

Procurement Manual

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Table of Contents

1. Glossary	03
2. Introduction	04
3. Code of conduct supplier relation and ethical practice	04
3.1. Compliance requirement	06
4. Sourcing	07
5. Vendor data base	07
6. Competitive bidding	09
6.1. Open tender	10
6.2. Closed tender	10
6.3. Exception to competitive bidding	11
6.4. Procurement documentation of chain of evidence	12
7. Procurement Process and lead time	12
8. Procurement of capital items	13
9. purchase requisition	14
9.1. Request for quote	15
9.2. management of samples	16
9.3. Receipt of sealed bids	17
9.4. Bids opening and analysis	18
9.5. Bid summary report	19
9.6. Purchase order	19-20
9.7. Communication with vendor	21
10. Local service contracts	22-23
10.1. Preferred supplier agreement	23-24
11. Lease agreement	24-25

2.0 Introduction:

Back ground

The following policies and procedures are meant as minimum requirements and standards. They are to be followed unless stipulated by specific donor guidelines or for approved exemptions as detailed below. Projects can choose to implement stricter rules for their areas of operation.

Scope

To increase accountability GFO is following the same regulation as mentioned in Finance Manual. This manual covers all the steps of procurement Processes in brief.

Who should use?

This manual should be used by all GFO staff in main and field offices involved in procurement. All the project, support, and program staff should familiarize themselves with these guidelines.

Sources

The contents of this manual have been generated from GFO Procurement manual. In case of any more clarification or Information; please refer to GFO procurement guidelines.

Effective date

These guidelines should be effective from 01st November 20014

3.0 Code of Conduct Supplier Relations and Ethical Practices

Great Family Organization Policy intended to maintain and practice the highest possible standards of conduct in business ethics, professional courtesy and competence in all our dealings.

This also includes relations with actual and potential suppliers. As a non-profit organization it is imperative that GFO employees go beyond the business community's expectations with respect to standards of conduct and business ethics when dealing with suppliers. At all times, applicable laws must be carefully observed.

In personal contacts with the suppliers, each employee is a natural extension of GFO philosophies and practices and should reflect these and represent the interest and needs of all departments. In this regard, all GFO employees when dealing with suppliers and their representatives should observe the following:

- Business will be conducted ethically in a manner above reproach and with total impartiality, and preferential treatment for none;
- Maintaining the integrity and confidentiality of the procurement process is of paramount importance.
- Staff conduct should not foster any suspicion of conflict between professional duty and personal interest;
- Nobody will solicit or accept, directly or indirectly, any gift, favour, entertainment, loan or anything of monetary value from current or potential suppliers. The only exception to this rule is inexpensive public relation gifts, valued at less than 20 \$, such as business diaries, calendars or pens;
- Bids shall not be solicited from, nor contract awarded to, any company that is owned, controlled or actively influenced by any organization employee or an immediate relative to that employee;
- Promote fair, ethical and legal trade practices;
- Accord prompt and courteous reception in an atmosphere of good faith and equal treatment, devoid of intentional misrepresentation;
- Treat all information received from suppliers in the strictest confidence. Guarantee the confidentiality of all specifications and price quotations received;
- Declare "for information purposes only" if the request will not result in the award of a contract;
- Remain absolutely free from any obligations to any supplier;
- Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier.

All GFO Sudan employees are obliged to respect the **GFO Conflict of Interest Policy**.

"As employees of an National None Government Organization, we all have a responsibility in carrying out our duties to be good stewards with Donor Funds that have been entrusted to, Organization and to conduct the affairs of, Organization in an ethical manner. Even the appearance of impropriety can be damaging to our reputation as NNGO. This means that we must avoid conflicts - actual or potential - between the interests of the organization and our own personal financial interests."

Examples of Conflict of Interest:

- A conflict of interest occurs when a GFO employee participates in the selection, award or administration of purchases or contracts where immediate family (parents, children, siblings, wife/husband and wife/husband's parents and siblings), or partners have a financial or non GFO related personal business relationship with any one of the suppliers/organizations who has given a bid to supply anything to GFO.
- A conflict of interest occurs when employees solicit or accept cash, gratuities, favours, or anything of monetary value from suppliers or potential suppliers.

- A conflict of interest occurs when suppliers participate in the development of specifications, requirements, requests for quotes, or requests for proposals (that include proprietary knowledge or equipment).

It is the responsibility of, GFO employees to refrain or withdraw from participation in any transaction or relationship that is determined to constitute a material conflict of interest (actual or potential). GFO employees are also required to disclose actual or potential conflicts of interest to senior management.

Employees, officers, and agents of, GFO who knowingly violate the Conflict of Interest policy will be subject to such disciplinary action as deemed appropriate by the Director General.

