



Procurement Policy

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Rezan Organization for Development

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Standard

Rezan will source goods, services and construction works that provide good value (balancing quality, time and total costs) for our programs and accountability to those we serve, through procurement processes which are fair, transparent and in compliance with donor rules and applicable laws. This policy applies to all Rezan staff, volunteers and partners that are procuring or in any way involved in the procurement of goods, services or construction works with Rezan funds.

Definitions

Goods	Tangible products or items that are being taken into Reza’s possession, such as Assets, vehicles, etc.
Services	Support or activities provided by another organization to Rezan, such as utilities, freight, vehicle rental, accommodation, communications, airtime, technical assistance, and audits/reviews by companies on a consultancy basis. “Services” does not include contracts with individuals as consultants, which are covered by HR recruitment processes.
Construction Works	The creation or repair of buildings.

General Provisions

Purpose

This procedure establishes guidelines for the process by which employees can request the purchase of goods and services. These rules may be superseded or adjusted if a donor agency’s procurement requirements differ from those stipulated in this manual. The process begins with the initiation of a Purchase Request Form and ends with the payment of an invoice.

Persons Affected

This procedure applies to all employees authorized to initiate purchase requisitions, procurement personnel, finance staff, and suppliers.

General Procedures

1. All procurement must be transparent using an open procurement process wherever possible, and must ensure equal treatment of suppliers, without discrimination or favoritisms.
2. Procurement must be compliant with donor regulations, in particular, it must be based on justifiable needs and in line with the objectives of the project or programme.
3. Procurement must only be carried out if funds are available for the proposed procurement and it is approved by the relevant budget holder.*

**‘Budget holder’ means a person to whom the power to authorize expenditure commitments has been delegated via the Scheme of Delegation. It is the responsibility of the person delegating the authority to be sure that the budget holder is competent; aware of what is budgeted for and remaining funds; aware of these rules on procurement and relevant donor rules. Budget holders shall be responsible, within their delegated authority, for ensuring that:*

- ✓ *Procurement is based on justifiable need and in line with the objectives of the project or program.*

- ✓ *Enough time is built into the project plan for the relevant procurement process.*
 - ✓ *This procurement policy and appropriate procurement procedures as set out above have been followed before giving the authorization to purchase.*
 - ✓ *There is a budget for the proposed procurement and there are sufficient remaining funds within the project budget to include all costs associated with the item including transport, storage, distribution, servicing and running commitments.*
 - ✓ *Procurement plans are developed with all relevant project proposals to ensure accountability to beneficiaries and that project deliverables are achievable, and approval for any necessary exceptions is obtained prior to the grant being awarded.*
4. No procurement commitment should be made for a longer period than appropriate having regard to the life cycle of the grant, risk of project cancellation, and other external factors.
 5. Local procurement is preferred to have a positive impact on the environment, presuming it is good value for money and quality can be assured. International procurement should be considered when goods and services required are not available on the local market to the right quality, quantity or timeframe in line with the project needs.
 6. If legislation or donor rules are stricter than the rules or guidance in this policy, then the stricter rules must be followed in addition to these rules.

Responsibilities

1. The Procurement Manager shall ensure compliance with this procedure.
2. Employees are expected to select the most current Purchase Request Form and adhere to the guidelines of this procedure when making the purchase requisitions. Employees should obtain necessary approvals from their management and from the Finance Office prior to submitting the Purchase Request Form to the Procurement Manager.
3. The Program Manager (if applicable) and the Executive Director shall approve within the limits prescribed in this procedure for program related expenditures. Approval means attesting that the purchase is lawful, legitimate, and a necessary expenditure of project funds; and that it's within the budget.
4. The Procurement Manager shall review all incoming Purchase Request Forms to ensure that they are completed in accordance with the current purchasing policies and procedures. The Procurement Manager shall return any discrepant Purchase Request Forms to the requesting employee for correction.
5. The Procurement Manager shall request written quotations, solicit bids, review bid packages, select a supplier, and monitor the receipt of the supplies in accordance with the guidelines presented in this procedure.
6. The Procurement Manager shall process the receiving documentation and generate the paperwork to authorize payment to the appropriate supplier.

Procurement Procedures

1. Thresholds have been put in place to ensure proportionality between the procedures followed for awarding contracts and the value of the contract; these are designed to mitigate organizational risk. The table below sets out the procedures that need to be used relative to the financial value of the purchase.

