

Drive for Economic and Environmental Development (DEED)



DEED

PROCUREMENT POLICY

Procurement procedures have been developed to ensure that purchases are made on competitive basis, from reliable sources, on best possible terms, and proper authorizations have been obtained. All procurements shall be authorized as per the limits given in table below, revised from time to time, with the approval of the Chairman / Chief Executive Officer / Director Operations. Procurement shall be made subject to the allocation/availability of budget for the specific item/service.

Value	Approving Authority	Method
Up to Rs. 10,000	Manager HR & Finance	From open market
Rs.10,001 to 100,000	Manager HR & Finance through Internal Purchase committee	Inviting open quotations (03)
Rs. 100,001 to 500,000	CEO through Internal Purchase committee	Inviting sealed quotations (03)
Rs. 500,001 and above	Chairman / CEO through Internal Purchase committee	Inviting Tender

Internal Purchase Committee

S. No.	Designation	Permanent/Temporary
1	Admin/Logistics Personnel	Permanent
2	Technical Personnel	Permanent
3	DO/ Project In-charge	Permanent
4	Finance/Accounts Personnel	Permanent

Procurement decisions shall be made on the basis of lowest price, without compromising quality, and after-purchase services. The condition of three quotations will not be applied to goods and/or services available from a single source/supplier.

5.1 Requesting Procurement

All items of more than Rs. 1,000 value shall be purchased upon submission and approval of the Purchase Requisition Form. The indenting officer, i.e. staff member requesting an item, shall fill and submit the form to the Operations Dept after getting approval from the respective department head. Purchase request of value less than or equal to 10,000 shall be approved by the DO/District In-charge. Approval for items of more than Rs. 10,000 shall be given by CEO/DIRECTOR OPERATIONS through the Internal Purchase Committee.

5.2 Selection of Sources of Supply

For purchases of items of value between Rs. 10,001 and Rs. 100,000 such as equipment, furniture, renting vehicles, printing etc, the Internal Purchase Committee will collect open quotations from the potential reputed suppliers of the requested item(s). The suppliers will be asked to submit their quotations for the required items including: price, estimated delivery period, warranty, after sales service (where applicable) and other terms and conditions. Preferably the call for quotations may be issued in writing by giving complete specifications, quantities, applicable tax deduction etc. The Internal Purchase Committee shall review the quotations and compare the quoted prices of the required quality and assess the ability of the supplier to supply required items in time, and honor warranty, where applicable. A comparative statement shall be prepared using the form. The committee shall decide supplier keeping in view, lowest price, quality, ability of supplier etc. and shall sign the comparative statement to record the decision.

For purchases of more than Rs. 100,000 and Rs. 500,000 written calls shall be issued for inviting sealed quotations. The mode of calling quotations (public notice or by approaching potential suppliers) shall be decided by the Procurement Committee. The call for quotations must be issued in writing giving complete specifications, quantities, and applicable tax deduction, place of delivery, last date for receipt of quotations, and date and time of opening quotations. No quotations will be entertained after the last date for the submission of quotations. The sealed quotations shall be opened in the presence of suppliers, who are present at the time given for opening of quotations, and members of the Procurement Committee. Members of Procurement Committee will sign all pages of the quotations. Any quotation which does not fulfill specified criteria shall be rejected; however, typographical errors shall be ignored. A comparative statement of all quotations shall be prepared. The Purchase Committee shall select suitable supplier keeping in view the lowest price, quality standard and the ability of supplier for timely supply etc. Where quotations other than lowest price are accepted, reasons for ignoring the lowest quotations will be recorded. All members of the Purchase Committee shall sign the comparative statement mentioning the selected supplier.

5.3 Purchase Order

After selection of supplier by the relevant Procurement Committee, the DO/District In-charge /Manager Operations/Admin / Procurement & Logistics will issue the Purchase Order to the selected supplier. The Purchase Order should contain the following information:

- Reference to the bid submitted by the supplier;
- Quantity ordered by the organization;
- Agreed date of delivery of goods;
- Exact specification of the product(s);
- Terms of payment;
- Agreed price; and
- Taxes to be deducted.

5.4 Single Quotation

Purchases on single quotation shall be allowed if the required item is manufactured or distributed locally by a single manufacturer, distributor or agent, OR in urgent cases with the approval of the relevant Purchase Committee. For procurement on urgent basis, the indenting officer has to justify the urgent need, in the interest of the organization to purchase the requested item on single quotation basis.

5.5 Inspection

All items such as equipment, furniture & fixtures, books, publications etc. supplied by the selected supplier shall be inspected by the indenting officer and/or the person designated as stores in-charge for quality checking.

5.6 Receipts of Goods

All stores/goods from supplier or any other source shall be received by the person designated as stores in-charge/Admin /Logistics, and documented by raising two copies of Goods Receipt Note. One copy shall be retained for the stores files/Admin files and other shall be forwarded to the Operations Section. The Operations Section shall record the receipt of goods in the assets/expense register.