3.1 Compliance requirements

Donor Specific Procurement Regulations

Programs funded by government grants, foundation grants, UN agencies, multilaterals and other institutional donors are subject to the procurement requirements as set forth in each grant agreement document and respective donor guidelines. The donor procurement requirements should be consulted and compiled with and documented during the purchasing process.

Specific donor procurement rules and regulations supersede, Organization policies, unless donor requirements are more lenient than the thresholds outlines in this Manual, in which case GFO policies are to be followed.

Whenever a new grant is approved, Finance department needs to inform Programs and Procurement departments regarding the specific donor requirements.

, Organization Legal liability - taxes

All procurement must be fully in line with Sudan tax laws, which are updated annually at the time of the passage of the annual government budget. It is the responsibility of the Finance department to provide written advice to the Procurement and Administration teams regarding all tax obligations.

All the RFQs, bid analysis and LPO or contract agreements need to mention the prevailing GFO Sudan Government tax will be applied on the final payment of the purchase by GFO; otherwise when the office is buying the tax exempted goods or service this should also be mentioned on the RFQs, bid analysis and LPO or contract agreements.

All bid comparisons must be made using the cost to GFO including all taxes, duties, or other fees charged. All oral and written requests for quotations must state that quotations must include all applicable taxes.

4.0 Sourcing

Local Procurement

To support the economies of the countries/States in which GFO works, preference is to be given to procurement of goods manufactured in the area of operation and supplies or services readily available locally. All these must be of the quality required and at competitive prices.

When doing local purchases, attention should be given to the origin of the goods that are being purchased as well as the delivery. If the origin is not from the country where the purchase is being made and it requires a long delivery time, then consideration should be given to seeking international bids/offers.

Donor guidelines and regulations concerning the source and/or origin of goods and services (i.e. preference for local procurement, restricted or prohibited source or origin, etc.) shall be followed for procurement activities conducted under donor-funded programs.

5.0 Vendor's database

Pre-award surveys are required prior to the first award to a new supplier for contracts of high value, high priority or complex goods / services. For this reason, GFO maintains a Vendors database, to be used for all tendered purchases that do not fall into the Open Tender category.

Adding vendors

Procedures:

- Procurement Department will make efforts to identify new vendors – (advertising, liaising with other NNGOs, organizations, Government, ... etc)
- Procurement Department collects the following documents from the potential vendors:
 - Company registration
 - National Tax
 - Banking information
 - Length of Business
 - Facilities/Physical Address
 - Affiliation evidence
 - Capacity
 - Workflow
 - Familiarity with the technical requirements
 - Experience
 - Production equipment

- References
- Virtual/ Internet presence

A **Procurement Committee** is assembled and it consists of, Procurement manager, Finance Manager and Program Manager. This Committee is responsible of analyzing and verifying the documentation of the potential new vendor, including visits to his office. The Procurement Committee should meet on a monthly basis for adding new vendors to the database and the aim is to add at least 10 new vendors/ year.

GFO should generally avoid dealing with brokers or middlemen, but rather negotiate directly with suppliers and manufacturers. However, if the prices provided by brokers and middlemen are competitive with the ones provided by suppliers and manufacturers, it is possible to add them as well to the Vendors database.

GFO would like to encourage the local market in the project areas, therefore local vendors are preferred. However, they need to be able to fulfil the vendor selection criteria outlined above.

- ❖ The final recommendation of the Procurement Committee needs to be documented and submitted to the GFO director or deputy for approval. After the Director General approval the new vendor can be included in the Vendor's database.
- ❖ The vendor list must be printed on the first business day of each month and a folder with hardcopies must be maintained by the Procurement team.

Anti-terrorism checks of selected vendors

Various government and UN regulations prohibit transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. As such, SHPDO must include in each tender the following paragraph.

Terrorists: GFO will not do any business with any known terrorist group or company involved in any way with terrorists. GFO shall therefore not knowingly purchase goods or services from companies that are involved with terrorist groups in any form. If you submit a bid based on this request, it shall constitute a guarantee that neither your company nor any affiliate or a subsidiary controlled by your company is not involved with any known terrorist group. A contract clause confirming this may be included in an eventual purchase order based on this request.

Removing vendors

- The Procurement Committee is also requested to re-evaluate vendors from the Vendors database at the completion of 6 months collaboration with GFO.
- The Procurement department is responsible of keeping track of the start and end dates for all Vendors and this information is also mentioned in the Vendors database.
- Reasons for removing a vendor may include, but are not limited to:
 - Delivery was not according to the samples provided

- The samples provided initially proved to be fake
- Other INGOs or UN agencies bad recommendation
- Late delivery or non-delivery of goods
- Papers submitted at the initial evaluation stage proved to be fake
- Requested documentation (initial papers, bids, ... etc) not sent in according to established standards
- The final recommendation of the Procurement Committee needs to be documented and submitted to the organization director for approval. After the GFO director approval the old vendor can be removed from the Vendor's database.

