

Chapter 2

2. Description of Existing system

Large organizations, especially governmental institutions and agencies, have a particular process when procuring and purchasing different supplies and equipment. Likewise, Adama Science and Technology University (ASTU), in certain, has a purchasing and bidding system in order to procure the required items and services. All those works are under the responsibility of ASTU Purchase and property administer Directorate in related to others. Under these directorates, there are subdivisions like central procurement, bid committee, quality checkers...etc.

The existing system has two main parts:

1. The first one is open bidding process.

This purchasing mechanism has 22 steps and it classifies into two. The first one is a bidding process that requires a quality assessment and the second one that does not require a quality assessment.

- ✓ Open bidding process which requires quality assessment

The purchasing of any materials under this category requires quality assessment. The bidding computation will depend on the value of the quality grading and the price bidder submit for the specific product. Therefore, by considering both the value of quality and the proposed prices the winners are select and furthers steps will go on.

- ✓ Open bidding process which does not require quality assessment

This open bidding process does not require quality assessment but the biding computation made only using comparing the price bidders proposed.

Steps for open bidding process:

1. Bid documents will be prepared.
2. The Procurement Approval Committee shall review and approve the bid document.
3. Bid announcement will be prepared.
4. Request for payment of bid service forwarded to the Finance and Budget Directorate.
5. Purchaser Pay for Ethiopian Press Agency by check.
6. The Ethiopian Purchasing Agency will publish the advertisement in the Addis Zemen newspaper or Herald newspaper.
7. Bid documents will be sold to the bidders within 15 days.
8. Bids will be opened on the 16th day.

Bid documents will be opened on the 21st day.

Bid document will be opened on the 4th day (International Bid)

9. The bid opening ceremony will be signed.
10. Bidding documents shall be submitted to the University Procurement Development Committee with a technical evaluation result.
11. Financial evaluation or technical evaluation results will be send to the University Procurement Approval Committee.
12. The Procurement Advocacy Committee shall evaluate and approve the decision and submit its decision to the Procurement and Property Administer Directorate.
13. The Procurement and Property Administer Directorate informs (announce) the bidders of the financial evaluation.
14. The financial bid winners will sign the contact by providing the required document within seven working days.
15. Submission to the University Property Administer Directorate shall be made within the given days after signing the contract.
16. After technical evaluation the bid document will be opened after seven (7) working days.
17. The bid opening ceremony will be signed (central procurement)
18. A review of the financial bid document shall be submitted to the Procurement Approval Committee.
19. Procurement Approval Committee shall review and approve the document.
20. Notify the approved documents the Procurement and Property Administer Directorate.
21. Purchase and Property Administer Directorate shall inform the bidders of its financial results.
22. Then the provisions of verses 14 and 15 shall apply.

2. The second one is pro-forma invoice purchasing

This purchasing mechanism has 24 steps to make it fully implemented.

Steps for pro-forma invoice purchasing process:

1. The secretary of the purchasing department directorate will accept purchase requests sent from different directorates, after signing.
2. The secretary will deliver the letter of purchase request to the director.
3. The director will direct the letter of request to the central purchasing team.

4. The central purchasing team will accept the letter after the secretary of the director write down the date and the number of the request letter, this letter of request will be delivered to the head of the central purchasing team.
5. The head of the central purchasing team will pass a directive to prepare pro-forma invoice format to the central purchase secretary.
6. The team of the central purchase will prepare the format per requested and deliver to the head to have it signed.
7. The signed letter will be passed to the purchasing team. /purchasing department
8. The purchasing department will put in a request to the department of transportation /Logistic/ to be supplied with transportation vehicles in order to gather pro-forma invoice.
9. After the request of transportation has been issued, the team will travel to Addis Ababa or within Adama to gather the invoice and deliver to the purchasing department Directorate director.
10. The director will authorize the sealed envelopes and send in to the central purchasing team via a secretary.
11. The central purchase team will gather purchase experts and open the sealed envelope after signing the envelope.
12. The pro-forma invoice will be passed to the passed to the purchase evaluation team.
13. The evaluation team will review the legal documents and rank the contenders in a table and choosing the one with lowest price as a winner. Prepare a minute with the team that opened the pro-forma and sign the paper. After that, it will be delivered to the director.
14. After the director reviews the legitimacy of the evaluation and checking the signature, the request will be issued and approved to make a purchase.
15. The secretary of the director will titter each signature and deliver to the registry.
16. After the registry revise the number of copies needed and other requirements, the letter will be given registration number and issued date. This will be delivered to the finance and budget directorate to be authorized.
17. The finance and budget directorate will pass directives to the finance officers to prepare payment, after revising the documents.
18. The finance officers will review the balance, and prepare check and deliver to the finance and budget directorate.
19. The responsible directorates will sign the check and pass it to the purchaser.
20. The purchaser will cash out the check in the nearby bank and buy the requested item.
21. The requested item will be delivered to the storage facility.