5.7 Processing and payment of Invoice

Upon receipt of Goods Received Note and invoice from the supplier, the Operations Section shall process expenditure statements and forward to finance section for release of payment as per the agreed terms of payment. Payments shall be made through cross cheque and the following supporting documents shall be attached with the voucher:

- Purchase requisition;
- Quotations
- Comparative Statements
- Purchase order;
- Invoice from the supplier; and
- Goods Received Note/delivery challan.
- Expenditure Statement/approval note

5.8 Repeat Order

Repeat order may be issued to a supplier within 3 months of earlier purchase at the same price provided that: earlier order was placed on the basis of open competition, there has been no significant change in price(s) of the items, and supplies were satisfactory.

5.9 Stores Handling

The Admin/Logistics or any other official designated by the Director Operations shall act as the Stores In-charge. It is responsibility of the Stores In-charge to ensure that stores/items received are correctly brought on charge in accounting documents without any delay. S/he will also supervise and document all the transactions concerning stores, including printed materials.

5.10 Tendering Process

Invitation to Tender Guidelines

An Invitation to Tender can be defined as a process whereby any supplier can openly submit a tender/bid/quotation after the publication of a tender notice.

Before beginning a tender process, donor rules and regulations should be assessed to ensure that DEED guidelines as listed below are consistent with those of the donor agency.

The following outlines DEED standard procedure for formal tendering. The steps outlined apply to the procurement of supplies and services whether the tender is a local or national open procedure. The guidelines also apply whether tendering for a specific quantity of material, a fixed term contract or a supply agreement.

There are seven core stages involved in a formal tendering process as per the table below. It should be ensured that each stage is fully completed, as per these guidelines, before moving on to the next stage of the process.

- Stage 1 Preparation Meeting
- Stage 2 Preparations of the Tender Advertisement and Tender Dossier
- Stage 3 Tender Advertising
- Stage 4 Receipts of Offers
- Stage 5 Tender Opening Session
- Stage 6 Tender Evaluation
- Stage 7 Finalize Tender Process

1. Preparation Meeting

A tender evaluation committee/procurement committee must be established by the Chief Executive Officer/DIRECTOR OPERATIONS prior to the tender preparation meeting. The committee should consist of an odd number of participants, ideally a minimum of three and a suggested composition of the committee could be as follows;

- 1. Admin/ Procurement & Logistics Section Representative**
- 2. Technical Representative
- 3. Finance Section Representative

The Procurement Committee /tender evaluation committee members should be regularly rotated (every 12 months) and orientation should be provided to ensure that members are fully aware of their roles and responsibilities.

The choice of participants in the tender evaluation committee should ensure that impartiality is respected. A Declaration of Impartiality and Confidentiality should be signed by every member of the tender evaluation committee during the preparatory meeting.

The core reason for this meeting is to ensure that all participants of the committee are fully aware of the following issues;

- The materials or services requested in the tender.
- The tender process to be followed. (A copy of this document should be made available to all participants prior to the preparation meeting)
- The process for evaluation of quotations and samples.

The Committee shall be responsible for creating the tender advertisement and tender dossier and they may assign any one from the committee for this purpose.

A means of receipt of tender bids and samples (if applicable) should be agreed at this stage. Secure holding places should be established such as a safe or secure sealed box for the tender bids and a secure room for any samples received. The minutes of the preparation meeting should be recorded and signed by all members of the tender evaluation committee.

2. Preparation of the Tender Advertisement and Tender Dossier

The tender advertisement should be prepared in a way that it is kept as short as possible, although ensuring that no essential information has been omitted.

The tender dossier should firstly comprise of a Letter of Invitation to Tender. This document acts as a cover page to the tender dossier and confirms to any interested parties what is included in the dossier and what documents and information they must submit along with their bid.

It is vitally important at this stage to have the exact specifications of the required materials. If specifications change during the course of the tender, this may necessitate cancelling the tender and starting over. As tendering can be a lengthy process, it is generally far from ideal to cancel and re-start for both DEED and any bidders to the original tender. If the tender evaluation committee is unsure what specification of material it requires, it may be worth collecting samples at this stage, agreeing on a minimum specification, and tendering for this minimum standard.

If the tender consists of a number of different commodity types, it may be worth considering splitting the tender into a number of 'lots' thereby allowing tenderers to bid for one or more items. Retaining an entire order of different types of materials in a single 'lot', may discourage certain bidders from responding to the tender, as they may be unable to offer all items requested.

Bidders may all be asked to submit a Tender / Bid Guarantee with a value of 5% of their bid in shape of a demand draft / call deposit or pay order favoring DEED. This ensures that the bidder is serious and will not back off from the price and delivery schedule.