Electronic Vendors Database

General Service Department will use an Electronic Vendors Database to ensure transparency and improve efficiency of procurement procedures.

The Electronic Vendors Database should contain the following information.

- Item description
- Item specifications
- Department
- Project/grant
- Location
- Date Purchase Requisition received
- Purchase Request number
- Quantity
- Estimated cost
- Date Request for Quote was sent
- Date Bidding deadline
- Date Bid opening
- Successful bidder
- Date Purchase Order
- Actual cost in SDG
- Date delivery
- Date payment

It is essential that the Electronic Vendor Database keeps a clear track of all the changes occurred in time: deletion of vendors, changes in their information, decisions of the Procurement Committee, etc, therefore no old entry is deleted from the Database under any circumstances.

6.0 Competitive bidding

The widest possible base of potential suppliers suitable for a specific contract should be invited to bid. The following should be observed when dealing with suppliers and their representatives:

- ❖ Provide equal opportunity for suppliers to make price and specification quotations;
- ❖ Encourage suppliers to test and develop improved products and services;
- ❖ Keep suppliers informed of current and anticipated requirements;

GFO would like to encourage the local market in the project areas, therefore local vendors are preferred. However, they need to be able to fulfil the vendor selection criteria outlined under Vendors Database policy.

6.1 Open tender

Open tender process should be used for procurement of goods with a value exceeding 10,000 \$ or contracting of services above the value of 10,000 \$. Donor thresholds may reduce these numbers.

Request for quotations or Invitation to bid is open to all interested suppliers, generally through advertising in appropriate national newspapers / publications or HAC and trade journals.

GFO generally uses the open tender process for:

- ❖ Construction contracts.
- ❖ High value purchases.
- ❖ Large purchases where GFO has market knowledge about.
- ❖ Where required to do so by donor specifications.

Open tendering can be a costly, complex and time-consuming process. As it is also widely distributed and publicized, there is also a risk of legal ramifications if not conducted with care and due diligence.

Checks on vendor qualification should include

- ❖ confirmation of the company registration
- ❖ the company tax file number
- ❖ the company bank account (in the bank's name)
- ❖ the company office address
- ❖ the names of the director/manager of the company, and phone numbers for all company contact persons.

Procedures for open tender are the same as the closed tender procedures (see below), except that advert needs to be placed giving sufficient time for suppliers to respond.

6.2 Closed tender

1. Known suppliers from the Vendors List are contacted to provide quotes for requested goods and services for purchases under \$25,000.

2. (three) or more qualified suppliers be solicited in open bids for written offers / proposals when the value of the contract exceeds \$1000.

- ❖ 3 (three) or more qualified suppliers to be solicited in sealed bids when the value is expected to exceed \$2,000 to \$5000
- ❖ 3 (three) closed bids are required also for bulk purchases amounting to more than \$ 10,000

In general, eligible companies to be contacted are:

- ❖ Pre-qualified vendors.
- ❖ Supplier of the last order of the same or similar goods (unless GFO had a negative experience with this vendor)
- ❖ Competitive suppliers from last RFQ.
- ❖ Newly identified suppliers referred to GFO from reliable sources
- ❖ Suppliers identified by the donor.
- ❖ Suppliers suggested by the GFO department requesting the goods or services
- ❖ Established companies with proven history.

6.3 Exceptions to Competitive Bidding

It is important to adhere to these procedures and keep exceptions to a minimum. When exceptions are made to the competitive bidding policy, the reason should be recommended by the Procurement Committee, documented, and approved in writing by the organization director or his/her delegate.

In extremely justified situations, the following procedures should then be followed:

- A. **Sole Supplier**– If there is only one authorised dealer of required goods or services; this should be documented by the Procurement department (by collecting necessary certificates) and approved by. GFO Oscan purchase from a sole supplier company without a competitive bid if it is not possible or feasible to purchase the same good or service internationally or if the Local Supplier can supply Items at a cost less than International cost plus shipping and duty / local taxes. Some example of Sole supplier are:
- B. **Shortage of Bids** – If through competitive bidding fewer than 3 suppliers submit bids by the assigned date and time, the purchase should be re-tendered. However, the Bid Committee can proceed with purchase considering only the bids received if the goods or services are needed quickly and there is insufficient time to re-tender.

The High Cost of rush orders is caused by lack of time so that low bidders are passed over in favour of those able to make immediate delivery and by the use of more expensive means of communication and transportation than would normally be chosen. Ideally, purchases should be planned in advance to eliminate relatively expensive, rush type purchases and GFO should rarely find itself in this situation.

6.4 Procurement documentation – Chain of Evidence

All procurement activities must be fully and transparently documented. This is the only means that, GFO has of managing its procurement process and demonstrating to GFO donors that funds are being responsibly committed.

A completed purchase must be supported with a fully cross-referenced stand-alone **Chain of Evidence** file. Documentation must be completed fully and accurately in every case. Well-designed procurement forms basically mirror each step of the procurement process and, when employed correctly, allow effective management of procurement activities.

