

**PROCUREMENT**

**MANUAL**

**(5th Version)**

**CHURCH WORLD SERVICE**  
**PAKISTAN/AFGHANISTAN**

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## **I. Introduction:**

An efficient procurement system ensures that right items are obtained and supplied at the right time and within the approved budget. CWS-P/A system will help to ensure that several problems that can be encountered are avoided if possible. As errors can lead to monetary loss and delay in project work.

This manual supersedes all the previous Procurement Policies & Procedures. This manual is in effect from January 2013.

This manual has been prepared to provide information and direction to all departments and Sub offices of the organization. Its primary purpose is to communicate policies and give guidance to all staff with purchasing authority. It is the responsibility of all staff members to adhere to the policies contained in this manual. Purchasing gives prime consideration to the organization's interests, while seeking to maintain and further long-term, mutually profitable, ethical supplier relationships.

This manual will be revised and supplemented, as required, to meet new needs, statutes, and conditions. An important part of this updating process depends on the constructive comments, information, and suggestions received from the users.

### **1.1 Objectives of Procurement Department:**

Support and provide CWS-P/A with all necessary purchase requirements for the organization and its beneficiaries in the most efficient, economic, ethical and transparent manner.

Having a good procurement management process to ensure supply of goods is readily available by establishing a professional network in the open market with manufacturers, wholesale supplies and vendors for delivery of quality goods.

### **1.2 Procurement Statement:**

Church World Service – Pakistan / Afghanistan (CWS-P/A), in carrying out its mission of providing relief and development assistance to the economically disadvantaged in the developing world, is often required to engage in the purchase/procurement of goods and services that will, directly or indirectly, benefit to the value of our beneficiaries.

To all donors, CWS-P/A has the responsibility of optimizing all available resources and ensuring that all materials and services acquired are done so in an effective, equitable, economic manner while striving to maintain compliance with high standards and specific regulations.

CWS-P/A offices, procurement department or authorized personnel will purchase all goods and services on the best terms consistent with the required quality and delivery. Acquisition will be without favoritism and on a competitive basis, whenever practical, to obtain maximum value for each amount spent. All interested suppliers shall receive fair and impartial consideration.

Affirmative action will be taken to provide maximum practical opportunity to minority, women, and small businesses, to participate as suppliers and contractors in the acquisition of goods and services by CWS-P/A. Those responsible for procurement shall continuously conduct searches of the market for new sources of supply. Any form of discrimination is prohibited in the purchasing processes.

### **1.3 General Principles and Ethics:**

Ethical business standards shall govern all transactions. Employees must be aware of situations and circumstances requiring prudent action.

Employees conducting business transactions on behalf of CWS-P/A hold a position of trust, which dictates that their actions should be governed by the highest standards of personal and business conduct based on the following:-

- Avoiding the use of enterprises which are known to be, or suspected of, being corrupt.
- Refusing to use national or international firms which are known to have, or suspected of having, unethical investment policies.
- Refusing to use enterprises in which a staff member has any business interest.
- Refusing any commission or offers of commission, in money or in kind.
- Buy competitively and to develop good relationships with the supplier community and the Market of CWS-P/A.
- Coordinate and verify availability of funds from Financial Controller and Respective AD.
- Maintain adequate records to allow the management of CWS-P/A to evaluate suppliers' performance, assess accountability and control, and take necessary corrective measures to ensure ethical and sound business practices.
- Exercise the necessary controls to ensure compliance with donor requirements, and CWS-P/A guidelines with regards to purchase transactions, so as to optimize value and maximize reimbursement.
- Provide leadership in the specification and standardization of materials, supplies, equipment, and services.
- Meet the unique needs of the acquiring department, including speed and location of delivery, quantity, custom design requirements, etc.

#### **The main Factors that we consider are:**

- Quality
- Quality of after-sales service (if applicable)
- Speed of delivery
- Local benefits to the economy & small business importation policies & procedures (if applicable)

- Political & cultural sensitivity
- Reputation of the supplier (registered, having credibility in the market)
- At the right or best possible price
- Warranty
- Route Security
- Insurance
- Availability of credit line
- Owner is a woman or ethnic / religious minority
- Transport cost and tax amounts

#### **1.4 Code of Conduct for Suppliers:**

- Employment is freely chosen.
- The rights of staff to freedom of association and to collective bargaining are respected.
- Working conditions are safe and hygienic.
- No exploitation of children.
- Wages paid are adequate to cover the cost of a reasonable living.
- Working hours are not excessive.
- No discrimination is practiced.
- Regular employment is provided.
- No harsh or inhumane treatment of staff is allowed.

#### **1.5 Use of Funds:**

All applicable regulations and procedures regarding use of and accounting for government and other donor funds must be specifically followed. Any deviation from donor regulations or contractual terms, including emergency situations, shall be undertaken only after the written approval of Respective Deputy Director.

#### **1.6 Use of CWS-P/A Tax Exemption Status:**

CWS-P/A when making purchases to eliminate local duties and taxes should use CWS-P/A tax-exempt status. Government of Pakistan allowed the zero rated sales tax on the goods that have to be used for the relief & rehabilitation of deprived people in Pakistan. Therefore wherever possible when procuring items that includes the sales tax, CWS-P/A will use this facility to better use of the donor's fund. The country agreement should have to be consulted wherever there is a need for some clarification.

- CWS-P/A staff members are not permitted to use CWS-P/A tax-exempt status for making personal purchases so as to eliminate domestic sales tax.
- All Employees others associated with the organization may not obtain any personal or financial benefit for themselves, relatives, associates or friends, while purchasing any type of goods or services for CWS-P/A.

## **2. Proprietary Information:**

Proprietary information exchanged during transactions shall be identified and treated in the manner clearly agreed upon by both CWS-P/A and the supplier e.g. specifications, proposal or quotation particulars, proofs, printing plates, drawings, etc.

### **2.1 Incentives:**

CWS-P/A regards each supplier as a business partner, and as such, the organization feels it is important to maintain an atmosphere of honesty and integrity in its affairs. CWS-P/A's ethical policies are simple and straightforward. Selection of suppliers is based exclusively on quality, service, price, and suitability to the organization's needs. Employees shall not solicit, request, accept, or agree to accept any significant gift from a supplier or prospective supplier. A significant gift is defined as any tangible item, service, favor, credit, or discount of value, not available to others, that could influence actions. No monies are to be accepted as a gift for any reason whatsoever. In addition, CWS-P/A's funds should not be used to provide gifts to suppliers or any other group.

### **2.2 Donations:**

All offers of donations to CWS-P/A by suppliers or vendors must be recorded by the Finance department

### **2.3 Conflict of Interest:**

No employee, officer, or agent shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest is involved. Such a conflict could arise when the employee, officer, agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the supplier selected for an award. Employees directly responsible for purchasing should not have any personal or family interest, involvement, or financial relationship with a supplier that might impair objectivity or freedom of judgment. If possible, these employees should avoid using CWS-P/A suppliers for personal needs. If CWS-P/A employees find it necessary to use a supplier that the organization uses, the Respective AD and DD must be notified for approval of this.

Failure to comply may be a cause for disciplinary action up to, and including, termination.

### **2.4 Documentation (Records):**

Personnel turnover and the frailties of the human memory make accurate documentation of the negotiation essential. The documentation must permit a rapid reconstruction of all significant considerations and agreements. It is critical that we, as an Organization, perform due diligence and demonstrate good stewardship over all donor fund sources.

Documentation begins in the Procurement department with the receipt of a purchase requisition and continues with the selection of suppliers and their quotations till the end of the purchase i.e. goods received note. Documentation of the actual purchase must be adequate to allow someone other than the buyer to understand each purchase's supplier selection.