Splitting material requirements into different contracts in an attempt to go below the required thresholds and therefore simplify the necessary procedures for either a local or national tender is not permitted.

Once the designated person(s) has completed both the tender advertisement and tender dossier, the tender committee should again meet to agree the content of both the advertisement and the tender dossier.

3. Tender Advertising

Once both the tender advertisement and the tender dossier have been completed and their content agreed by the tender evaluation committee, an estimated tender value should be calculated so that the correct process is followed. How the tender is advertised will depend on whether a local or national procedure is being applied. It is important to acknowledge the donor in the tender advertisement.

Open Local Invitation to Tender

A Local/national Tender is one which is advertised in Pakistan. As a bare minimum the tender advertisement must be published in at least two daily newspapers. Proof of advertising in shape of the original newspaper advertisement must be held in the tender file for future audit purposes.

The tender advertisement should include a tender reference number and this number should be used on every document and form for the remainder of the process. The tender advert should contain a statement concerning the DEED right to accept or reject any tender bids prior to the award of contract and to annul the bidding process and reject all bids at any time. Where the interest of the organisation so requires, all bids may be rejected and new ones solicited based on the same or revised specifications. Rejection of all bids is justified when an insufficient number of acceptable bids are received, when there is a lack of effective competition, or the costs exceed budget limits. The minimum number of acceptable bids in both a local/national tender is 3. If only 1 or 2 tender bids have been received and reasonable justification exists to proceed with the tender process, a waiver is required from the donor.

4. Receipt of Offers

Tender offers must be submitted in sealed envelopes, marked "not to be opened before <designated closing date/time>" and should bear the tender reference specified in the tender advert and tender dossier on the outside of the envelope for identification purposes. Interested parties should be given a minimum of 1-2 weeks to respond from the date of posting the tender advertisement.

All bids received must be signed by the receiver. A Tender Receipt Book should be held at reception (or in the receiving location) in which signatures are recorded. A copy of the receipt should be given to the deliverer with a duplicate remaining in the book.

Once received, the date and time should be written on the outside of the envelope. Each bid should also be numbered sequentially based on the order in which they have been received. All bids should then be placed in a secure 'Tender Box/Safe'. Any samples received should be placed in a pre-agreed secure place with a person appointed by the CEO/DIRECTOR OPERATIONS given sole access.

Samples should be clearly marked with the number corresponding to the number of that particular bid.

Once the tender date and time arrives, the tender box should be closed and any bids delivered after this time should not be accepted. If however bids are delivered by mail or by courier, these should be entered into the receipt book with the date and time of receipt, and sent back to the tenderer with a note stating that the bid has been disqualified as it was received during or after the tender opening session. A copy of this letter should also be placed in the tender file. Bids which are submitted in unsealed envelopes must also be disqualified.

Under no circumstances should an offer be opened, reviewed or examined, nor should it be defaced in any way, prior to the official opening session.

5. Tender Opening Session

Tender bidders should be invited to attend the tender opening session. During the tender opening session, all tender bids are removed from the 'secure tender box/safe'. Any tenders received after the deadline but before the tender opening session can be accepted into the next stage of tender evaluation. The date that each bid was received should be announced during the opening session and any late bids declared as ineligible. Suppliers who provided bids after the deadline/tender opening session should be sent a letter on DEED letterhead paper explaining their exclusion from the process and the reason(s) for this exclusion. Tenders received in unsealed envelopes should be treated in the same way.

As a bare minimum the following information may be loudly announced in the tender opening session;

- Bidder's Company /organization name
- Quoted rates
- Delivery time
- Bid security attached or not

The above information should be shown over a multimedia (if possible) or on a white board.

Once all the bids have been announced a print out of the quote evaluation sheet with the information mentioned above. Also take the signatures of all the bidders present on the occasion on an attendance sheet.

A copy of the quote evaluation sheet should also be given to all the bidders present on the occasion.

6. Tender Evaluation

The purpose of evaluation and comparison of offers is to determine which vendor has the lowest price for acceptable specifications and conditions of supply. In determining whether an offer is acceptable, non-price factors are also taken into account such as delivery time/terms, payment terms and technical compliance to the required specification.

The tender evaluation committee must start from the bidder who has quoted the lowest price and gradually work their way up. The best way to accomplish this is to evaluate the 3 lowest bids in the first lot. The committee should check the samples, credentials, references, previous experience, and financial strength of the bidders and then come up with a written evaluation report. Should the committee be unable to find a suitable bidder, they should move on to the next lot of 3 best bids

based on their quoted price. When rejecting any bid, the reasons must be documented in the evaluation report.

Once the committee has reached to conclusion, it should Endeavour to make the physical verification of the existence and capacity of the bidder. The committee should visit the premises / office of the bidder and evaluate the bidder.

