



# MOTHERS AND MARGINALISED ADVOCACY CENTRE

## PROCUREMENT POLICY

## **1. INTRODUCTION AND PURPOSE**

Mothers and Marginalised Advocacy (MAMA) Centre, in its management of funds, is expected to comply with its Financial Regulations and Rules and the principles of public procurement. MAMA Centre's donors, partners, and stakeholders expect the highest level of fairness, transparency, integrity, economy and effectiveness for all procurement activities. Also, MAMA Centre's services must be delivered with a high level of professionalism which justifies MAMA Centre involvement and adds value to all stakeholders. This policy will be implemented by Finance and Procurement Departments of MAMA Centre.

### **1.1 Application**

This policy applies to procurement of goods, property, contracts, products, works, projects, advisory, consulting and services, regardless of source of funding. All staff involved in procurement or authorising of goods and services must comply.

### **1.2 Procurement principles**

The guiding principles of public procurement are based on the concept of stewardship. The term "stewardship" generally refers to the careful and responsible management of something entrusted to one's care. MAMA Centre's donors, partners and stakeholders need to be assured that the funds are being utilized correctly and for the benefit of interest groups. There is therefore a requirement on the entrusted organization to ensure it upholds ethical values and it achieves value for money, efficiency as well as transparency and accountability. It is these expectations that form the basis of the organisation's procurement principles

## **2. Conflicts of Interest**

MAMA Centre staff must adhere to ethical procurement policy and anti corruption and Criminal Practices Policy relating to conflicts of interest, hospitality, inducements, gifts in kind, bribery and collusion before making purchases.

Under no circumstances should an employee accept money, fee, commission, credit, gift's gratuities, things of value or compensation or anything that offers indirect or direct personal gain, financial benefit or attempt to secure unfair advantage. Any gift, entertainment or favour must benefit MAMA Centre, and must first have written approval from the procurements and contracts manager. Professional samples, promotional materials and Courtesy gifts under USD 10 (e.g. pencils, calendars) may be accepted.

Procurement officer must immediately be advised of any conflicts of interest or personal involvement of themselves, family members or friends with any provider or bidder for contacts and must discontinue trading with firms that make such offers. Impropriety will be thoroughly reviewed and considered against staff conditions of employment.

MAMA Centre will terminate contracts or classify a firm ineligible as a provider, where there is evidence of conflict of interest (political, ethical, commercial or personal), fraudulent or illegal practice, misrepresentation, collusive or cartel bidding, coercive or obtrusive practice, or deliberately falsifying records. A firm is in conflict of interest if:

- Providing services or buying goods from an affiliate that it directly controls. Not including consultants or contractors working in a collaborative manner.
- A firm submits two separate bids under separate title
- A close business or family relationship with a staff member directly involved with the tender, unless specifically reviewed and agreed by the procurement team.

- It has conflicting organisational ethos, aims or strategies

## **2.1 Courtesy**

MAMA Centre personnel will be courteous and polite in all dealings with suppliers and service partners. There will be no favouritism.

## **3. COMMERCIAL CONFIDENTIALITY /NON DISCLOSURE**

Details provided by or agreed with suppliers (including that relating to tenders, formats, templates, product information, costs contracts and pricing) are commercially confidential to MAMA Centre and the supplier, and must not be disclosed to, discussed with copied, communicated or shared with any 3rd party.

## **4. VENDOR RELATIONS AND SELECTION**

### **4.1 Vendor Relations**

The following considers responsibilities and procedures involved in establishing and maintaining effective business relationships with existing and potential suppliers.

It is MAMA Centre's policy to maintain and practice the highest possible standards of business ethics, professional courtesy and competence in all dealings with past, current and potential suppliers and vendors. In this regard, the following should be observed when dealing with suppliers and their representatives:

- Always accord prompt and courteous reception and fair and equal treatment to all vendors/suppliers and their representatives.
- Provide equal opportunity for vendors/suppliers to make price and specification quotations. Guarantee the confidentiality of all specifications and price quotations made by vendors/suppliers.
- Decline to take advantage of vendors/suppliers' errors, and show consideration for vendors/suppliers' difficulties by co-operating with them whenever possible.
- Avoid subjecting vendors/suppliers to needless expense or inconvenience when requesting quotations or returning goods.
- Explain as clearly and fully as possible to vendors/suppliers the reason(s) for the rejection of their bids/proposals.
- Remain scrupulously free of obligations to any vendor/supplier.
- Remain informed about sources of supply, methods, services and materials and encourage vendors/suppliers to test and develop improved or expanded products and services.
- Inform vendors/suppliers about current and anticipated requirements.
- If, for any reason, one vendor/supplier is permitted to re-quote (submit a revised quotation), all competitors should be given the same opportunity.
- Re-quoting should be kept to an absolute minimum.