In accordance with good records and standards – Procurement records and files/voucher for purchases shall include the following at a minimum:

- Basis for Supplier selection
- Justification for lack of competition when competitive bids or offers are not obtained, and
- Basis for award cost or price

Purchasing documentation and records should be maintained either in “electronic” or “paper” format for a minimum of *two years in the office and five years in temporary storage*

### **3. Purchase Functions and Policy:**

#### **3.1 Main Functions for Procurement:**

The main functions for Procurement department can be summarized as follows:

- Identification of sources for goods and services, and negotiation of favorable terms with suppliers on a competitive basis with regard to price, item quality, delivery time and credit terms
- Ensure that Purchase Request form is filled correctly by requesting dept/staff with complete details and specification.
- Issue of Request for Quotation to supplier. ( where applicable)
- Evaluation of sources with regards to quality of product and service, price, reliability, and delivery time.
- Execution of purchases in the best interest of CWS-P/A, consistent with donor and other regulations.
- Placement of Purchase Orders with the selected supplier and contracts where necessary.
- Send out regret notes to non qualifying suppliers.
- Monitoring of the Purchase Order until the items are delivered to the designated location. Communicating with departments or sub offices throughout the procurement process until goods has arrived at the designated location.
- Maintenance of Purchasing records for control and reference.
- Development and maintenance of an “Approved Supplier” list and product file for quick reference
- Overall ownership responsibility of the procurement process.

### **3.2 Main Functions of Internal Control and Accountability:**

- The IC&A dept will carry out an objective inspection of related documentation of the procurement process to ensure the effectiveness of the procurement policies, procedures and standards have been met, verify quotations, market survey and supplies evaluation
- The internal auditor will have to verify the bid process.
- The internal auditor will have to furnish reasonable justification/evidence for not approving bids.
- The IC &A dept will have to review the existing policy annually and suggest methods for improvement in the procurement system to the management if required.

### **3.3 Currency:**

All currencies referenced in this manual reflect Pak Rupees

### **3.4 Efficient Procurement Planning:**

In order to obtain competitive prices, negotiate on proper terms and conditions with suppliers, and ensure the availability of goods and services when needed, it is important to prepare a procurement plan for each program and department.

Procurement plan must be submitted at start of the project by Project Manager or concern staff to procurement department for their review and clarity on the specifications, required time period and other similar details to ensure procurement and delivery is done as per the project requirement.

The procurement plan document OPS/03/xxx after being reviewed by Procurement Manager, is shared with respective Deputy direct for final approval.

Note:-

- Timely and realistic advance planning of requirements by all departments. Requisitioning departments should familiarize themselves with “standard lead-times” by material/commodity or service type
- An urgent need resulting from a delay by staff, members, or partners responsible, or by the failure to plan adequately, does not qualify for a waiver.
- Determination of priorities - The requisitioning department should identify a logical sequencing of procurement needs in alignment with identified objectives and provide enough lead-time to avoid urgent requests.
- Verification of budgets, valid budget codes, and available resources.
- Efficient stock control on fast moving items, departments should maintain an inventory of supplies and order new supplies with enough lead-time to avoid depletion of existing stock prior to receiving a requested shipment.
- Advance preparation of proper purchase requisitions with clear specifications of the goods and services required, sources of supply (when they are known) and desired delivery time.

### **3.5 Best Purchasing Practices:**

All purchasing transactions shall be conducted in a manner to provide, to the maximum extent practical, open and fair competition among suppliers. It is critical that we perform due diligence and demonstrate good stewardship of all donor-sourced funds. In order to achieve this, CWS-P/A will request at least three quotations for purchases whose total value (not the value of individual items in a purchase request) is estimated to be Rs 200,000/= (rupees two hundred thousand only) or more. However the larger the tender pool, the more competitive bids can be done. If more bids can be easily obtained, it is advisable to do so. Where proposed contract relates to sourcing from a sole source of supplies or services, the procurement department/ authorized staff must document the reasons. Such as:-

- Availability of only one supplier possessing the required goods and services.
- Donor restriction
- Highly specialized products

Where CWS-P/A Procurement department become aware of non-competitive practices among suppliers, or a conflict of interest among suppliers or between suppliers and any staff working for CWS-P/A, the organization will suspend the bidding process and start a new process.

Offers shall be made to the bidder whose tender/bid fully complies with the solicitation and is most advantageous in terms of quality, delivery time, price, terms of credit, performance and any other relevant factors. For this reason, it is imperative that all requestors provide all necessary information and specifications accurately so that the solicitations sent to potential suppliers clearly establish all the requirements that the bidder is expected to fulfill.

All contracting-related information provided by suppliers and/or potential suppliers must be treated confidentially and must not be disclosed to other suppliers or to any other third party. Collaboration with other INGO's organizations regarding supplier references, performances, and verification of market prices for commodities and services is permitted.

The Procurement department or authorized staff will monitor the delivery of items by checking with suppliers to ensure that they carry out their contractual obligations. Appropriate measures will be taken, including the cancellation of an order, if a supplier is derelict in his obligation to CWS-P/A.

Where goods are of a higher volume and qty / where the org see appropriate, the services of an external surveyor will also be considered depending on the Donor requirement and budget for the inspection of goods before they have been delivered to the Beneficiaries. . This may also include lab tests for food commodities under local specifications/Pakistan specifications.

It is critical that CWS-P/A's Procurement department or authorized staff remain proactive in the continuous search for competent and reputable suppliers and that an

“approved supplier” list, by commodity/material, is maintained for use when purchasing requests are made.

### **3.6 Suppliers’ Management:**

A supplier database will be maintained By CWS-P/A, which will identify approved suppliers while recording and monitoring their performance. Procurement request for any and all location will be from the approved suppliers list, giving all vendors an equal opportunity to quote prices and terms for procurement throughout the region/country.

The Internal Auditor will access the current and previous transactions of suppliers for future procurements if required

Members and partners are requested to actively contribute to this database by providing information on current or potential future suppliers. Potential suppliers may send in their profile to be registered with CWS-P/A. Suppliers requesting an opportunity to tender an offer should be given the opportunity to do so, unless there is evidence that the firm lacks sufficient capacity.

### **3.7 Enlistment of suppliers:**

The following factors have to be taken into consideration when enlisting vendors to CWS-P/A approved suppliers list.

- Approved supplier list available with CWS-P/A,
- Past procurement experience / relationship,
- Checking with the other INGO’s
- Yellow pages
- News Advertisement/EOI
- Market survey (Market surveys are conducted as per need, by the procurement Dept. / authorized staff. The process is documented on the market survey form) A written justification must be given to select the supplier.
- For procurement of good/commodities (emergency supplies, health, assets, equipment and services) whose total value is 1 million or above, suppliers must be registered within the legal frame work of the govt. possessing various standards like registration, chamber membership,
- Suppliers’ Profile and further assurance of their business being certified by ISO or other similar standards for providing quality goods and services will add to enhance the repute of the supplier.

### **3.8 Debarment of Suppliers:**

Suppliers are debarred from CWS-P/A’s approved suppliers list on the following grounds

- Supplier has provided sub-standard goods and has refused to replace them at his own account/cost.

- Findings reveal that suppliers has established or trying to maintain contact and connection with concerned staff of the org. to gain personal favors etc.
- Suppliers do not give timely information to procurement/ concerned staff for change in delivery schedule, or change of brand in case of non availability.
- Suppliers have stopped responding to bids without stating justification for more the three Requests for Quotations.
- Suppliers drop out after being awarded tenders and Issue of PO and contract. Without assigning adequate justification.
- Suppliers failure to deliver consignment at the designated place and refusal to take responsibility
- Contravening the code of conduct for suppliers would be a reason for disassociation and debarment.

The above findings must be stated on the evaluation form and forward to internal auditor for review who will ensure that the findings are correct and will then issue a memo to the procurement department to debar the supplier from the approved supplier list and henceforth Request for quotation should not be sent to the concerned supplier.