The committee while making the recommendation must keep in mind that only fully technically compliant bids are to be considered. For example if an iron buckets of 20 litres capacity and weight of 2 kgs was required and advertised then only bids which are compliant with this requirement are to be considered and at no point can the committee decide to change the specifications of commodities required and advertised and make the decision based on price alone.

All information pertaining to offers must be treated as highly confidential and must not under any circumstances be disclosed to other bidders or to any persons outside of the tender evaluation committee.

The evaluation committee recommends rather than approves the process and the evaluation report must therefore be approved by the person who gave final approval for the Supplies Request, before progressing to contract stage.

Clarification of information in tender bids

If clarification is required in relation to any of the bids received, this can be sought in writing from the tenderer. All correspondence either from or to DEED in this regard should be kept in the tender file. Tenderers should be allowed 3 days to respond to any request for clarification and responses not received within this timeframe should be disqualified from the process. The committee may however deem that an extension to this period be appropriate in certain circumstances however the same time period must be allowed to all bidders. No one tender committee member should at any point make direct contact with a tenderer. All contact should be agreed by the tender evaluation committee, made in writing and copies kept in the tender file.

7. Finalise Tender Process

Once the tender winner has been selected through the evaluation process as outlined above, all participants in the tender should be advised as to whether their bid has been either successful or unsuccessful.

The successful tenderer should be awarded the contract on stamp paper or letterhead of DEED . The relevant information to the tender such as supply/service specifications and prices should be included in the contract before signing. The tenderer, finance and logistics sections should be provided with one photocopy of the signed contract agreement.

All unsuccessful tenderers should receive a letter thanking them for their participation in the tender process and confirming that they have been unsuccessful on this occasion.

In addition, all samples should at this stage of the process be returned to the unsuccessful bidders. The sample provided by the successful bidder can later be used to ensure that materials provided during the course of the contract comply with materials offered.

Post Tender Review

A post tender review should be carried out by the tender evaluation committee once the process is completed. The purpose of such an action is to provide learning for any further tenders which may

take place. Each member of the committee should be asked to provide their thoughts on the strengths and weaknesses of the process and offer any suggested recommendations for future tenders. Lessons learned should be documented, held centrally by the Logistics Section and filed accordingly.

Tender Files

All documentation in relation to the tender process should be filed together. The following list of documents should form the basis of the file for the tender process;

- Supplies Request
- Derogation / Waiver request if applicable
- Tender Advertisement and Proof of Display
- Minutes of Preparation Meeting
- Declarations of Impartiality and Confidentiality
- Invitation to Tender Letter and Tender Dossier
- All Tender Bids
- Tender Opening Report
- Copies of any Direct Contact made with Suppliers by the Evaluation Committee
- Clarification received from tenderers
- Final Evaluation Report
- Copies of Letters to Unsuccessful Tenderers
- Contract
- Goods Received Note
- Invoice
- Payment Request Form

Additional Requirements

If after the completion of a tender process, an additional requirement for supplies or services identical to those previously tendered for is identified, a repeat order could be given on the same terms and conditions as agreed in the original contract; Donor guidelines must however be respected in this regard.

Declaration of Impartiality and Confidentiality¹

Tender ref: _____

I, the undersigned, hereby declare that I agree to participate in the evaluation of the above-mentioned tender procedure. By making this declaration, I confirm that I have familiarized myself with the information available to date concerning this tender procedure. I confirm that I shall execute my responsibilities impartially and objectively.

I hereby declare that I am independent² of all parties which stand to gain from the outcome of the evaluation process. To the best of my knowledge and belief, there are no facts or circumstances, past or present, or that could arise in the foreseeable future, which might call into question my independence in the eyes of any party; and if I discover or should it become apparent during the course of the evaluation process that such a relationship exists or has been established, I will declare it immediately and cease to participate in the evaluation process.

I further declare that to the best of my knowledge, I am not in a situation that could cast doubt on my ability to evaluate the tender. I agree to hold in trust and confidence any information or documents ("confidential information") disclosed to me or discovered by me or prepared by me in the course of or as a result of the evaluation and agree that it shall be used only for the purposes of this evaluation and shall not be disclosed to any third party. I also agree not to retain copies of any written information or samples supplied.

Confidential information shall not be disclosed to any employee or expert unless they agree to execute and be bound by the terms of this Declaration.

To be signed during the Preparatory meeting:

Name & Signature		
Name & Signature		
Name & Signature		
Date		

I declare that following the opening of all tenders submitted that I remain independent and impartial to this tender process as per the above stipulations.

¹ To be completed by all persons involved in the evaluation process

² Taking into consideration whether there exists any past or present relationship, direct or indirect, whether financial, professional or of another kind.

To be signed at the end of the Opening Session;

Name & Signature		
Name & Signature		
Name & Signature		
Date		