### **4.2 Vendor Selection**

The purpose of evaluation and comparison of quotations, offers, and proposals is to determine which vendor has the lowest price for a given set of acceptable specifications and/or conditions. When determining if a quotation/offer/proposal is acceptable, non-price factors (specifications and conditions) must also be considered. Having done so, the lowest acceptable quotation, offer, or proposal should be selected. Non-price factors to be considered in an evaluation for the purpose of determining the best acceptable quotation, offer, or proposal as specified in the Request for

Quotations shall include where applicable:

- Compliance with technical specifications, relevant international standards and technical norms.
- Compatibility with existing equipment and standardization plans or policies.
- Compliance with required time schedules.
- Delivery times. Payment terms. Guarantees or warranties, availability of spare parts, after-sales services and training.
- Life-cycle aspects covering maintenance and operating costs.
- Capability, capacity, financial standing, past experience and performance of the vendor and its local representative.
- Compliance with donor regulations (e.g. source and origin issues).

Care shall be taken to thoroughly review each supplier or vendor's quotation, offer, or proposal in order to detect problems at an early stage.

In the event of a miscalculation in a quotation, offer, or proposal, the unit price will prevail. If it is clear beyond doubt that a mistake has been made, the Procurement Manager may permit the bidder to withdraw, but not alter, the offer or proposal.

Quotations, offers, or proposals for complex goods and services should be submitted to the originator of the Purchase Request for technical evaluation; however, all pricing information should be removed from the offers and proposals prior to the technical evaluation. This can also be done during the quotation analysis meeting.

When considering the award of a high-value transaction to a vendor with whom MAMA Centre has little or no previous experience, a pre-award survey may be performed to obtain information regarding the capability, capacity and financial standing of the vendor under consideration. This can be conducted internally, or by hiring a specialized survey firm.

All steps, arguments, and considerations involved in the decision making process of quotation analysis and vendor selection must be fully justified and documented.

The Purchase Order or Service Contract shall be awarded to the qualified vendor or supplier whose quotation, offer, or proposal is evaluated to be the cheapest and meets the requirements. Any criteria specified in the solicitation documents, such as quality, delivery time, payment terms and compatibility with existing equipment, may be used to evaluate quotations, offers, and proposals.

### **4.3 Ineligibility and Compliance Checking of Vendors**

It is MAMA Centre's policy to comply with the laws and regulations of the United States Government, the European Union and the United Nations concerning the ineligibility of vendors, contractors and suppliers of services for reasons of fraud, corruption or terrorist activity. These laws and regulations prohibit MAMA Centre from doing business with or providing support to any persons or entities that have been found to be engaged in or provide support for any such activities. The USG, EU and UN have compiled numerous lists to identify such individuals and businesses.

## **5. Authority of Donor Specific Procurement Regulations**

When required by the donor, specific procurement rules and regulations shall be followed as a supplement to MAMA Centre policies. In cases when donor requirements are more lenient than the thresholds outlined in this Manual, MAMA Centre policies are to be followed. It is the responsibility of both the Program Manager and the Finance Manager in consultation

with the donor to research any specific requirements as new grants are signed and inform all affected staff members of the requirements.

### **5.1 Sourcing**

If the requested goods are locally available, local purchasing is preferred when within reasonable limits of price margins. Donor guidelines and regulations concerning the source and/or origin of goods and services (i.e. preference for local procurement, restricted or prohibited source or origin, etc.) shall be followed for procurement activities conducted under donor-funded programs.