Min. Value	Max. Value	Name of Procedure	Short Description	Required Documents	Est. time needed
\$ 0	\$ 300	Direct Purchase	Find the item/service/work needed and buy it directly . Best to consider more than one option to get value for money.		1 day - 1 week
\$ 301	\$ 2,000	3 Quotations (Simple A)	Consult at least 3 suppliers and record their offers . Do a simple bid analysis with at least price considered. Only basic documents are required.		1 day - 1 week
\$ 2,001	\$ 20,000	Sealed Quotations (Simple B)	Consult at least 3 suppliers and collect written offers from each. Do a simple bid analysis with price and other criteria considered. More documents required, including a procurement summary.		1-2 weeks
\$ 20,001	\$ 100,000	Open Tender - Local	Consult at least 4 suppliers simultaneously and in writing. Sealed bids must be submitted by suppliers by a deadline. Many		2-4 weeks

			documents required.		
Greater than 100,000		Open Tender - International	An invitation to tender is advertised publicly in the country of operation. Suppliers are invited to submit sealed bids . Many documents required.		3-8 weeks

Procedure	Goods and Services
Direct Purchase	\$0 – \$300
3 Quotations (Simple A)	\$301 - \$2,000
Sealed Quotations (Simple B)	\$2,001 - \$20,000
Open Tender - Local	\$20,001 - \$100,000 (\$100,001 - 1,000,000 for construction works)
Open Tender - International	More than \$100,000

The procedures for each threshold are implemented as follows:

- **Open International Tender** means a tender open to any company or individual within and outside the country of the program. The tender must be advertised on an international basis.
- **Open Tender (either local or national)** means a tender open to any company or individual in the area of the program, and if appropriate nationally. The buyer must advertise the tender locally and can choose to advertise it nationally and outside the country as well if appropriate goods are not available.
- **Simple A Quotation** process requires a quotation from at least 3 suppliers to be returned on a signed and stamped form, or on official headed paper / email of the supplier.
- **Simple B Quotation** process requires sealed quotes from at least 3 suppliers; returned on a signed and stamped quotation form, or on official headed paper / e-mail of the supplier.

A procurement contract refers to a legally binding agreement with a supplier to provide goods and/or services to Rezan. Purchase orders, short term contracts and framework agreements are all types of contracts and should have the relevant terms and conditions attached.

Contracts should normally be for 2 years or less in duration at country or regional level. A framework agreement refers to a legally binding agreement with a supplier to provide goods and/or services over a fixed period of time. The terms and conditions of supply are fixed, but the quantities to be procured and delivery schedules are not fixed and will be determined as and when the program needs the goods and/or services.

It should be noted that:

- The values apply to the estimated cumulative value of goods or services to be procured over the life of a contract or framework agreement and are not an annual value.
- The values include the value of goods as well as the supplier’s/agent’s fee should that be applicable.

- Purchases must not be split to avoid the appropriate procurement procedure.
 - The threshold values are the maximum values to be used; stricter limits should be put in place locally where appropriate.
2. Procurement should be planned – all proposals with a procurement value of over 20,000 USD must have a procurement plan completed at proposal development stage in line with the relevant activity/work plan.
 3. A discussion and decision on specifications, quality standards and the key criteria for selecting suppliers should be taken before the procurement, and requirements should be outlined in the request for quotations or tender documents to enable genuine competition.
 4. Goods and services must be fit for purpose, and quality standards and specifications must conform to relevant international safety standards.

The relevant international safety standards will depend on the goods or services you are buying.

It should be noted that:

- When procuring Rezan standard products, the goods should comply with the specifications and quality standards set out in the Standard.
 - Products Catalogue.
 - New vehicles and other equipment, where applicable and possible, should be bought from a reputable international recognized manufacturer or its official local dealership, and have a standard manufacturer's warranty all equipment should be bought new.
 - All construction of transitional, permanent and semi-permanent buildings must be safe, and the buildings structurally sound for the purpose they are designed.
5. Reasonable time must be allowed to carry out the required procedure and to give suppliers time to prepare and submit their quotations or bids. Tenders must allow a minimum of 21 days for submissions of supplier bids; for International Tenders this should be a minimum of 30 days.
 6. The procurement must be awarded to the supplier offering the best value for money after considering the criteria for procurement, which may include areas such as:
 - ✓ Price
 - ✓ Quality and compliance with specifications
 - ✓ Timeframe and availability
 - ✓ Reliability and after sales service
 - ✓ Financial and technical capacity
 - ✓ All associated costs (including transport, storage, customs, local taxes, additional costs due to long lead-times).
 - ✓ Payment terms.
 - ✓ Use of local resources where possible and appropriate
 - ✓ Donor requirements, with particular attention to rules of nationality and origin where relevant.
 7. For single purchases, contracts or framework agreements where the estimated value requires a Formal Quotation process or Tender, a procurement committee must be formed to evaluate the bids. This committee should be made up of a minimum of 3 staff to ensure accountability. The committee will select the supplier which they believe provides the best value for money based on the evaluation criteria. Tender committees for Open and International Tenders should happen as a meeting to review all bids. In all cases, the recommendation must be documented and signed off by all members of the committee promptly, and then endorsed by the budget holder. The procurement person who has been responsible for managing the tender/quote process cannot be a voting member of the procurement committee.
 8. All suppliers should be treated in a professional manner. Staff involved in the procurement process must declare in