### **3.9 Emergency Purchases:**

The purchasing process shall remain the same in emergency situations. Purchases, (whether made locally by the sub offices i), must be supported by any and all bid and supplier selection documentation. Under normal purchasing circumstances, Procurement ranks the three key purchasing factors as such: quality, delivery, and price. In emergency situations the ranking factors change to: delivery, quality, and price. Delivery time often becomes the critical factor in emergency situations, especially during “rapid onset” or acute emergencies and not the delays in planning. Nonetheless, it is important that the procurement process is documented to reduce organization liability and to ensure adherence to donor requirements. Documentation does not imply additional delays in the delivery of goods. During a particular situation dictate a rapid response; the situation should be documented as with any purchase noting the reasons, if warranted, why standard purchasing protocol was not followed.

### **3.9 a Emergency Purchases: (Relief Goods):**

Procurements for immediate relief may be purchased by order of Regional Representative on single quote, through approved supplier of CWS-P/A. These may be order only in extreme conditions when any hold up in relief may endanger human life, such as natural disasters like, earthquake, floods, drought etc.

Exemptions may be granted in the following situations.

- Prices or rates are fixed according to national legislation, or by regulatory authority
- Emergencies situations where relief supplies of food/shelter/medicines are required immediately.
- The proposed contract relates to sourcing from a sole source of supplies or services. This occurs only under very special circumstances such as:

- 1) Availability of only one supplier

- 2) Donor restrictions;
- 3) Highly specialized products or required product is not readily available in the open market and need is urgent.

The authority to grant a waiver lies with the RR and DD, however the staff/ program person must ensure that request is made in writing and approval for the same must be notified to the procurement manager, internal auditor and bid committee.

**3.9 b Repeat/follow on purchases:** Repeat orders may be placed to suppliers, which have previously undergone a bidding process and have been selected, not more than 30 days (or depending on the validation date on the TORs of the related quotation) of time, do not need to go through the bidding process again if the supplier has already agreed to “hold” specifications and pricing for a specified period of time. Document this fact by making copies of the previous quotes and include as documentation with the new Purchase Order. In case of changes in the specification, prices and term and conditions the bidding process will be undergone again.

However, if repeat orders have to be placed for particular goods where only the delivery destination has changed and this would have an effect on the transportation cost then based on a revised quote from the selected supplier, orders can be placed without undergoing the bidding process.

The Internal Auditor will review the procurement / bid process, and will submit the Bid Analysis to the respective Deputy Director / Regional Representative for final approval of the bid.

### **3.10 DEFINITIONS:**

#### **a. Fixed Assets Expenditures:**

Fixed asset expenditures (fixed or capital asset purchases) are defined as purchases of tangible long-lived assets (life of 3 years or greater) having a cost of Pak 20,000/= or greater. This would include any related asset purchases as defined in accounting policies. Costs to repair or refurbish an existing fixed asset, even if the repair costs exceed Pak 20,000/= would not be considered capital expenditures unless the useful life of the asset had been significantly extended (example – repair of a vehicle damaged in an accident).

All capital expenditures must have either been approved in the budget or approved in the budget amendments prior to do the procurement.

All capital expenditures must be listed on an Inventory Sheet of fixed assets regardless of what project was used in acquiring the item.

#### **b. Emergency Supplies / Relief Goods / Health:**

Emergency Supplies include those goods for food, shelter and non food items which are provided to beneficiaries for relief and rehabilitation to them during any disaster.

This is further defined as under:-

- Emergency Supplies, Relief Goods

- Health (Medicines, health kits, )

**c. Construction:**

Any activity undertaken for construction of building i.e. Renovation partial or complete setting up of new structure etc would come under this scope.

**4. Purchasing Process Cycle:**

Planned purchases should be submitted by way of an approved requisition form and forwarded to the Procurement department. This applies to all assets, material/goods purchases & construction contracts. Anyone submitting a requisition must adhere to the following procedures:

**4.1 Purchases less than Rs. 50,000**

The definition of less than Rs.50, 000 is any single item or the sum of multiple items that make up a single purchase request that is estimated to be less than Rs.50, 000.00

**a. Requisitions:**

Staff member may initiate purchase requests through their supervisor/coordinator, this request should be then forwarded and approved by the Program Coordinator or Equivalent person who will assess the need and verify the budget for this procurement. Verification of budgets (that the left over budget is enough to cover the estimated purchase costs), valid budget code, and available resources should be performed, prior to authorizing purchase requests also keeping the respective AD & Procurement Manager in loop of the request. All requests must be submitted on the purchase request form (OPS/3/049).and reviewed by the following staff of Operations as per the following:-

Operations Manager/Office Manager/Location Managers/Office Administrator

If procurement request are initiated by an AD, DD or Head of Dept then the request must be reviewed and approved by their immediate supervisor.

A request for quotation (RFQ) is not mandatory for purchases below Rs 50,000.

For purchases between Rs. 5,000 to Rs. 50,000/- market survey is also not required.

A Purchase Request form is not filled out for general and routine items or whose value is below Pak Rs 5,000 (Rupees Five Thousand Only) and an equivalent Rs 2,500 (Rupees Two Thousand Five Hundred Only) in Afghan Currency.

**b. Issuance of Purchase Orders and Contracts**

The Procurement Department /Authorized Staff upon approval of the Internal Auditor will issue the purchase order.

Purchase Order (OPS/3/051) and Contract (MR/3/040) for fixed asset, relief goods and bulk purchases and services for maintenance etc. under rupees fifty thousand (Rs 50,000) is issued only if required by supplier

**c. Goods Inspection:**



Inspections of goods are done on the Goods Inspection Performa (OPS/3/052) for **relief goods** the survey team will inspect the goods before these are dispatched to the required destination. For other goods this can be done during the purchase and delivery of the goods.

**d. Receiving of Goods:**

When the goods are delivered either to warehouse or offices the authorized staff will ensure to acknowledge the goods and fill out the good receiving note (OPS/3/053). At the time of delivery to the CWS-P/A, the receiving staff will compare the received goods with the Purchase Order. Great care must be taken to accurately count the items received, verify labeling and note any damages or shortages.

If the any damage or loss is happened then a rejection and replacement form (OPS/3/054) must be filled out by the authorized staff.

**e. Transfer of Goods:**

A transfer form (OPS/3/025) is issued when goods (fixed assets and relief goods) are sent out to any other or location. This would contain all details of the goods, place of delivery and its purpose.

**f. Payment:**

Suppliers' invoices should be processed by the procurement department / authorized staff and before submission to the finance the invoices will be verified by the Internal Auditor. While processing, reference should also be made to any applicability of taxes

Finance Department / Internal Auditor will perform a standard document match. A match consists of the following documents

**Advance payment to Supplier:**

- Budget copy
- Purchase requisition form
- Quotations (where applicable)
- Purchase order (where applicable)

**Final payment to Supplier:**

Along with all the documents in advance the following are the documents to be attached at the time of final payment

- Waybill/delivery note from supplier duly received
- Goods received note
- Invoice/bill from supplier duly verified by the Internal Auditor
- Certificates i.e. NTN, registration (if applicable)
- Other documents (according to need)

The Finance dept / Internal Auditor should verify that the Purchase Order number is on the supplier's invoice, that the prices equal the prices per the Purchase Order, and that the quantities invoiced equal both the quantities ordered as well as those received. If the purchase order price does not match the supplier invoice, then finance dept / Internal Auditor will contact the Procurement department/Authorized Staff for

resolution. If the invoiced quantities do not match the receipts or issue of bad quality as per the Goods Inspection Performa (OPS/3/052), then finance dept / Internal Auditor will contact the procurement department / authorized staff to resolve this issue. An invoice should not be paid until all discrepancies are resolved.