### **5.2 Competition**

All procurement transactions shall be conducted in a manner providing open and free competition to the maximum extent practical. MAMA Centre personnel shall be alert to organizational conflicts of interest as well as non-competitive practices among contractors that may restrict or eliminate competition. Awards at all levels shall be made to the vendor whose bid or offer is responsive to the solicitation and is most advantageous to MAMA Centre in terms of price, quality and service. Solicitations shall clearly establish all requirements that the bidder must meet for the offer to be evaluated. Solicitations shall be evaluated based on objective criteria established before solicitations are sought.

### **5.3 Price and Cost Analysis**

An appropriate price and cost analysis shall be performed and documented in connection with every procurement action. Price analysis will generally take the form of a comparison of quotations, market prices or other indices. Cost analysis should ensure that each element of cost is reasonable, allowable under MAMA Centre and donor regulations, and allocable to projects based on relative benefit.

### **5.4 Documentation and Transparency**

MAMA Centre is committed to maintaining a fair and transparent process in the procurement of goods and services. Accordingly, all steps in the procurement process shall be documented in writing using the forms outlined in this document and signed by the appropriate authorities. The documentation shall provide a clear audit trail and shall be made available as requested by auditor or donor representatives.

## **6. PROCEDURES FOR PROCUREMENT OF GOODS**

### **6.1 Definition of goods**

The term "Goods" in this manual will be used for merchandise, supplies and commodities that will be purchased by MAMA Centre's for later use through the procurement process described below.

### **6.2 How to Initiate a Purchase**

All procurement will be made following sound purchasing practices regardless of the purchase cost. Procedures and documentary requirements become more stringent as purchase costs increase.

#### **Small value purchases**

Up to the estimated value of USD100, the Procurement Staff – or in extraordinary circumstances – Administration or Program staff can obtain an operational cash advance for

making small value purchases directly or through the Procurement Department. The Executive Directors may reduce, but not increase the threshold for these types of purchases.

### **Procedure**

- Where Admin/Program Staff are authorized to make direct purchases, Standard Finance Department policies and procedures apply.
- When the purchase is made by the Procurement Department on behalf of a program: Based on a Purchase Request, obtain cash from the Finance department and reconcile the purchase against a vendor receipt. Standard Finance Department policies and procedures apply.

### **Regular purchases**

Purchases with an estimated value of USD 100 or more are initiated by submitting a completed Purchase Request Form to the Procurement Department.

### **Requesting Officer has a responsibility to:**

- Furnish the Procurement Department with all information and specifications necessary to make a correct purchase.
- Ensure the Purchase Requests include full budget and account information.
- State an estimated price for the request (based on prior knowledge, a quotation or a budgeted amount).
- Ensure that Purchase Requests are fully reviewed and approved by the relevant managers.

Before any request can be executed, it must undergo the following process:

- If in doubt of technical details for requested goods, consultation with suitably qualified staff.
- Requirement and technical review by the Project (or suitably qualified) Manager.
- Financial review by the Finance Manager.
- Approval by the Project Manager or the next level of approval authority depending on the estimated value of the commitment. Note that a Purchase Request cannot be approved if there is no estimated price.

A complete and approved Purchase Request constitutes the authority for Procurement to begin the procurement process. Therefore, incomplete Purchase Request's will be returned to the originating staff member.

## **6.3 Assembling a Purchase Request**

Since the Purchase Request initiates the procurement process and may define procedures based on its value, it is important to carefully consider the contents and scope of the Purchase Request. The following guidelines must be followed when filling out a Purchase Request:

- Purchase Requests should generally include only items that will be coded to a single accounting code and cost center, as defined by the coded project budget. Project goods or materials to be charged to separate grants should not be mixed on the same Purchase Request since donor requirements and approval authorities may vary. Exceptions may be made for administrative items which will be allocated over

multiple cost centers, such as general office supplies, and which can be approved by a common authority, such as an office manager.

- Purchase Requests should include only related items that are likely to be purchased from the same or similar vendors. Unrelated items that will require separate requests for quotation should not be included on the same Purchase Request.
- Purchases for specific projects where the materials may be sourced together as a kit or unit (for example, medical supplies or construction materials) may not be broken down into smaller quantities and submitted on separate Purchase Requests to avoid procurement procedures or approval authorities.