writing to the budget holder (or if they are the budget holder, to their line manager) any personal connection to suppliers before supplier selection, to avoid any conflict of interest and excuse themselves from the procurement process.

9. Any proposal put forward by a supplier that is known to have engaged in corrupts, fraudulent, collusive or coercive practices must be rejected.
 10. Bribery of any sort is unacceptable. Suppliers must be discouraged from giving gifts of goods or services to individuals working for or with Rezan, their family or friends, and high value gifts should not be accepted.
 11. Payment: a clear authorization must accompany the payment for any goods or services procured and a record should be kept of the procurement at the relevant office.
- Advance payments to suppliers are not encouraged as it is rarely necessary if the most appropriate supplier is chosen (i.e. the supplier's financial capacity is a criterion in their selection). Where an advance is absolutely necessary, it must only be for purchase of raw materials and not for labour services, and authorization should be obtained from the EXECUTIVE DIRECTOR.

Exceptions and Breaches

1. Exceptions - in the specific situations listed below the relevant procurement procedure listed under / Procurement Procedures 1/ need not be followed, to the extent that it is impractical in those circumstances, and one of the other procedures can be used (it should be noted that the Invoice / Receipt procedure cannot be used under this exception). In these cases, prior written approval must be obtained from the EXECUTIVE DIRECTOR on each occasion that an exception is required. Donor approval must also be obtained if applicable. If the procurement will require exception from donor procurement rules, this should be applied for with submission of the award, and before any procurement is undertaken. The reason for the exception must be fully documented and retained with the written approval.

Situations where an exception is allowed are:

- When following the process would prevent Rezan meeting urgent humanitarian needs.
- Where following the process would cause a delay that would compromise security of Rezan staff and assets.
- If the time given for the procurement is too short due to factors outside Rezan control (e.g. late donor funding, delays due to security) and will result in an inability to operate. Failing to plan is not an acceptable reason for an exception.
- Where there is an evidenced local restriction on imports which prevents international procurement.
- Where there is a sole source supplier situation, in other words insufficient suppliers to meet the minimum quotation requirements of 3
- Where a donor wishes to impose an obligation on Rezan which is in conflict with (as opposed to stricter than) this policy.
- When the goods or services are needed to complete a project, and it would not be appropriate to get a different supplier to finish it as to do so would mean the project could not be completed (provided that the total amount of additional supplies, works or services does not exceed 50% of the value of the initial contract).

Exceptions must not be requested to:

- Avoid competition.
- Reduce administration.
- Give further work to a supplier because they have won a tender before.

2. Breaches of this procurement policy must be reported and investigated. Serious and consistent breaches may be considered malpractice and, if these are discovered or suspected, they must be dealt with in accordance with the Fraud

and Dishonesty Policy and the Code of Conduct using the appropriate disciplinary procedures.

Procurement Process

There are three key documents that should be used when undertaking any procurement:

Purchase Request (PR)

An internal document used to request purchases by certain party or a particular section to material or service is non-existent with the organization in order to be sent to the Procurement Section to assess the possibility of purchase by an approved supplier or direct purchase from the market after getting quotations and convert purchase request to purchase order.

Purchase Order (PO)

The PO is an external document used to place orders with suppliers and is the commitment to spend, it becomes a contract binding on both parties.

Purchase orders should be raised for all procurements regardless of size or means of payment (cheque, cash, bank transfer). POs should only be raised once the price of goods or services has been determined through the appropriate procurement process and a supplier selected.

A purchase order sets forth the descriptions, quantities, prices, discounts, payment terms, date of performance or shipment, other associated terms and conditions, and identifies a specific seller.