The duration for payment of cheque is seven (7) working days after receiving of the complete documentation.

\* Supplier evaluation is not necessary to fill out.

**4.2 Purchases above Rs. 50,000 Up to Rs.200,000** The definition of above Rs.50,000 but less than 200,000 is any single item or the sum of multiple items that make up a single purchase request that is estimated to be above Rs 50,000/= but less than Rs.200, 000

**a. Requisitions:**

Staff member may initiate purchase requests, this request should be then forwarded and approved by the Program Coordinator or Equivalent person who will assess the need and verify the budget for this procurement. Verification of budgets (that the left over budget is enough to cover the estimated purchase costs), valid budget code, and available resources should be performed, prior to authorizing purchase requests also keeping the respective AD & Procurement Manager in loop of the request. All requests must be submitted on the purchase request form (OPS/3/049).and reviewed by the following staff of Operations as per the following:-

Operations Manager/Office Manager/Location Managers/Office Administrator

If procurement request are initiated by an AD, DD or Head of Dept then the request must be reviewed and approved by their immediate supervisor.

A request for quotation to supplier can also be issued for goods above Rs 50,000/= but below Rs 200,000 where required.

Authorized procurement staff will get minimum three estimates/ quotations to ensure price range of the goods and will get approval of Procurement Manager.

**b. Issuance of Purchase Orders:**

The Procurement Department /Authorized Staff upon approval of the Procurement Manager will issue the purchase order (OPS/3/051).

**C. Goods Inspection:**

Inspections of goods are done on the goods inspection Performa (OPS/3/052) for goods/supplies the survey team will inspect the goods at the time of delivery. For other goods this can be done during the purchase and delivery of the goods.

\*Survey Team (Relevant Technical staff where applicable)

**e. Receiving of Goods:**

When the goods are delivered either to warehouse or offices the authorized staff with ensure to acknowledge the goods and fill out the good receiving note (OPS/3/053). At the time of delivery to the CWS-P/A, the receiving staff will compare the received goods with the Purchase Order. Great care must be taken to accurately count the items received, verify labeling and note any damages or shortages. If the any damage or loss

is happened then a rejection and replacement form (OPS/3/054) must be filed out by the authorized staff.

**f. Transfer of Goods:**

A transfer form (OPS/3/025), is issued when goods (fixed assets and relief goods) are sent out to any other or location. This would contain all details of the goods, place of delivery and its purpose.

**g. Payment:**

Suppliers' invoices should be processed by the procurement department / authorized staff and before submission to the finance. While processing, reference should also be made to any applicability of taxes.

Finance Department will perform a standard document match. A match consists of the following documents.

**Advance payment to Supplier:**

- Budget copy
- Purchase requisition form
- Quotations (where applicable)
- Purchase order (where applicable)

**Final payment to Supplier:**

Along with all the documents in advance the following are the documents to be attached at the time of final payment

- Waybill/delivery note from supplier dully receive
- Goods received note
- Invoice/bill from supplier duly verified by the Internal Auditor
- Certificates i.e. NTN, registration (if applicable)
- Other documents (according to need)

The duration for payment of cheque is seven (7) working days after receiving of the complete documentation.

\* Supplier evaluation is not necessary to fill out.

**4.3 Purchases Equal to Rs 200,000 Up to Rs. 1 Million:**

The definition of equal to Rs 200,000 and above is any single item or the sum of multiple items that make up a single purchase request that is estimated to be equal to Rs 200,000 but less than 1,000,000

**a. Requisitions:**

Staff member may initiate purchase requests through their supervisor/coordinator, this request should be then forwarded and approved by the respective AD who will assess the need and verify the budget for this procurement. Verification of budgets (that the left over budget is enough to cover the estimated purchase costs), valid budget code, and available resources should be performed, prior to authorizing purchase requests also keeping the respective DD and in the loop of the request. All requests must be submitted on the purchase request form (OPS/3/049), and reviewed by Operations as per the following:-

Operations Manager/Office Manager/Location Mangers/Office Administrator

If procurement request are initiated by an AD, DD or Head of Dept then the request must be reviewed and approved by their immediate supervisor. Authorized staff of procurement department will circulate request for the quotation (format#) to approve supplier list available with CWS-P/A. However he/she may send RFQ supplier outside the approved list with consents of Procurement Manager.

**b. Request For Quotation Procedures:**

Upon approval of the request the procurement department will proceed for quotation through the approved supplier list available with CWS-P/A,

The procurement department/authorized procurement staff will issue out a request for quotation from (OPS/3/067). When request for quotations are sent to vendors this must first be approved or reviewed by Procurement Manager who will have to ensure that the details on the RFQ/Tender/Advt. is complete with all necessary information, and also keep a note that all registered suppliers as per profile are sent the RFQ/Tender to competitive tendering This request form will contain all the necessary details to the supplier such as:-

- Complete description, details and specification of goods required
- Where necessary samples should also be submitted by the suppliers along with the quotations to ensure the quality of the goods.
- Time and place for submission of bids.
- The submission criteria (i.e. sealed and stamped envelopes, or email, has to be sent to the specified location of cwspa to the bid committee members).
- Delivery schedule ( a complete plan should be laid out for delivery or completion)
- Transportation cost.
- Insurance coverage from shipment to delivery.
- Details of goods inspection where applicable.
- For procurement over (5) five million a bank guarantee is required and for procurement over (3) three million but below (5) five million the supplier may provide security deposit.
- Payment terms.
- The name and address of the organization.
- The packing and marking of the commodities required – the supplier is required to pack the goods as per tender and contract specifications. All bag/carton markings must be in accordance with the specifications provided:
  - Letter height min, 2cm.
  - Description of product in the specified language.
  - Not for Sale / Donated by.
  - Net weight per bag/ liter per container.
  - Logo.
  - Any other details.
- Standard bag markings and product labels will not be required in situations where it would be unduly expensive, could significantly delay the delivery of the food, or would create undue offence and threaten the safety and perceived neutrality of aid workers. Permission to waive the standard bag marking and product label requirement must be obtained from the respective DD.

- Rejection Clause - a statement concerning the right reject any offer before the award of a contract, or to annul the bidding process and reject all offers at any time. All bids may be rejected and new ones sought 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 is justified when an insufficient number of offers/proposals that meet the criteria are received.

The request for quotation can be emailed, mailed, faxed or sent by hand in a sealed envelope to the suppliers on the approved CWS-P/A suppliers list by the procurement department. If request for quotations are sent by hand these must be acknowledged by the vendors. An independent email account has been created by the name of [cwspaprocurement@gmail.com](mailto:cwspaprocurement@gmail.com) where, vendors must submit their bids, if bidding is done via emails. Only the bid committee member have access to this account. A combination password is punched by all three members. If vendors send bids via sealed envelope these must also be sent directly to the bid committee at Karachi office. A minimum of three quotations must be submitted by the procurement department/ authorized staff to the procurement committee. However the larger the tender pool, the more competitive bids can be done. If more bids can be easily obtained, it is advisable to do so. Where proposed contract relates to sourcing from a sole source of supplies or services, the procurement department/ authorized staff must document the reasons. Such as:-

- Availability of only one supplier possessing the required goods and services.
- Donor restriction
- Highly specialized products

The authorized procurement staff must also give heads up notice/ immediately inform the Bid Committee and Internal Auditor on the details of the procurement. Therefore all procurement documents such as:-

- Purchase Request Form
- Request for Quotation ( list of suppliers. these must be from the approved suppliers list)
- Copy of Budget ( approved for the procurement)
- Any other documents or correspondence in connection to the procurement.

In situations where bid committee and internal auditor are not based in the same location these must be scanned and sent electronically.