#### **6.4 Documenting the procurement of goods**

All procurement activities must be fully and transparently documented. This is the sole process used by MAMA Centre to manage its procurement processes and demonstrate to donors that funds are being responsibly committed. A completed purchase must be supported with a fully cross-referenced “stand alone” file. Documentation must be completed fully and accurately in every case. Any anomalies or deviation from policy or procedure in a purchase must be documented with a signed (at minimum, by the Procurement Manager) explanatory “note to the file”. Full supporting documentation must answer any question that an auditor or external examiner may pose, without the necessity to refer to Procurement or Finance staff for explanation.

The MAMA Centre procurement forms mirror each step of the procurement process and if employed correctly will allow effective management and transparent documentation of procurement activities.

#### **MAMA Centre’s Procurement forms**

The organisation uses the following forms in procurement procedures:

- Request for Operational Cash Advance – for small scale procurement, below the value of \$50
- Operational Expense Report – For clearing the cash advance for above purchases
- Purchase Request Form – This form will be used for initiating all purchases above the value of \$50
- Request for Quotation Form – Provides a standard method to collect quotes from vendors above the value of \$250
- Quotation Analysis Form – Documents the vendor selection process
- Purchase Order – Will provide a legally binding documentation of purchases above the value of \$250
- Goods Received Note – The delivered items will be recorded on this form
- Purchase Record – Summarizes the paperwork involved with each purchase above the value of \$50

#### **6.5. Request for Quotation**

Quotation collection methods must be standardised, to ensure efficiency and transparency. The Request for Quotation aims at ensuring that all suppliers receive the same information, ensuring the quotation collection process is transparent. It can also translate the names of items, if completed in both English and local language.

The Request for Quotation will detail all requirements that the supplier must meet for an offer to be evaluated by MAMA Centre. Complete information should be provided including, but not limited to, quantity, description, delivery requirements, special conditions, drawings, specifications, quotation due date, etc.

Completed by the Procurement Officer or Procurement Assistant.

Reviewed by the Procurement Manager after receiving the quotes from the vendors.

Format: As the number of RFQs issued will vary for the type or availability of the requested item / service, the RFQ is best generated directly from the computer. The form will be tracked by the PR number that is referenced on the upper right section.

Filing: The original RFQs will be submitted to the Finance Department as part of the complete supporting documentation after the Quotation Analysis is completed. The Procurement department will keep a photocopy for its files.

## **7. Supplier Evaluation**

Supplier offers accepted for evaluation must contain at a minimum:

- Supplier Name
- Supplier address and contact information
- A quoted price
- The date of the quotation
- The validity period of the quotation
- Indication of source and origin
- The name, title and contact information of the individual issuing the quotation
- Official stamp of supplier
- Date of delivery

It is acceptable to attach additional information if the supplier feels it is necessary. However, the RFQ should always serve as a cover page for the various offers with an official signature and stamp. In electronic communications the RFQ s should be submitted by email.

### **7.1 Purchase Order Changes**

If an order has already been placed, Procurement will discuss the required changes with the supplier. MAMA Centre may be liable for any irrecoverable costs incurred by the supplier in changing the original order. Any such additional costs will be referred back to the requesting officer before the changes are confirmed to the supplier. Under no circumstances will the requesting member of staff contact the supplier directly.

### **7.2 Purchase Order Cancellation**

Requests for cancellation of an outstanding purchase order will be made in writing to the Procurement Manager. Requests for cancellation should include:

- the Purchase Request number
- the reason for the cancellation

Procurement will give the supplier an official order cancellation verbally, or in writing. If a vendor has begun production or has secured for delivery an article that the vendor is unlikely to sell within the vendor's normal scope of business, or if the vendor has incurred costs in preparation for production, the requesting program may be liable for such costs as the



vendor may incur because of this cancellation. These costs may include payment for custom-made parts or products already completed before cancellation or restocking charges incurred for returnable goods.

## **8. PROCUREMENT FILING PROCEDURES**

Every step of the procurement process must be clearly and transparently documented. The guidelines below must be implemented in every MAMA Centre office. The Finance Department requires a complete set of procurement documentation to support payments made. This documentation will be inspected by internal and external auditors and also form part of the “checks and balances” of the procurement process. The Procurement Department must possess copies of the supporting documents for the purpose of future cross-references.

The Procurement Manager will maintain a COMPLETE FILE for each purchase. In general, the originals of the procurement forms and documents will be forwarded to the Finance department, with a copy of these documents held by the logistics and procurement departments.

