

Watson's Wonder Emporium

Procurement Policies Template

IBM Initiative Technical Assistance Project
2024

Watson's Wonder Emporium

PROCUREMENT OF GOODS

PURPOSE OF PROCUREMENT

The overall purpose of procurement regulations is to ensure that *Watson's Wonder Emporium* gets the highest quality of desired goods and services at the best price possible. Further, the regulations are aimed at streamlining the process of procurement while maintaining adequate controls. These procurement procedures apply to all staff involved in the procurement process and to all types of procurement.

THE PROCUREMENT COMMITTEE

The *Watson's Wonder Emporium* procurement committee shall be composed of Finance and Administrative representatives.

The committee shall meet when there is need to deliberate on issues pertaining to procurement.

The key terms of reference for the committee shall be to:

- i) Award tenders.
- ii) Approve orders.
- iii) Award contracts.
- iv) Approve variation of contracts conditions

SEPERATION OF DUTIES

There shall be proper separation of duties between:

- i) The person who orders a particular purchase from a vendor.
- ii) The person who satisfies that the goods supplied are satisfactory.
- iii) The person who accepts goods into store.
- iv) The person who authorizes payment.

PROCUREMENT PLANNING

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

PROCUREMENT REQUISITION (PR)

Each specific procurement procedure process shall be initiated by procurement requisitions to the procurement officer from the requesting department and should show detailed specifications and requirements for the item(s) being requested. They should also indicate that the item is budgeted for. The PRs allows the departments flexibility within the overall annual plans regarding specifications, exact quantities, delivery dates, etc. They are also used to cater for un-planned or emergency procurement. The PR form will show the following:

- i) Item required

- ii) Quantity
- iii) Delivery dates

Some donors do prescribe some conditions or restrictions required to be observed during procurement pertaining to the project they fund. It is the responsibility of the procurement committee to ensure that such donor requirements and restrictions are observed in the procurement of goods and services but within the framework of *Watson's Wonder Emporium* procurement guidelines. All requisitions must be signed by the departmental heads or designate, who should ensure that the item(s) are in APP or should seek authority to procure as per policy. Any persons designated to authorize requisitions in acting capacity must have the authority given in writing clearly stating the period authorized.

CONTROLS ON PROCUREMENT

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

The financial officer shall assist the procurement officer in conducting periodic checks on procurement activities to ensure that they conform to APPs, donor procurement requirements, and *Watson's Wonder Emporium*

policies and procedures.

It is the responsibility of the person who signs the local purchase order (LPO) to verify that the following have been, done whether he/she collects the goods concerned.

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

Purchases under petty cash must not exceed the maximum amount established and documented by the financial officer.

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

THE PROCUREMENT PROCESS REPORT

Upon receipt of requisitions, the procurement officer will first verify that the requisition is properly approved according to the signing authority.

He/she will then enter the requisition details into the procurement report worksheet. After this, he/she will begin the process of sourcing for the goods.

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

The procurement officer is required to present a monthly financial and narrative report on procurement to the executive director, through the administrative assistant and a copy forwarded to the financial officer.

VENDOR SELECTION

Careful selection of vendors should be done out of 3 lowest price vendor to ensure that best possible price, quality and delivery time available within the markets is obtained. A list of suitable vendors (the list of pre-qualified vendors), for each type of goods and services based on letters of introduction and past performance shall be maintained. This will make the process of vendor identification much faster. The vendor list shall be reviewed and updated periodically to ensure that current known factors are taken into consideration. Once the previous year's list of vendors has been updated and approved by the procurement committee, procurement of goods, and services can be effected. Vendor selection for inclusion on the list of pre-qualified vendors will take place once per year and will be done by the procurement committee.

VENDOR SELECTION CRITERIA

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

- i) Price
- ii) Quality of goods/services. Such a justification must be verifiable.
- iii) Availability of goods/services within the required delivery time.
- iv) After sale services, including availability of parts/supplies.
- v) Payment terms
- vi) Warranty offered
- vii) Ability to provide samples