### **c. Bid / Quotation Procedure:**

Bid committee shall consist of three senior management staff appointed by the Regional Representative, who will review bid documents for selection of supplier based on quality, delivery and price.

After obtaining quotations via procurement email ID or mail (note for mail delivery via courier or hand, envelopes must be sealed) the authorized procurement staff will prepare a bid comparison on the (OPS/3/050) for onward submission to the bid committee.

### **Opening of Bids/ quotations:**

Procedures for evaluating bids responses should be designed and executed with fairness and ethical standards. All bids should be opened at the same time after the bidding period has expired.

The purpose of evaluating and comparing offers is to determine which supplier has the best price and follows the specifications outlined in the RFQ. When reviewing the offers submitted for evaluation, it is important to verify that the supplier has included all pertinent information.

The following process is recommended (guideline for Bid Committee):

- Ensure all bids are opened and signed by each member present to validate the opening; in situations where all the three bid committee members cannot be present physically. Sealed bids must be opened by at least one member of the bid committee, and signed.
- In situations where any or all of the members cannot be present due to certain unavoidable circumstance. The authority should be delegated to managerial level staff members to perform as bid committee member in their place **Temporary delegation of authority:** In the absence/ non availability of any Bid committee member, he or she may delegate any managerial level staff members to perform as bid committee member in their place.
- To ensure confidentially the bid Analysis is strictly/primarily done between the bid committee members in the presence of internal auditor keeping the relevant DD and in particular cases RR in the loop. In situation where bid committee members cannot all be physically present together, they must ensure that the process is discussed and shared via the following means of communication, conference calls emails etc.

For procurements which require special skills and technical inputs for selection, the bid committee will also seek the inputs from required staff/program and even donor.

- Bid Committee would require a minimum time of two (2) days for selection of supplier. All details have to be carefully scrutinized and where clarity on particular areas is not stated these will first have to be done.
- Usually Negotiation with suppliers should be avoided, however under exceptional circumstances and upon the consent of the Bid Committee, suppliers can be approached to reduce the prices, this is primarily done when the prices quoted are above the budget.
- Check that enough bids have been received;
- If enough bids have been received the Bid Committee will analyze all bids based on:-
  - Quality
  - Quality of after-sales service (if applicable)
  - Speed of delivery
  - Local benefits to the economy & small business
  - Importation policies & Procedures (if applicable)
  - Political & cultural sensitivity
  - Reputation of the supplier (registered, having credibility in the marked)



- At the right or best possible price
- Warranty
- Route security
- Insurance
- Availability of credit line
- Owner is a woman or ethnic / religious minority
- Transport cost and tax amount

If a winner cannot be determined due to insufficient information, then more information is requested from all the suppliers and the bid analysis is postponed until the extra information is received. However, if a decision cannot be made because suppliers cannot meet the terms of the RFQ, then the committee can agree to re-bid.

It should include all supporting documents and a written statement of all relevant factors leading to the final recommendation of the award of the contract. If the lowest priced proposal is not recommended, the evaluation report must give the specific reasons for recommending the selection of a higher priced supplier.

The following documents form the basis for awarding the contract:

- RFQ (Request for Quotation).
- Comparative Bid Analysis
- Offers/proposals/Quotations (all in original form) received.

The evaluation and award of the contract should be completed promptly within the period stated in the tender documents. If there are exceptional circumstances, an extension 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 permitted to change the price or other conditions of their bids. Bidders have the right to refuse an extension, but any bidder not granting an extension is automatically excluded from taking any further part in the bidding process.

Once a winner has been selected and notified, all other bidders must also be informed that they have not been awarded the contract. See Appendix 1.8 for a regret letter template.

#### **d. Issuance of Purchase Orders and Contracts:**

The Procurement Department /Authorized Staff upon approval of the Bid Analysis will issue the purchase order. Purchase Order are issued for fixed asset, relief goods and all other purchases which amounts to Rs.50,000 and above, this includes any single item or the sum of multiple items (OPS/3/051) and Contract (MR/3/040)

This purchase order, and contract (where necessary) document, when signed by the signatory authority, and acknowledged by the supplier, becomes a legal contract between CWS-P/A and the supplier, with responsibilities and liabilities stipulated therein.

### **Procurement Contracts:**

The copies of the completed Procurement Contract are to be distributed as follows:

1. A copy to the selected supplier.
2. A copy to be submitted to the HR department.

The basic data in a Procurement Contract are:

- Date of contract
- Organization full details Name and address office
- Supplier's address, contact person etc.,
- Consignee and, if different, delivery address
- Delivery schedule ( a complete plan should be laid out for delivery or completion)
- Transportation cost.
- Insurance Coverage from shipment to delivery.  
Details of goods inspection where applicable (this could also be outsourced by the Organization)
- If a bank guarantee/ security deposit is part of the contract, it should also be issued to the organization/ before the delivery.
- Payment terms.
- Lot number(s) and packing;
- Packaging/Markings;
- Complete specifications of goods or services;
- Quantity, unit of measure, unit price and total for each item/lot number;
- Total order value;
- Authorized signature.
- Contract confirmation or acceptance by the supplier is good practice and is required on larger orders. The confirmation or acceptance by the supplier acknowledges that the supplier understands and confirms the contract. If there are any discrepancies and disputes arise, these must be resolved between the two parties.
- Insurance coverage should be considered -at least for high value or other critical contracts
- Including the code of conduct for suppliers.

### **e. Goods Inspection:**

Inspections of goods are done on the Goods Inspection Performa, (OPS/3/52) for relief goods the survey team will inspect the goods before these are dispatched to the required destination. For Other goods this can be done during the purchase and delivery of the goods.

Where goods are of a higher volume and qty, the services of an independent external surveyor will also be considered depending on the Donor requirement and budget for the inspection of goods before they have been delivered to the Beneficiaries. This may also include lab tests for food commodities under local specifications/Pakistan specifications.



Inspection of consignment(s) at various stages in the supply process ensures the quality and quantity control of the goods provided. A neutral inspection company should be used for each contract to minimize delivery problems. The services of an inspector may range from a general pre-shipment inspection, to inspection during all stages of production and laboratory analysis.

Description of Goods Inspection would include:-

**Pre-shipment Inspection:**

- Random inspection comprising visual control of quality, weight, marking and packaging at suppliers/sellers premises as appropriate.
- Sampling and preparation of representative samples, sealing samples conjointly with supplier or supplier's representative and keeping samples for further use for a period of 3 months.
- Issuing of Certificate of Provision Conformity (CPC) at place of loading.
- Provide CWS-P/A with the Clean Report of Findings.

**Inspection at Final Destination:**

- Verify and tally bags unloaded from trucks to compare against truck waybills
- Only in case of doubt on quality or by specific order from CWS-P/A: drawing of repetitive samples, sealing samples conjointly with supplier or supplier's premises and keeping samples for further use for a period of 3 months.
- Seal check (where applicable)
- Final inspection at off loading at consignee's warehouses or delivery point, comprising quality at random (visual control), tally, quantity/ weight, marking and packing control.
- Issuing of Cargo Receipt Certificate (CRC) and submission by fax within 5 working days after taking over of cargo by consignee.
- Issuing of Inspection report.
  - Full written report on any loss or damage (if any), including:
  - extent of any loss/damage
  - Percentage of total quantity deemed lost/damaged
  - Reasons for the loss/damage
  - If any damaged product is salvageable and if so how much

**Lab Test:**

- Conduct the lab tests for Supplies Goods etc during the Pre-Shipment Phase.
- Samples to be submitted to a recognized laboratory for attesting conformity with contractual specifications.
- Provide a same sample as taken for Lab Test to CWS-P/A specified office/location.
- Provide report of lab tests as per following Pakistan/ local Standards:

**f. Receiving of Goods:**

When the goods are delivered either to warehouse or offices the authorized staff with ensure to acknowledge the goods and fill out the good receiving note (OPS/3/053). At the time of delivery to the CWS-P/A, the receiving staff will compare the received goods with the Purchase Order. Great care must be taken to accurately count the items

received, verify labeling and note any damages or shortages. If the any damage or loss is happened then a rejection and replacement form (OPS/3/054) must be filed out by the authorized staff.