A complete ‘stand-alone’ file will include:

### **8.1 Purchases below the value of USD 500**

- Copy of Purchase Request Form
- Copy of Invoice(s)/Receipt(s)
- Copy of Goods Received Note
- Copy of Purchase Record
- Copy of Payment Disbursement Voucher stamped PAID by Finance Department.

### **8.2 Purchases between the value of USD 500 to 5,000**

- Copy of Purchase Request Form Copy of Request for Quotation – written specifications to vendors
- Copy of at least 3 bids or approved justification for not receiving 3 bids for purchases
- Copy of Quotation Analysis Form
- Copy of Goods Received Note
- Copy of Supplier’s invoices, waybills, delivery notes or other documentation.
- Copy of Purchase Record
- Copy of Payment Disbursement Voucher stamped PAID by Finance Department.

The closure of each Purchase Request will be finalised by the completion of the Purchase Record, which is a complete cross-referenced stand-alone file of each purchase. A copy of the Purchase Record will be sent to the Finance Department accompanying the original with all the procurement forms, and to the Originator of the Purchase.

### **8.3 Purchases above the value of USD 5,000**

- Copy of Purchase Request Form
- Copy of Request for Quotation – written specifications to vendors
- Copy of at least 3 bids or approved justification for not receiving 3 bids for purchases

- Copy of Quotation Analysis Form with attached Compliance Check Report
- Copy of Purchase Order Copy of Goods Received Note
- Copy of Supplier's invoices, waybills, delivery notes or other documentation.
- Copy of Purchase Record
- Copy of Payment Disbursement Voucher stamped PAID by Finance Department.

The closure of each Purchase Request will be finalized by the completion of the Purchase Record, which is a complete cross-referenced stand-alone file of each purchase. A copy of the Purchase Record will be sent to the Finance Department with the originals of all the procurement forms, and to the Originator of the Purchase.

## **8.4 SPECIAL CIRCUMSTANCES**

It is important to strictly adhere to the procedures outlined in this manual and keep exceptions to an absolute minimum. The Executive Director or her delegate, must approve in writing all exceptions to policy.

### **9. Procurement of ineligible or restricted goods and services**

Ineligible goods and services are those goods and services that cannot be purchased using a donor's funds under any circumstances.

Some donor regulations restrict the purchase of specified types of goods using the donor's funds. Each country office should review their donor's regulations and each grant agreement. Based on this review a list of restricted goods for each donor should be maintained. It is important when originating a purchase request to ensure that the goods or service being requested are not ineligible or restricted. When a procurement of restricted goods is proposed, a prior approval must be obtained from the donor before initiating the procurement action. It is the responsibility of the procurement department to identify and ensure that procurement of restricted goods is not initiated until the necessary waivers have been obtained.

Goods commonly listed as ineligible or restricted by donors include agricultural commodities, motor vehicles, pharmaceuticals (including veterinary medicines and vaccines), used equipment, hazardous materials, equipment for the production of alcohol.

### **10. Emergency**

Emergency is defined as an unexpected situation that is so compelling that, if not corrected immediately, would endanger life, property or adversely affect essential operations. The emergency is so great that it precludes procurement using normal procedures, use of normal contracting methods and obtaining advanced approvals normally required for the procurement action.

Urgent need due to delay by those responsible, failure to plan adequately or inconvenient procedures does not constitute an emergency.

The frequency of procurement activities under these circumstances should be kept as low as possible. An explanatory note to file will need to be written, reviewed by the Executive Director to complete the documentation of purchases during an emergency situation.

#### **10.1 VAT and other taxes on goods and services**

MAMA Centre shall seek an exemption from relevant tax authority on the payment of VAT and other taxes on the procurement of goods and services. MAMA Centres understands that in some cases a donor specifically ban the payment of VAT. In those cases, MAMA Centre cannot pay VAT nor hide the payment in an altered invoice from the vendor. Donor representatives located in the host country can often provide assistance or guidance in securing an exemption. If exemption is not possible, an alternative methodology for receiving a refund may often be negotiated.

Since the exemption of VAT must be secured before an invoice is received, it is important to research this issue early in the process and include any exemption documents in the RFQ process. ITTs, RFQs, and RFPs should always require that VAT and other taxes be quoted as separate line items to ensure that a like comparison can be made.