When the Bid Committee recommends purchase of goods/services that do not fully meet the specifications or are not being offered at the lowest price, the explanation for this recommended is extremely important and must be well documented and clear.

The Procurement Manager must document any anomalies or deviations from policy or procedures in a purchase with a signed explanatory "Note to the File." Full supporting documentation will answer any question that an auditor or external examiner may raise.

All files kept for purchasing shall be established and maintained by purchasing personnel. It will be the responsibility of the Procurement Manager to ensure only authorized personnel may access the purchasing files due to confidential material that may be part of the files.

Documents required by Finance department in order to process payment to a supplier

- ❖ Original invoice
- ❖ Original Goods Receiving Note
- ❖ CTS Report {waybill/ GRN summary} or hand-over documents to the freight forwarder
- ❖ Third Party Inspection Report, if applicable
- ❖ Copy of the Purchase Request Form
- ❖ Copy of Purchase Order.

For payment against a Service Contract, a copy of the contract is required together with the original invoice approved by the requestor.

7. Procurement Process and Lead time

- ❖ All procurement will be in local currency is Equivalent to USD because the Exchange rate not fixed for that we but USD as Standard in procurement Processes
- ❖ The procurement processes to be followed by all staff procuring any supplies or services with in GFO as set out below:

Process	USD	Procurement Type	Lead time	Documents Require
Single Quotation	0 - 300	All supplies + services	3 days	PR-PO-GRN-FI
Simple Quotation (3invoices)	301- 1000	All supplies + services	7 days	PR- CBA-PO-GRN-FI
Formal Quotation(3invoices)	1001-2500	All supplies + services	12 days	PR-CBA-BCR-ROQ-PO-FI
Tender & Bids	2501-Above	All supplies + services	3 weeks	PR-IFB-CBA-BCR-ROQ-PO-FI

7.0 Procurement of Capital Items

General Assets – are items purchased carrying value and usage for at least a fiscal year. There are of nature like: furniture, phone sets, iron, ... etc and value less than \$500. They are acquired for the purpose of use during the intended life of the GFO and generally not for resale unless special circumstances approved by GFO director.

Fixed Assets/Capital Items – are referred to as property or equipment or tangible assets that are purchased for continued and long term use. Fixed assets include building, machinery, furniture, IT equipment, tools, etc. and cost more than \$500.

For local purchases of Capital items costing more than the equivalent of \$ 2,000 a documented analysis of the need should be prepared taking into consideration the following matters:

- ❖ Reasons why the asset is required and consequences of non-purchase
- ❖ Explanation of the expected usage of the asset and the condition (environment, frequency, number of users, etc.) under which it will be used
- ❖ Explanation of the quality required with justification
- ❖ Cost of the asset noting the competing cost of various makes and models with documentary evidence of quotations
- ❖ New costs as compared to adaptation or refurbishing existing equipment or vehicles.

8.0 Purchase Requisition

In order to initiate the procurement, process a formal/written Requisition must be made by an authorized requestor (i.e., a person or unit with authority over a budget) to the Procurement department.

The Requisition should be prepared using the pre-numbered, standard Goods/Service Requisition form.

The GFO Procurement department has the responsibility to carefully review purchase requisitions concerning specifications and delivery time and, when in doubt, make appropriate inquiries to the requestor.

Pre-approval

All expenditures require pre-approval by a manager with the appropriate signing authority to approve the specific purchase of goods or services. A table of signing authority as maintained by the Finance department of, GFO and updated periodically should be referred for the approval limits of different authorities. Signatures must be accompanied by the printed name of the signatory, as well as the date of signing.

Pre-approval is necessary to:

- ❖ Ensure that adequate budget provisions have been made for the purchase

- ❖ Ensure that the purchase is in compliance with GFO policies and donor specifications
- ❖ Ensure that purchase of goods and services meet the needs of the program or purpose for which it is being made. (Quality, Quantity, Delivery specifications, etc.)
- ❖ Avoid the purchase of items already in stock in the warehouse.

A completed and approved PR is the authorization for Procurement to initiate the purchasing process. No procurement will be done without a signed PR form.

Purchase Request Changes

Requests to change an outstanding purchase requisition concerning quantity, price, or specifications should be made in writing to the logistic department. The original authorizing manager or their supervisor must approve the changes.

8.1 Request for Quote

According to competitive bidding requirements, closed tender process should be used for procurement of goods above 1000 \$. This is the most commonly used method in, Organization.

- 3 (three) open quotes are required for purchases over 500 \$
- 3 (three) closed bids are required for purchases over 1,000 \$
- 3 (three) closed bids are required also for bulk purchases amounting to more than 1,000 \$.