**g. Transfer of Goods:**

A transfer form (OPS/3/025). Is issued when goods (fixed assets and relief goods) are sent out to any other or location. This would contain all details of the goods, place of delivery and its purpose.

**h. Payments:**

Suppliers' invoices should be processed by the procurement department / authorized staff and before submission to the finance the invoices will be verified by the Internal Auditor. While processing, reference should also be made to any applicability of taxes Finance Department / Internal Auditor will perform a standard document match. A match consists of the following documents

**Advance payment to Supplier:**

- Budget copy
- Purchase requisition form
- Quotations
- Bids comparison form
- Purchase order

**Final payment to Supplier:**

Along with all the documents in advance the following are the documents to be attached at the time of final payment

- Waybill/delivery note from supplier dully receive
- Goods received note
- Invoice/bill from supplier duly verified by the Internal Auditor
- Certificates i.e. NTN, registration (if applicable)
- Other documents (according to need)

The finance dept / Internal Auditor should verify that the Purchase Order number is on the supplier's invoice, that the prices equal the prices per the Purchase Order, and that the quantities invoiced equal both the quantities ordered as well as those received. If the purchase order price does not match the supplier invoice, then finance dept / Internal Auditor will contact the Procurement department/Authorized Staff for resolution. If the invoiced quantities do not match the receipts or issue of bad quality as per the Goods Inspection Performa (OPS/3/052), then finance dept / Internal Auditor will contact the procurement department / authorized staff to resolve this issue. An invoice should not be paid until all discrepancies are resolved.

The duration for payment of cheque is seven (7) working days after receiving of the complete documentation.

A bank guarantee - will protect the recipient against loss, in case the terms of a contract are not filled. Bank guarantee should be considered for high value contract and critical projects.

#### **i. Supplier Evaluation:**

After the final completion of a procurement process an evaluation of the supplier is conducted on the suppliers evaluation form (OPS/3/055) this procedure provides indicators to the procurement dept on the suppliers overall performance in terms of quality, price, delivery etc.

#### **4.4 Purchases above to Rs. 1 Million and above:**

The definition of equal to Rs. 1,000,000 and above is any single item or the sum of multiple items that make up a single purchase request that is estimated to be equal to Rs. 1,000,000 and above.

#### **a. Requisitions:**

Staff member may initiate purchase requests through their supervisor/coordinator, this request should be then forwarded and approved by the Respective Deputy Director who will assess the need and verify the budget for this procurement: Verification of budgets (that the left over budget is enough to cover the estimated purchase costs), valid budget code, and available resources should be performed, by the Regional Representative or Respective Deputy Director, prior to authorizing purchase requests. All requests must be submitted on the purchase request form (OPS/3/049). And reviewed by the Operations as per the following:-

Operations Manager/Office Manager/Location Managers/Office Administrator

If procurement request are initiated by an AD, DD or Operations Manager then the request must be reviewed and approved by their immediate supervisor.

#### **b. RFQ Procedures:**

Upon approval of the request the procurement department will proceed for quotation through the approved supplier list available with CWS-P/A,

The procurement department will issue out a request for quotation from Annex (OPS/3/67). This request form will contain all the necessary details to the supplier such as:-

- Complete description, details and specification of goods required
- Where necessary samples should also be submitted by the suppliers along with the quotations to ensure the quality of the goods.
- Time and place for submission of bids.
- The submission criteria (i.e. sealed and stamped envelopes, r email, have to be sent to the head/central office at Karachi to the bid committee members).
- Delivery schedule ( a complete plan should be laid out for delivery or completion)
- Transportation cost.
- Insurance coverage from shipment to delivery.
- Details of goods inspection where applicable.
- For procurement over (5) five million a bank guarantee is required and for procurement over (3) three million but below (5) five million the supplier may provide security deposit.
- Payment terms.
- The name and address of the organization.

- The packing and marking of the commodities required – the supplier is required to pack the goods as per tender and contract specifications. All bag/carton markings must be in accordance with the specifications provided:
- Letter height min, 2cm.
- Description of product in the specified language.
- Not for Sale / Donated by.
- Net weight per bag/ liter per container.
- Logo.
- Any other details.
- Standard bag markings and product labels will not be required in situations where it would be unduly expensive, could significantly delay the delivery of the food, or would create undue offence and threaten the safety and perceived neutrality of aid workers. Permission to waive the standard bag marking and product label requirement must be obtained from the respective DD.
- Rejection Clause - a statement concerning the right reject any offer before the award of a contract, or to annul the bidding process and reject all offers at any time. All bids may be rejected and new ones sought 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 is justified when an insufficient number of offers/proposals that meet the criteria are received.

The request for quotation can be emailed, mailed, faxed or sent by hand in a sealed envelope to the suppliers on the approved CWS-P/A suppliers list by the procurement department. When Request for the quotation are sent to vendors this must first be approved or reviewed by Procurement Manager who will have to ensure that the details on the RFQ/ Tender/ advertisement is complete with all necessary information. If request for quotations are sent by hand these must be acknowledge by the vendors. An independent email account has been created by the name of [cwspaprocurement@gmail.com](mailto:cwspaprocurement@gmail.com), where vendors must submit their bids, if bidding is done via emails. Only the bid committee member have access to this account. A combination password is punched by all three members.

RFQ are also advertized in newspaper for broadening the tender response, however for advertizing in newspaper availability of budget and adequate time for issue of RFQ and conducting an open tender at any suitable location of CWS-P/A has to be approved by the respect DD or AD of the program.

The Organization also ensure to comply with open newspaper tendering if this is a specific requirement of the donor or the existing registered suppliers do not have the capacity to full fill the procurement requirement

Before Advertising in the newspaper the procurement department and respective AD and DD have to consider the feasibility weather to advertise in the national language newspaper or in English issue.

If vendors send bids via sealed envelope these must be addressed directly to the bid committee. A minimum of three quotations must be submitted by the procurement department/ authorized staff to the procurement committee. However the larger the

tender pool, the more competitive bids can be done. If more bids can be easily obtained, it is advisable to do so. Where proposed contract relates to sourcing from a sole source of supplies or services, the procurement department/ authorized staff must document the reasons. Such as:-

- Availability of only one supplier possessing the required goods and services.
- Donor restriction
- Highly specialized products

The authorized procurement staff must also give heads up notice/ immediately inform the Bid Committee and Internal Auditor on the details of the procurement. Therefore all procurement documents such as:-

- Purchase Request Form
- Request for Quotation ( list of suppliers. these must be from the approved suppliers list)
- Copy of Budget ( approved for the procurement)
- Any other documents or correspondence in connection to the procurement.

In situations where bid committee and internal auditor are not based in the same location these must be scanned and sent electronically.

The following process is recommended (guideline for Bid Review Committee):

- Ensure all bids are opened and signed by each member present to validate the opening;
- Check that enough bids have been received;
- If enough bids have been received the Tender Committee will analyze all bids based on:
  - Price of items
  - Delivery time
  - Quality of the products on offer (how they fulfill the specifications)
  - Flexibility & Capability of the supplier
  - Payment terms acceptance
  - Any other criteria deemed necessary for the specific purchase

If a winner cannot be determined due to insufficient information, then more information is requested from all the suppliers and the bid analysis is postponed until the extra information is received. However, if a decision cannot be made because suppliers cannot meet the terms of the tender, then the committee can agree to re-tender the contract.

