

# PROCUREMENT POLICY



**Risk Rating: Above Average**

## DOCUMENT INFORMATION

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### Document Approval / Review

	Name	Designation	Signature	Date
Prepared by	Enitan Gbadebo	Office Administrator		July 2, 2022
Reviewed	Adeteju Adeleye	People and Culture Manager		July 9, 2022
Approved	Gideon Orowwiroro	Chief Operations Officer		July 9, 2022

### Distribution

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**Purpose:** The overall purpose of the procurement process and policy is to ensure that Kora 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 employees involved in the procurement process and to all types of procurement.

**Objective:** The objective of the Procurement policy is to ensure a consistent, efficient and best practice approach towards the Procurement of all goods and services within Kora.

**Aim:** The aim of the Policy are:

- a. To ensure that all individuals involved in the procurement function have a clear understanding of their role and what is required of them.
- b. To ensure procurement reflects Kora's core values, aims and objectives and to map out the development and improvement of Kora's procurement function.

**Vision:** The Procurement team is committed to obtaining value for money in all of its transactions. Effective procurement will support the key institutional objectives across these important operational dimensions.

**Scope:** This policy covers all procurement carried out by Kora.

**The Procurement Committee:** The Kora Procurement Committee is composed of:

- I. The Procurement Associate
- II. The Administrative Associate
- III. The People & Culture Manager
- IV. The Finance team and
- V. The Chief Operations Officer

The main responsibilities of the committee are:

- a. To ensure that all procurement requirements are planned for at the beginning of the project
- b. To ensure that all procurement activities are initiated on time.
- c. To ensure that all ethical risks are considered and addressed in the procurement process.
- d. To uphold the procurement principles ensure that the best quality and value for money is being obtained.
- e. To deliberate on issues pertaining to procurement when they arise.

#### **The Procurement Process:**

- a. Procurement Planning:
  - I. All Team Leads are responsible for planning their teams' estimated procurement needs on a quarterly basis – this will include all the items to be bought. The Procurement Associate will use the Quarterly Procurement Plan to plan for requisitions.
  - II. A template will be created and shared with all Team Leads as part of the process.
  - III. The Procurement Committee discuss the QPP at the beginning of the quarter and following approval by the People & Culture Manager, it will be shared with the Head, Finance, COO and CEO for final approval.
- b. Procurement Requisition (PR):

Each specific procurement procedure process will be initiated by Procurement Requisitions to the Procurement Associate from the requesting Team Lead 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 teams' flexibility within the overall quarterly 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:

- a. Items required
- b. Quantity
- c. Delivery date(s) and location(s)
- d. Purpose
- e. Whether procurement is within QPP/budget or emergency or unplanned

Some team require that some conditions or restrictions be met in the course of procurement pertaining to the goods/services they need, it is the responsibility of the procurement committee to ensure that such team requirements and restrictions are observed in the procurement of goods and services but within the framework of Kora's procurement guidelines.

All requisitions should be made by the Team Lead, who should ensure that the item(s) are in QPP or should seek authority to procure as per policy.

c. Controls on Procurement:

Goods and services will only be procured within approved budgets except in cases of emergencies, which has to be approved by the CEO. In addition to being responsible for preparing the QPP/budget, the Team Leads should ensure that actual procurement throughout the year remains within the budget. Each requisition should reference the QPP line bearing the item or requisition.

The People & Culture Manager will work with the Procurement Associate in conducting periodic checks on procurement activities to ensure that they conform to QPPs, team procurement requirements, and Kora's policies and procedures.

It is the responsibility of the person who receives the goods/services to verify that the following have been done:

- a. That the correct quantity has been received and signed.
- b. That the quality and price of goods is as agreed.
- c. That all goods delivered are secure and inventory records appropriately updated.
- d. That the delivery note is checked, signed, and forwarded to the Finance team to await the invoice.

Purchases under petty cash must not exceed the maximum amount established and documented by the Head, Finance.

All members of the Procurement team 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.

Separation of Duties: There shall be proper separation of duties among:

- a. The person who orders a particular purchase from a vendor (Procurement Associate).

- b. The person who satisfies that the goods supplied are satisfactory (The Requestor/People & Culture Manager).
- c. The person who accepts goods into the store (The Office Administrator).
- d. The person who authorizes payment (The Head, Finance).