General guidelines:

The solicitation / tender documents should provide all information necessary for a prospective supplier to prepare an offer / proposal by the bid closing date / time. It will also explain the main criteria for their evaluation. Reasons for the acceptance or rejection of offers / proposals should also be stated.

Solicitation documents for closed bids should be sent simultaneously to all potential bidders to ensure equal treatment.

Any potential bidder requiring additional information should make a written request either by letter, e-mail or by fax. The reply should likewise be in writing and a copy of the reply should be sent simultaneously to all other potential bidders. Should a meeting with potential bidders prove necessary to provide the additional information, a record of the meeting should be prepared immediately and provided simultaneously without delay to the requesting potential bidder and to all other potential bidders. Prompt action must be taken in order not to compromise the deadline for the submission of bids.

An extension of the closing date / time could be granted if justified by exceptional circumstances and so requested in writing by more than one bidder. When an extension is

granted, all bidders shall be informed immediately and simultaneously. A bid opening may only take place after the new deadline for the submission of bids.

The procurement department will make efforts to consolidate like items from different purchase requests into one large procurement request in order to attract a wider base of suppliers and to maximize the opportunity to reduce cost and increase quality and time of delivery. The validity of the successful bid will be the time stated on the bid or 30 days whichever is lower.

Translation

Since English language is not the first language / Official language for Sudan. It will be difficult for most suppliers to understand it is advised to translate the RFQ in local language.

8.2 Management of samples

Procedures for managing samples

1. Samples will be couriered or physically dropped to specified GFO Office depending on their size. **Under no circumstances should samples be included in the bids.**
2. All samples should be handed to GFO Admin Assistant who will stamp the Sample with Date and Time received, as well as record receipt in the Register book.
3. Samples are handed over to Procurement department for storing them until the Bid Opening process
4. Procurement department locks the samples in the Procurement Store.
5. Bid Committee checks the samples for quality and for GFO stamp and signature before making a final decision on selection of vendors. No decision should be made without checking the samples first.
6. Procurement department prepares a Waybill for the samples and hands it over to the representative of requesting department.
7. The representative of the requesting department will be responsible for carrying the sample to the zone and hand it over to ware house.
8. The Warehouse team together with the representative of the requesting department and procurement department will ensure that the delivered items are according to the samples delivered initially.
9. In case of any problems during the delivery, it is the responsibility of the Procurement department to deal with the vendor and clarify the issues.
10. In case the delivered items are not according to the samples provided initially Warehouse team needs to notify Procurement department or the representative of the requesting project/department Procurement department will be responsible to contact the vendor and clarify the issues.
11. Decision on rejecting or not the delivered goods and the sanctions that needs to be taken against the vendor needs to be discussed with the Procurement Committee and GFO director.

8.3 Receipt of sealed bids

Sealed bids are used to preserve the integrity and fairness of supplier selection. GFO requires vendors to submit their response to an RFQ, delivered by courier, in sealed envelopes for purchases of items over 1,000 \$.

Procedures for Receipt of Offers / Proposals

1. Sealed envelopes will be delivered to specified GFO Office. All envelopes should be handed to GFO Admin assistant who will stamp the envelope with Date and Time received, as well as check that the envelope indicates which RFQ bid is quoting for including reference / description.

Quotations submitted by physical dropping at the specified GFO Office, through email, or courier services, but in unsealed envelopes will not be considered in the bid analysis. This must be clearly stated in the tender documentation provided to suppliers.

2. As bids are received, they must be recorded by the Receptionist in a master ledger. The ledger will track the bidding process and must include the following:
 - ❖ Name of Bidder
 - ❖ Date and time bids were received
 - ❖ Date bids were opened
 - ❖ Date bidders were notified of results

For receipt of samples please see Management of Samples policy.

3. Envelope should be immediately dropped in the double-locked Drop Box. The keys for the locks should be held by 2 senior management staff (or their delegate when absent from the office), and a complete set remains with the Procurement Manager as back-up. All bids are kept in the locked box until the bid deadline has expired. Under no circumstances will an offer / proposal be opened, reviewed or examined, nor will it be marked or defaced in any way, prior to official opening.
4. Offers / proposals received after the closing deadline should not be considered. All late offers / proposals will be placed in the file with a copy of the letter to the supplier informing them that it was late, could not be considered and requesting a timely submission in the future.

An exception to the above rule is made only when:

- ❖ The minimum three bids were not received and/or
- ❖ The fault of delay is not attributable to the supplier
- ❖ The reason for acceptance should be documented.

8.4 Bids opening and analysis

The overall role of the Procurement department during the Bid opening process is to ensure that all processes are fair, transparent, strictly according to the established Procurement procedures and procurement ethics described in policy Code of Conduct.

Under no circumstances should the representative of the Procurement department try to influence the process and members of Bid Committee.