It should include all supporting documents and a written statement of all relevant factors leading to the final recommendation of the award of the contract. If the lowest priced proposal is not recommended, the evaluation report must give the specific reasons for recommending the selection of a higher priced supplier.

The following documents form the basis for awarding the contract:

- RFQ;
- Comparative Bid Analysis
- Offers/proposals/ Quotations (all in original form) received.

The evaluation and award of the contract should be completed promptly within the period stated in the tender documents. If there are exceptional circumstances, an extension 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 permitted to change the price or other conditions of their bids. Bidders have the right to refuse an extension, but any bidder not granting an extension is automatically excluded from taking any further part in the bidding process.

Once a winner has been selected and notified, all other bidders must also be informed that they have not been awarded the contract. See Appendix 1.8 for a regret letter template.

### **c. Issuance of Purchase Orders and Contracts:**

The Procurement Department /Authorized Staff upon approval of the Bid Analysis will issue the purchase order. Purchase Order are issued for fixed asset, relief goods and all other purchases which amounts to Rs.50,000 and above, this includes any single item or the sum of multiple items (OPS/3/051) and contract (MR/3/040).

This purchase order, and contract document, when signed by the signatory authority, and acknowledged by the supplier, becomes a legal contract between CWS-P/A and the supplier, with responsibilities and liabilities stipulated therein.

### **Procurement Contracts:**

The copies of the completed Procurement Contract are to be distributed as follows:

- A copy to the selected supplier.
- A copy to be submitted to the HR department.

The basic data in a Procurement Contract are:

- Date of contract
- Organization full details Name and address office
- Supplier's address, contact person etc.,
- Consignee and, if different, delivery address
- Delivery schedule ( a complete plan should be laid out for delivery or completion)
- Transportation cost.
- Insurance Coverage from shipment to delivery.
- Details of goods inspection where applicable (this could also be outsourced by the Organization
- If a bank guarantee/ security deposit is part of the contract, it should also be issued to the organization/ before the delivery.
- Payment terms.
- Lot number(s) and packing;
- Packaging/Markings;
- Complete specifications of goods or services;
- Quantity, unit of measure, unit price and total for each item/lot number;
- Total order value;
- Authorized signature.

- Contract confirmation or acceptance by the supplier is good practice and is required on larger orders. The confirmation or acceptance by the supplier acknowledges that the supplier understands and confirms the contract. If there are any discrepancies and disputes arise, these must be resolved between the two parties.
- Insurance coverage should be considered -at least for high value or other critical contracts
- Including the code of conduct for suppliers.

#### **d. Good Inspection:**

Inspections of goods are done on the goods inspection Performa, (OPS/3/052) for relief goods the survey team will inspect the goods before these are dispatched to the required destination. For Other goods this can be done during the purchase and delivery of the goods.

Where goods are of a higher volume and qty, the services of an independent external surveyor will also be considered depending on the Donor requirement and budget for the inspection of goods before they have been delivered to the Beneficiaries. This may also include lab tests for food commodities under local specifications/Pakistan specifications.

Inspection of consignment(s) at various stages in the supply process ensures the quality and quantity control of the goods provided. A neutral inspection company should be used for each contract to minimize delivery problems. The services of an inspector may range from a general pre-shipment inspection, to inspection during all stages of production and laboratory analysis.

Description of Goods Inspection would include:-

#### **Pre-shipment Inspection:**

- Random inspection comprising visual control of quality, weight, marking and packaging at suppliers/sellers premises as appropriate.
- Sampling and preparation of representative samples, sealing samples conjointly with supplier or supplier's representative and keeping samples for further use for a period of 3 months.
- Issuing of Certificate of Provision Conformity (CPC) at place of loading.
- Provide CWS-P/A with the Clean Report of Findings.

#### **Inspection at Final Destination:**

- Verify and tally bags unloaded from trucks to compare against truck waybills
- Only in case of doubt on quality or by specific order from CWS-P/A: drawing of repetitive samples, sealing samples conjointly with supplier or supplier's premises and keeping samples for further use for a period of 3 months.
- Seal check (where applicable)
- Final inspection at off loading at consignee's warehouses or delivery point, comprising quality at random (visual control), tally, quantity/ weight, marking and packing control.



- Issuing of Cargo Receipt Certificate (CRC) and submission by fax within 5 working days after taking over of cargo by consignee.
- Issuing of Inspection report.  
Full written report on any loss or damage (if any), including:
  - extent of any loss/damage
  - Percentage of total quantity deemed lost/damaged
  - Reasons for the loss/damage
  - If any damaged product is salvageable and if so how much

**Lab Test:**

- Conduct the lab tests for Supplies Goods etc during the Pre-Shipment Phase.
- Samples to be submitted to a recognized laboratory for attesting conformity with contractual specifications.
- Provide a same sample as taken for Lab Test to CWS-P/A specified office/location.
- Provide report of lab tests as per following Pakistan Standards.

**e. Receiving of Goods:**

When the goods are delivered either to warehouse or offices the authorized staff with ensure to acknowledge the goods and fill out the good receiving note (OPS/3/053). At the time of delivery to

CWS-P/A, the receiving staff will compare the received goods with the Purchase Order. Great care must be taken to accurately count the items received, verify labeling and note any damages or shortages. If the any damage or loss is happened then a rejection and replacement form (OPS/3/054) must be filed out by the authorized staff.

**f. Transfer of Goods:**

A transfer form (OPS/3/025). Is issued when goods (fixed assets and relief goods) are sent out to any other or location. This would contain all details of the goods, place of delivery and its purpose.

**g. Payments:**

Suppliers' invoices should be processed by the procurement department / authorized staff and before submission to the finance the invoices will be verified by the Internal Auditor. While processing, reference should also be made to any applicability of taxes

Finance Department / Internal Auditor will perform a standard document match. A match consists of the following documents

**Advance payment to Supplier:**

- Budget copy or approval from AD or DD
- Purchase requisition form
- Quotations
- Bids comparison form
- Purchase order



**Final payment to Supplier:**

Along with all the documents in advance the following are the documents to be attached at the time of final payment

- Waybill/delivery note from supplier duly receive
- Goods received note
- Invoice/bill from supplier duly verified by the Internal Auditor
- Certificates i.e. NTN, registration (if applicable)
- Other documents (according to need)

The finance dept / Internal Auditor should verify that the Purchase Order number is on the supplier's invoice, that the prices equal the prices per the Purchase Order, and that the quantities invoiced equal both the quantities ordered as well as those received. If the purchase order price does not match the supplier invoice, then finance dept / Internal Auditor will contact the Procurement department/Authorized Staff for resolution. If the invoiced quantities do not match the receipts or issue of bad quality as per the Goods Inspection Performa (OPS/3/052), then finance dept / Internal Auditor will contact the procurement department / authorized staff to resolve this issue. An invoice should not be paid until all discrepancies are resolved.

The duration for payment of cheque is seven (7) working days after receiving of the complete documentation.

Bank Guarantee - will protect the recipient against loss, in case the terms of a contract are not filled. A performance bond should be considered for high value contract and critical projects.

**h. Supplier Evaluation:**

After the final completion of a procurement process an evaluation of the supplier is conducted on the suppliers evaluation form (OPS/3/055) this procedure provides indicators to the procurement dept on the suppliers overall performance in terms of quality, price, delivery etc.

**4.5 Construction:**

**a. Requisitions:**

Staff member may initiate purchase requests through their supervisor/coordinator, this request should be then forwarded and approved by the Respective Deputy Director who will assess the need and verify the budget for this procurement- Verification of budgets (that the left over budget is enough to cover the estimated purchase costs), valid budget code, and available resources should be performed, by the Regional Representative or Respective Deputy Director, prior to authorizing purchase requests. All requests must be submitted on the purchase request form (OPS/3/049). and reviewed by the Operations as per the following:-

If procurement request are initiated by an AD, DD or Head of Dept then the request must be reviewed and approved by their immediate supervisor

**b. Hiring of technical persons (Engineers or consultants etc):**

**c. Assessment of site(s):**

The site defined for construction has to be surveyed by qualified civil engineers at CWS-P/A, or outsourced to an engineering firm.

