

When purchasing Medicines it's important to ensure that stores should only honor orders from HPCs – Humanitarian Procurement Centre's or Internationally Accredited Medical Laboratories whose medicines are approved by WHO.

Emergency purchases could be done through the approval of Executive Director in case of a crisis. Emergency situations may include situations that would interrupt the normal routine of events like wars, disease outbreaks or natural disasters like floods, earthquakes among other unforeseen emergencies. Evaluations and interjections must always be approved by the Executive Director who also must approve the limits of purchases including pioneering the logistical deliveries.

(iv) Other Costs: :(Eligible Direct Costs).

The stores or the assistant in charge of receiving goods should as much as possible state any other related overheads that could arise in the course of goods delivery. E.g changes of government policies or review of taxes which could affect the cost of goods or services. Costs that specifically pertains to a particular acquisition or specific grant event will be taken as part of the initial cost of the delivery.

19.5 Stores Operations

19.5.1 Stock Takes

Stock take must be conducted twice in every year, half yearly basis. The frequency of stock take could be increased based on nature of stock in warehouse. The count will be compared to the records as soon as possible. This process will be documented. Exceptions will be addressed by the Logistics Officer who may wish to escalate the issue depending on the seriousness of the difference.

20 Monitoring Performance of the Supply Function

20.1 20.1 Information to customers

The information provided by the Procurement Unit includes:

Open Requisition Report

This report will list all requisitions received from various cost centres awaiting fulfillment and their status until the PO is raised. The Procurement Unit shall prepare and circulate this report at least monthly.

Open Order Report

This is a report that lists all Purchase Orders that are active and awaiting fulfillment and closure and provides update information on the status of the delivery. It gives a picture of SWA Potential financial commitments.

The Procurement Unit shall run this report fortnightly.

21 Record Keeping

SWA should also maintain the following records for audit purposes. The documents should be retained for at least between 5 to 7 years.

Record	Responsibility	
	Original	Copy
The requisition	Procurement unit	Requester
Advertisements	Procurement unit	
Bidding/ quotation documents and addenda	Procurement unit	
Bid analysis and summary rating sheets	Procurement unit	Finance
Minutes of Procurement Committee meetings	Procurement unit	
Complaints and protests against procedures or award recommendation	Procurement unit	
Signed copy of contract / LPO	Procurement unit	Finance, stores and user department
Correspondence exchanged with bidders/ contractors/ consultants during the bidding and contract	Procurement unit	
Goods receiving note, Non stock receipt	Finance	Stores
Material issues notes, Non stock issue	Stores	Finance and user department
Contractual notices issued by parties	Procurement unit	
Claims and disputes	Procurement unit	
Changes and variations in contract affecting scope, quality, timing or price of the contract	Procurement unit	
Invoices	Finance	
Certificates of inspection and acceptance	Stores	
Stock adjustment form	Stores	Procurement unit and Finance
Materials Data Safety Sheet	Stores	ND

22 Risk Management

Risk is the potential probability of occurrence of undesirable factors that unfavorably affect the achievement of SWA business objectives. They are part of procurement activities that may be unavoidable and therefore must be managed. The aim of risk assessment is to define the boundaries of risk taking and apply fit-for-purpose risk responses or controls to mitigate the adverse consequences whenever these unfavorable factors occur.

Each risk should be ranked in terms of impact and the probability of occurrence. The rating of the risks should determine the mitigation actions.

All functions in the procurement and inventory management processes (Procurement Unit, Stores and Finance) should use the Risk Assessment Tools provided by SWA to identify higher priority risks that are unacceptable and recommend appropriate measures. This should be conducted at least yearly ideally at the same time as the planning process to incorporate the results into the work plans of the concerned facilities.

23 Recommended Forms

It is recommended to use the following forms, according to the applicable procurement procedure:

- Purchase requisition
- Purchase order
- Invitation to bid and bid details
- Bid analysis
- Procurement report