1. Organizing the Bid opening

Procurement department is responsible for organizing the bid opening:

- ❖ Identify and contact the members of Bid Committee based on the guidelines mentioned under Bid Committee policy
- ❖ Establish date of bid opening
- ❖ Agree on the location of bid opening – as general rule the closed tender of more than 10,000 \$ or open tenders the bid opening is organized. Quotations under 10,000 \$ bid openings take place occasionally in field offices.
- ❖ Prepare necessary documentation to provide for each Committee member:
 - Copy of the RFQ, highlighting the specifications and criteria.
 - List of vendors solicited – showing evidence of receiving records with the Vendors that the RFQ was sent out
 - Vendor Analysis Checklists – one for each vendor, complete with core information from tender document (purchase request number, bid closing date, item description, quantity required & any special conditions or specifications that will be analyzed / compared).

2. Opening the Bid box

Locked bid box is opened by key holders (or their designate) and bids removed.

All committee members' sign and date envelope, verifying if the envelope is sealed and date stamped by GFO. Quotation removed from sealed envelope. Committee members to sign and date first and last page, and initial any additional pages of the quotation.

3. Completing Bid Analysis checklist

When reviewing the offers / proposals that have been submitted for evaluation, there should be a check for completeness of the offers /proposals. This is to ensure that everything that was required of the supplier has been included in their offers /proposals. The below checklist will assist each member to document price quote, review the completeness and compliance of the quote. The factors to be considered in an evaluation shall include the following (where applicable):

- ❖ Compliance with Request for Quote (Or Invitation to Bid or Request for Proposal) - each criteria mentioned in the RFQ is taken into consideration and samples are examined accordingly
- ❖ Price - each element of cost is reasonable, allowable under GFO/donor regulations, and allocable to projects based on relative benefit.
- ❖ Compliance with technical specifications, relevant ISO {International Standards Organisation} and technical norms;
- ❖ Compliance with required time schedules;
- ❖ Delivery times;

- ❖ Payment terms;
- ❖ Guarantees, availability of spare parts, after-sales services and training;
- ❖ Life-cycle aspects covering maintenance and operating costs;
- ❖ consideration is also given to matters as integrity, capability, capacity, record of past experience and performance of the supplier and its local representative, financial and technical resources or accessibility to other necessary resources, etc
- ❖ Special consideration is given to the following: GFO would like to encourage the local market in the project areas, therefore local vendors are preferred. However, they need to be able to fulfil the vendor selection criteria outlined in policy Vendor Database.

Procurement staff (or any other committee members) should verify the cost of the Items in the market before every bid opening, to ensure that the vendors do not present us significantly inflated rates

8.5 Bid Summary report

Committee members evaluate and compare each quotation/proposal and select recommended vendor. One committee member is assigned to complete Bid Summary Report, which needs to be signed by each committee member. This Report will document and summarize the vendor bids and key criteria, as well as provide justification for the recommended supplier. If the lowest priced proposal is not recommended, the evaluation report must give the specific reasons for recommending the selection of a higher proposal. The following supporting documentation should be attached:

- a. Purchase Requisition form
- b. Request for Quote
- c. Vendor quotations
- d. Minutes of the committee meeting
- e. Any other supporting documentation

The best offer is the offer that meets all the selection criteria – or best meets them - at the best price.

5. Technical expertise

Offers / proposals for complex goods / services will be submitted to the requestor for technical evaluation in accordance with the award criteria listed in the solicitation documents; however, all pricing information should be removed from the offers / proposals prior to the technical evaluation.

6. Bid Opening Evaluation sheet

Members of the Bid Committee need to fill and sign an Evaluation sheet at the end of the bid opening process. The aim of the Evaluation sheet is to analyze if the Bid Opening process was fair and transparent and if there is any reason for questioning the process.

7. Final approvals

The Bid Summary report and the Bid Opening Evaluation sheet should be reviewed and approved by the Support Director/Procurement Manager and the Finance Manager.

Rejection of offers / proposals

The Conditions for Purchase Orders or for Service Contracts, submitted with each RFQ, ITB or RFP, contains a statement concerning Organization right to accept or reject any offer / proposal prior to the award of contract and to annul the bidding process and reject all offers at any time .all offers / proposals may be rejected and new ones solicited based on the same or revised specifications. Such action should not be taken for the sole purpose of obtaining lower prices. Rejection of all offers / proposals is justified when an insufficient number of substantially responsive offers / proposals is received or when there is a lack of effective competition.

All information pertaining to offers / proposals must be treated as highly confidential and must not under any circumstances be disclosed to other bidders or to officials not directly concerned with the evaluation process.

8.6 Purchase Order

The Purchase Order or Contract shall be awarded to the selected/qualified bidder whose bid is evaluated to be the best offer/proposal that fully meets or best meets the requirements.

Local Purchase Orders should be utilized to establish contractual obligations for purchases under 10,000 \$.