22. The department that requested the purchase would inspect and sign the inspection form, the purchaser will receive the model 19.

23. The department that requested the purchase will be able to use the purchased item.

24. The purchaser will make model 19 and other related documents. These documents will be delivered to the finance and budget directorate to balance per request and purchase /financial statement.

Advertisement:

The directorate make an advertisement for the bid, through printed media and online medium. ASTU uses Negairit Magazine and its own two official websites. The directorate make announcement for the bid and any purchasing related advert using those public mediums.

The directorate make all those works like request acceptance, advertisement, bid computation, quality assessment, contract closure, financing by following the existing manuals which rely on the FEDERAL GOVERNMENT MANUAL FOR PURCHESING IMPLEMENTATION

2.1 Major Function of Existing system

As there is manual based working existing system to the ASTU purchase and property administer directorate, the major functions are:

- ✓ Request management
- ✓ Pro-forma based purchasing
- ✓ Open bid process (for national and international bidders)
- ✓ Big computation (The bid computation is depend on the type of bid and the price and quality of products proposed by the bidders are the core values used for evaluation of bidders.)
- ✓ Resource management (different supplies and equipment)
- ✓ Advertisement (Through Negairit magazine and using ASTU official websites)

2.2 Users of current system

The actors involved in current system are -

1. ASTU purchase and property administer directorate

- ✓ The main directorate responsible of the whole process.

2. Service seeker:

- ✓ The different directorates (34 directorates) which are available in ASTU.

3. Casher

- ✓ Accept the payment of bidder and purchasers.

4. Bidder

- ✓ They are major participants of bidding process.

5. Advertiser

- ✓ The one, which is responsible for the advertisement of bid and different purchasing advert.

6. Bid committee

- ✓ The central office that are responsible for controlling the whole process of auctions.

2.3 Drawback of the current system

The current system have the following drawbacks:

- ✓ The process is time and resource consuming

The manual way of doing the work makes the procurement and purchasing of the process to be time and resource consuming. The entire request, which comes from 34 different directorates to the ASTU purchase and property administer directorate passes through different stages of permission and validation through manual work.

- ✓ Manual file arranging system

On different stage of the work the request, permission, validation, bidders comparison table (based on the price they submit for a specific product), financial statement, quality assessment and lots of papers work attached together for one purchased material makes the file management work to be bulky and huge. In addition, they used traditional ways of file storage and management.

- ✓ The bidders go through a lot to get what they want

Bidders' personal connection and the time, which needs by ASTU purchase and property administer directorates for checking the different files, for validation, financial work, the price and quality assessment, comparing different valid candidates based on the preform they submit makes bidders to go through a lot to get what they want.

- ✓ Safety and security issues

Most manual based works have safety and security problems like paper lose, unexpected file damage, stealing, loss of confidential information.

Loss of confidential information are one of the major concerns in securing the process of purchasing and auctions. So on the current system there are still issues and complains related to security issues and the confidentiality of the system is still not solved.

- ✓ Most users make complains in improper ways. It makes workers on this department discomfortable

ASTU have a directorate on different hierarchies to accept complains from students, different division workers, outside persons that has direct and indirect contact with the organization. Likewise all users should use this protocol if they have any complains related to the service what they get form ASTU purchase and property administer directorates. Nevertheless, most the time customers makes their complain and aggressiveness in an improper ways. This makes workers on this division to be dis-comfortable.

2.4. Business rules

The following are business rules of system.

1. The Bid committee is the only team allowed to manage any activity related to the Bid submission and revealing winner.
2. The Bidder must be authenticated by a means of payment to access the system.
3. Bidder must be registered before any operations related with bids are performed.
4. The bid is generated if and only if a specific bid request and bid verification are already satisfied.
5. If the service seeker wants to request a service, he/she should send a request to the Bid committee.
6. Bid committee view and manages all things about Bid.
7. Only Bid Committee can manage and modify the time adjustment.
8. Bidder has a privilege of viewing advertisement.
9. The Bid committee orders advertisement on service and product that are approved, issued by service seekers.
10. Bid committee must verify any service and product that are issued by service seekers.
11. The system should compare and reveal the bid winner.