## 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 the projects department on a monthly analysis.

The Procurement Officer is required to present a monthly financial and narrative report on procurement to the People & Culture Manager and a copy forwarded to the financial officer.

## VENDOR SELECTION

Careful selection of vendors should be done to ensure that best possible price, quality and delivery time available within the market 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: The justification should be verifiable.

- III. Availability of goods/services within the required delivery time.
  - IV. After sale services, including availability of parts/supplies.
  - V. Bidder's previous records of performance and service.
  - VI. Ability of bidder to render satisfactory service in this instance.
  - VII. Financial stability of the vendor.
  - VIII. Availability of bidder's representatives to call upon and consult with.
  - IX. Payment terms.
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- X. Warranty offered.
  - XI. Ability to provide samples

### **PROCEDURE FOR TENDER**

The Procurement Officer and the Team Leads may recommend potential vendors but the selection of those invited will be left to the discretion of the Procurement Committee. The Procurement Officer will send an invitation to tender to each supplier listed to be invited. The vendors will pick up tender documents at Kora's office specifying the goods and details or any relevant information needed to get accurate bids. All suppliers must receive the same information.

### **USE OF DEALERS AND SOLE SUPPLIERS**

In the interest of ensuring quality, reliability and timeliness, the Procurement Officer may establish purchase agreements or contracts with main dealers of regularly purchased goods. Where possible due to other factors, the procurement office will negotiate rates and discounts with the supplier or a method to determine price for invoice justification. These agreements and prices (net of discounts) should be reviewed quarterly to ensure that they are competitive.

### **LOCAL PURCHASE ORDERS (LPO) WITH VENDORS**

The LPO is a contract with vendors that should include all information regarding the goods and services being procured as well as standard terms of delivery, payment and arbitration in case of dispute. If contracts are precise and clear, possibilities of disputes will be reduced and KORA will stand a far greater chance of receiving the goods and services as expected. Upon selection of a vendor, a legally binding contract or work order should be drawn-up for the goods and services in question and signed by both parties prior to procurement. Detailed specifications; quantities, unit prices, delivery deadlines, locations, and payment schedules must be specified in such contracts.

## ORDER FOR RECURRING REQUISITION

Procurement of a recurrent nature, i.e. where the same goods and services may be issued several times a year, one vendor may be selected for a period of up to one year. In some cases, particularly for services, contracts for the goods or services can be drawn up once, which may then be referenced every time those goods or services are required without requiring separate quotations and contracts on each occasion. In other cases, particularly for regularly purchased goods, vendors can be selected once, but separate contracts drawn-up on each occasion the vendors are used.

## CERTIFYING DELIVERY OF GOODS AND SERVICES

The procurement process cannot be completed without certification that the goods and services procured have been received entirely to KORA satisfaction, in particular, to the satisfaction of the requisition. The procedure for receiving goods and services is therefore important in ensuring that vendors have entirely met their obligations. Once KORA has certified that goods and services have been received to their satisfaction, it has little further resources to complain about a vendor's performance; and payment can then be made.

In all cases, the certification of receipts of goods and services is prerequisite to KORA and the following guidelines are essential for that purpose.

- i. The procurement office should ensure that goods and services are checked against contracts, waybills, invoices, or delivery notes.
- ii. Requisition department at the time of delivery will facilitate the receiving and checking of goods and services whereby the receiving person will have to sign the delivery notes or any other documents during delivery.
- iii. Physical checking should be done by the requisitioning department and not by the procurement office.
- iv. In some cases, receiving of goods and physical checking of goods or services may be delegated to other KORA staff who are authorized by the procurement officer. Such might include cases where goods or services are delivered directly to a project field location; or where specialist's technical certification is required.

- v. Any differences between documents done physical checks should be noted and reported to the procurement officer for action.

#### **PAYMENT-PROCESSING PROCEDURE**

The recipient department is responsible for preparing payment requisition which then it forwards to the procurement office for checking and certifying. The document is then sent to the finance department for further checking and necessary approval and authority to pay. All payments must be made in accordance to the contractual terms between the vendor and [name of organization] and in reference to the financial policies.