The basic data in a Purchase Order or Contract are:

- Contract number and date;
- Page number and number of pages (1/3);
- Vendor's Name address, contact person and phone number;
- Supplier reference number;
- Consignee and, if different, delivery address;
- Trade terms.
- Mode of shipment and transshipment point (via);
- Delivery date (never "ASAP");
- Cash terms (prompt payment discounts);
- Item number(s);
- Complete description of goods or services;
- Quantity, unit of measure, unit price and total for each item;
- Total order value;
- Buyer name and phone number;
- Authorized signatures.

Purchase Orders or Contracts should be issued according to a numerical sequence of reference numbers. A record of these documents should be maintained. This record should contain, as a minimum:

- Contract number, in sequence, and date;
- Supplier's name;
- Short item description;
- Total order value;
- Requisition reference;
- Buyer reference.

The INCOTERMS give a uniform set of guidelines for the interpretation of buyer and supplier obligations under three main headings:

- Place of delivery;
- The division of costs;
- The point at which the insurance risks pass from the supplier to the buyer.

Supplier Acceptance: The confirmation or acceptance by the supplier for the order, acknowledges what the understanding by the supplier is on the order. This should be reviewed to ensure what was intended to be ordered by GFO is confirmed by the supplier. If there are any discrepancies it's important to resolve these early in the ordering process.

Advance payment: Advance payment should be avoided whenever possible. If unavoidable, the Procurement Manager in conjunction with the Finance Manager may approve advance payments. He / she is also responsible for ensuring that advance payments are only authorised:

- Where the advance payment is fully justified
- Where the advance payment does not present a financial risk to GFO.

Inspection of consignments at various stages in the supply process assures quality and quantity control of the goods provided. To minimize problems encountered on delivery, consider the need for inspection services by a neutral inspection company for each contract. The services of an inspector may range from a general pre-shipment inspection to inspection during all stages of production and laboratory analysis.

Insurance coverage should be considered at least for high value or otherwise critical contracts. Certain INCOTERMS make transport insurance a part of the supplier's responsibility. Transport insurance can usually also be obtained separately through a freight forwarder.

If progress payment is requested by the supplier and has been negotiated, it must be specified in the contract.

Change (including cancellation) of an outstanding contract must be made in writing to the Procurement Manager, who will consult with the requestor and the supplier. Under no circumstances will the requestor contact the supplier directly. If change is approved, a new contract has to be issued with the words "**Change Order**" written on the top of the page. A description of the changes should be written into the body of the contract.

8.7 Communication with vendors

Before bid opening

No bidder should be requested or permitted to alter the offer / proposal after the closing. Any bidder may however be requested to clarify an aspect of an offer / proposal, but no change in the substance or price of the offer/proposal shall be sought or permitted. Communication with vendor should be well-documented in the notes / minutes of the Purchase Committee meeting. Prior to award, no information may be revealed concerning offers/proposals such as relative standing, names of bidders, etc. Under no circumstance will any bidder's confidential information be disclosed to another supplier.

Extension of validity

The evaluation and award of the contract should be completed promptly within the period of the validity of offers / proposals as stipulated in the solicitation documents. If justified by exceptional circumstances, an extension of validity should be requested in writing from all bidders before the expiration date. When an extension of the validity period is requested, bidders should not be asked or permitted to change the price or other conditions of their offer / proposal. Bidders have the right to refuse to grant such an extension. Any bidder not granting an extension automatically declines his / her further participation in the concerned bidding process.

After bid opening

Following the evaluation of bids and Management's approval of the vendor selection, a Letter of acceptance will be issued to the successful supplier.

Unsuccessful bidders should also be informed in writing with the standard regret letter by, e-mail or fax in a timely manner, only after the successful bidder has been notified. Letters to vendor should be included in procurement files for future reference.

9.0 Local Service Contracts

For engagement of services (less than 5,000 \$), GFO Local Service Contract will provide adequate documentation for contracted services / transactions. The form can be used for a wide variety of activities such as daily labourer wages, vehicle repairs, or one-time vehicle leases.

A written "contract" is a legal document that details every aspect of an agreement between GFO and the Seller or Service Provider.

Contracts also serve as evidence to GFO, donors, and auditors that all reasonable precautions have been taken to safeguard funds. The contract documents the elements of the agreement and is the basis of any recourse to law in the event of a dispute. Care must be taken when drawing up a contract of any sort. Any omission, inconsistency or ambiguity in a contract may render it useless should it be presented to a court of law.

A Contract will be drawn up when:

- Value of purchase of goods exceeds 10,000 \$.

- The purchase value for procurement of services is greater than 5,000 \$.
- Payments, delivery or guarantees are to be made / provided in whole or in instalments in the future. There should be a contract if at any point in a transaction either or both of the parties are vulnerable to loss should the agreement not be met.
- Local Purchase Order or Service Contract does not facilitate full documentation of the agreement.
- Non-standard GFO terms and conditions are agreed to.
- Preferred Supplier Agreements.
- Lease Agreements.
- Construction contracts.