Goods Received Note (GRN)

A GRN should be used to acknowledge the receipt of goods from a supplier. It should be completed upon delivery by the person who receives the goods, i.e. the “receiver”. This person is responsible for checking what is received against the details on the PO – including confirming that the appropriate quantity and quality of goods has been received.

Ideally this person should be someone from the department that requested the goods, and not the person who ordered them.

Payment Procedures

Before delivery

- 1) A Vendor shall submit a signed and stamped pro-forma invoice to the Procurement Manager.
- 2) The Procurement Manager shall assemble the file documentation, including the Purchase Request Form, Payment request Form, and invoice and submit to the Finance Office.
- 3) The Finance Office shall complete the payment procedure and submit a copy of the wire transfer to the Procurement Manager.

After Delivery

- 1) A Vendor shall deliver the goods/services and submit a signed and stamped invoice to the Procurement Manager
- 2) The Requesting Employee and/or Procurement Manager shall inspect the quality/quantity of goods.

- 3) The Procurement Manager shall assemble the file documentation, including the Purchase Request Form, Payment request Form, and invoice and submit to the Finance Office.

Maintenance of Procurement Files and Records

The Procurement Manager shall maintain the following documents in the procurement file:

- a. A list of suppliers including contact details;
- b. Purchase Request Forms , Payment Request Forms, copies of wire transfers submitted by the Finance Office;
- c. Invitations to Bid
- d. Bid Analysis Sheets
- e. Correspondence and agreements with suppliers.

Procurement Code of Conduct

Conflict of Interest Policy

Conflicts of interest may arise when any Rezan Organization employee has a financial, family or any other beneficial interest in the vendor firm selected or considered for an award. No Rezan Organization employee shall do business with, award contracts to, or show favoritism toward a member of his/her immediate family, spouse's family or to any company, vendor or concern who either employs or has any relationship to a family member.

Competition Polic

- 1) All procurement transactions are conducted in a manner that provides, to the maximum extent practical, open and free competition.
- 2) In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors who develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurements. Awards shall be made to the bidder or officer whose bid or offer is responsive to the solicitation and is most advantageous to Rezan Organization, taking into consideration price, quality, and other relevant factors.
- 3) Whenever possible, Rezan Organization shall provide positive efforts to utilize small business, minority-owned firms and women-owned business.

Procurement Guidelines

- 1) To ensure (grant) funds are used efficiently for their specified purpose and to document procurement transactions:
 - a. Employees shall purchase only those items necessary for the (grant) funded projects.
 - b. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which option is the most economical and practical expense for the project.
- 2) Vendors of goods and services shall provide the following:
 - a. A clear and accurate description of the technical requirements for the materials, products, or services to be procured. Such a description shall not contain features which unduly restrict competition.

- b. Requirements which the bidder/officer must fulfill and all other factors to be used in evaluating bids or proposals.
 - c. The specific features of “brand name or equal” description that bidders are required to meet when such items are included in the solicitation and are required by donor organization.
 - d. Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the
 - e. comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability.
- 3) Preference, to the extent practical, and economically feasible, shall be given to products and services that conserve natural resources, protect the environment, and are energy efficient.

Filing Policy

Procurement records and files shall include the following:

- a. Goods or services specifications designed by Rezan Organization;
- b. The basis for contractor selection, documentation of the competitive bidding process, and at least three bids from different contractors;
- c. Justification for lack of competition when competitive bids or offers are not obtained;
- d. Records of purchase including invoices, bills, etc.; and
- e. In cases where the lowest bid is not accepted, for example, because of inferior quality, a brief written explanation.

Procurement Threshold

S N o.	Name of Procedure	Values in USD	Type of Purchase	PR	Request for Quotation	Quotations	Bid Analysis	Purchase Order	Contract	GRN	Invoice	Request for Payment	Approving Authority
1	Direct Purchase	1 to 300	Simple Purchase	√						√	√	√	Operations Manager/Director
2	3 Quotations (Simple A)	Between 301 - 2,000	3 written quotation	√		√	√			√	√	√	Operations Manager/Director
3	Sealed Quotations (Simple B)	Between 2,001 – 20,000	3 sealed quotations	√	√	√	√	√		√	√	√	Director
4	Open Tender - Local	Between 20,001 - 100,000	National Tender	√		√	√	√	√	√	√	√	Director
5	Open Tender - International	Greater than 100,000	International Tender	√		√	√	√	√	√	√	√	Director