The contract format should be adapted to fit specific situation, Name of Seller, Payment Terms, Delivery dates and location, etc. Two copies of the contract should be printed 'Legal Stamp Paper' and each party to the contract should receive one original signed copy of the agreement.

Given the complexity of contracts, all contracts should be reviewed by the Finance Manager prior to obtaining Approval of the Director General (or his/her designate). It is strongly recommended that GFO consult local legal counsel for contracts above the value of 50,000 \$ and / or if there are any doubts concerning any element of a contract.

Terms of Payment - choices may include: total contract value, advance payments, instalment payments, and final payments. State where and when payments are to be made in what form and to whom. State which party is responsible for all bank or legal charges, taxes and duties.

If advance payments or instalment payments are made to a supplier, every effort to minimize GFO exposure to risk must be made.

9.1 Preferred Supplier Agreement

Preferred Supplier Agreements are agreements between GFO and a pre-qualified outside suppliers and vendors in which the suppliers and vendors agree to provide value-added (lower prices, monthly billing, etc.) goods or services, GFO in return for preferred status as a supplier.

It should be clearly understood that Preferred Supplier Agreements are not the same as Sole Source purchasing. Sole Source purchasing refers to a fully documented process of procurement where either limited or alternate suppliers were unavailable at the time.

Preferred Supplier Agreements can offer a number of advantages to GFO; namely:

- Speeds up the procurement process by eliminating the 3-bid requirement for each and every individual purchase of a good or service.
- Places GFO in a stronger position to negotiate prices and terms with the supplier and set an agreed exchange rate where currency may fluctuate.
- Allows, GFO to develop standard specifications with the supplier.
- Reduces administrative costs and time.

- Allow closer control and monitoring of GFO / Supplier relationships and associated compliance issues.
- Allows GFO to maintain standardized equipment.

Typical examples of where Preferred Suppliers could be used are:

- Stationary / office supplies vendors
- Vehicle fuel stations
- Vehicle maintenance workshops
- Travel Agents
- Vehicle Rental Companies

The establishment of a Preferred Supplier Agreement must go through the competitive process with the decision to appoint any one supplier being fully justified and documented. Selection procedures should be initiated with Request for Quote based on a standard basket of goods and / or services and follow sealed quotation procedures and bid analysis by a Committee.

10.0 Lease Agreement

Buildings

GFO generally enters into Lease agreements for Building s /Office space, houses, equipment leases and long term rental of vehicles.

The proposed lease agreement should be accompanied by approved Goods / Service Requisition form and include at minimum the following:

- Term of Lease.
- Monthly rental.
- Total amount of rental.
- Security deposits (if any).
- Responsibility for maintenance.
- Options for termination of the lease.
- Cost Centre / Grant budget code.
- Memo description of need and justification (if applicable)

Prior to approving the proposed lease agreement, the GFO, Finance Manager and the Procurement Manager will review the proposed lease to:

- Ensure that such a contract is allowable under, GFO and donor regulations.
- Ensure the contract contains clauses that adequately protect, GFO Analyze lease versus buy options.
- Ensure contract period does not exceed the period for which funding has been secured.

Transport

There are many potential pitfalls involving transport of goods (and transportation documents). In Sudan context the goods will be transported mostly by trucks to the field offices. In order to hire a reliable transporter, the following process should be conducted.

Enquiry

- ❖ Raise a Goods/Services purchase request
- ❖ Identify at least 3 potential transporters
- ❖ Individual owners should be approached (Cars)

Selection (Criteria)

- ❖ Capacity
- ❖ Quality
- ❖ Reliability
- ❖ Flexibility
- ❖ Cost
- ❖ Reputation

Award

- ❖ Clear terms of reference should be developed. Proper agreement. Signed by both parties

Payment

- ❖ All the way bills should be collected, summarized in Transport formats.
- ❖ Deduction should be made based on the cost and responsibility of each party
- ❖ CTS should verify the document.
- ❖ Approval should be done as per LOA.
- ❖ Log book is required for the light cars. (4WD)

Performance

Once an agreement period of a contractor is over, it is recommended to review the performance of that service provider.

Approval for exceptions in emergencies

If the emergency situation qualifying for a waiver from competitive bidding requirements extends beyond 15 days, the National Office needs to obtain an emergency relief waiver from the National Office.

Essential procedures to follow

Always ensure that items and services being procured are recorded. Ensure that one person takes ownership for this tracking, so that when costs are trying to be recovered, records exist of what was purchased and when.

Recommended By: **Jamal Hamad El Nil**

Finance Manager

Jail

Date *July 07, 2016*

Approved By: **Mohammed El Tahir Asil**

GFO G. Manager

At

Date

July 7th, 2016



Approved By: **Mohammed El Tahir Asil**

GFO G. Manager

Date