**d. BOQ & Drawings (Bill of quantity & sketch):**

Engineers would prepare the above documents.

Estimation of required material

Upon preparing the bill of quantity, this is send to suppliers form the approved supplier list through the request of quotation.

**e. Selection of Supplier:**

A supplier database will be maintained By CWS-P/A, which will identify approved suppliers while

Recording and monitoring their performance on current and previous transactions. Procurement request for any and all locations will be from the approved suppliers list, given all vendors an equal opportunity to quote prices and terms for procurement throughout the region/country.

Members and partners are requested to actively contribute to this database by providing information on current or potential future suppliers. Potential suppliers may send in their profile to be registered with CWS-P/A. Suppliers requesting an opportunity to tender an offer should be given the opportunity to do so, unless there is evidence that the firm lacks sufficient capacity.

The following factors have to be taken into consideration while adding to CWS-P/A approved suppliers list.

- Approved supplier list available with CWS-P/A,
- Past procurement experience / relationship,
- Checking with the other INGO's
- Yellow pages
- Market survey (Market surveys are conducted on a quarterly basis or as per need, by the procurement dept / authorized staff. The process is documented on the market survey form) A written justification must be given to select the supplier.
- For procurement of good/commodities (emergency supplies, health, assets, equipment and services) whose total value is 1 million or above, suppliers must be registered within the legal frame work of the govt. possessing various standards like registration, chamber membership,
- Suppliers Profile and further assurance of their business being certified by ISO or other similar standards for providing quality goods and services will add to enhance the repute of the supplier.

Finally the Internal Auditor will verify the process and submit for final approval

**f. Bid / Quotation Procedures:**

Upon approval of the request/ the procurement department will proceed for quotation through the approved supplier list available with CWS-P/A,

The procurement department will issue out a request for quotation from Annex (OPS/3/67). This request form will contain all the necessary details to the supplier such as:-

- Complete description, details and specification as per BOQ.
- Where necessary samples should also be submitted by the suppliers along with the quotations to ensure the quality of the goods.
- Time and place for submission of bids.
- The submission criteria (i.e. sealed and stamped envelope or email, has to be sent to the head/central office at Karachi to the bid committee members).
- Delivery schedule ( a complete plan should be laid out for delivery or completion)
- Details of goods inspection where applicable.
- For procurement over (5) five million a bank guarantee is required and for procurement over (3) three million but below (5) five million the supplier may provide security deposit.
- Payment terms.
- The name and address of the organization.
- Any other details.
- Rejection Clause - a statement concerning the right reject any offer before the award of a contract, or to annul the bidding process and reject all offers at any time. All bids may be rejected and new ones sought 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 is justified when an insufficient number of offers/proposals that meet the criteria are received.

The request for quotation/ can be emailed, mailed, faxed or sent by hand in a sealed envelope to the suppliers on the approved CWS-P/A suppliers list by the procurement department. If request for quotations are sent by hand these must be acknowledge by the vendors. An independent email account has been created by the name of [cwspaprocurement@cwspa.org.pk](mailto:cwspaprocurement@cwspa.org.pk), where vendors must submit their bids, if bidding is done via emails. Only the bid committee member have access to this account. A combination password is punched by all three members. If vendors send bids via sealed envelope these must also be sent directly to the bid committee at Karachi office. Or vendors may hand delivery these sealed bid to the specified address as stated in the request for quotation. A minimum of three quotations must be submitted by the procurement department/ authorized staff to the procurement committee. However the larger the tender pool, the more competitive bids can be done. If more bids can be easily obtained, it is advisable to do so. Where proposed contract relates to sourcing from a sole source of supplies or services, the procurement department/ authorized staff must document the reasons. Such as:-

- Availability of only one supplier possessing the required goods and services.
- Donor restriction
- Highly specialized products

The authorized procurement staff must also give heads up notice/ immediately inform the Bid Committee and Internal Auditor on the details of the procurement. Therefore all procurement documents such as:-

- Purchase Request Form
- Request for Quotation ( list of suppliers. these must be from the approved suppliers list)
- Copy of Budget ( approved for the procurement)
- Any other documents or correspondence in connection to the procurement.

In situations where bid committee and internal auditor are not based in the same location these must be scanned and sent electronically.

### **Tender Documents:**

Tender procedures should be designed and executed to meet ethics and fairness standards. Examples of fair and ethical solicitation actions include:

- Tender documents should be made available to all potential bidders to ensure equal opportunity;
- Any potential bidder requiring additional information should make a written request either by letter, e-mail or by fax. The reply should 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 additional information, a record of the meeting should be prepared immediately and provided without delay to all potential bidders. Prompt action must be taken to meet the deadline for the submission of bids;
- An extension of the closing date and time could be granted if justified by exceptional circumstances and requested in writing by more than one bidder. When an extension is granted, all bidders should be informed immediately and simultaneously. A bid opening may only take place after the new deadline for the submission of bids.

Please refer to section 3.5. Best Purchasing Practices for more clarity on bidding procedures.

### **Sale Bid Documents:**

Interested suppliers have to come to the office to purchase the sale bid documents and visit the construction site.

### **Competitive Tendering:**

The larger the tender pool, the more competitive bids will be made if the supplier's shortlist is for a project is larger. From these bids, a recommendation and a rational must be provided outlining which bid should be selected. If, for any reason, one supplier is allowed to re-bid, all competitors should be given the same opportunity. Re-bidding should be an exceptional event.

A proper documentation of the contract or purchasing agreement extension is required to ensure that the quote is still competitive. It is important to include terms and conditions in the contract that allow for either party to terminate the contract by providing one week's (7 days) notice in writing in the event that the agreed terms are violated.

### **Exceptions to Competitive Tendering:**

Exceptions may be granted in the following situations:

- Prices or rates are fixed according to national legislation, or by regulatory bodies;
- Emergencies situations where relief supplies or food are required immediately;
- An urgent need resulting from a delay by staff, members, or partners responsible, or by the failure to plan adequately, does not qualify for a waiver;
- The proposed contract relates to sourcing from a sole source of supplies or services. This occurs only under very special circumstances such as:
  - Availability of only one supplier;
  - Donor restriction;
  - Highly specialized products.

### **Pre Bid Meeting:**

A pre bid meeting may be called by DD or Bid Committee members if necessary to discuss the

Following:-

- Construction Plan
- Strategy
- Any other challenges or areas for clarifications and concern.

### **Award of Tender:**

- **Receiving Tender Offers:**

For Bulk purchase offers and proposals should be sent within the given time to the person designated to receive them for recording and safekeeping. Under no circumstances must an offer be opened, reviewed or examined; nor should it be marked or defaced in any way, before being officially opened.

Offers should be received at the designated place and time. If received after the Deadline, they should not be considered.

The following should be present at the designated time and place of the Bid Opening

- Bid Committee members
- Contractors or their representatives
- Deputy Director
- Authorized procurement staff of CWS-P/A
- Internal Auditor
- Donor (where applicable)

All late offers must be filed with a copy of a letter to the supplier informing them it was too late for consideration and requesting a timely response in the future.

The bid committee should decide whether they meet the requirements specified in the 'Invitation to Tender' documents.

### **Evaluating Tender Offers:**

After obtaining the quotations the Bid committee members (from Operations, Finance, Program) along with the DD, Engineers and other relevant staff) will prepare a bid comparison on the (OPS/3/050) statement as per the policy statement.

Procedures for evaluating tender responses should be designed and executed with fairness and ethical standards. All tenders should be opened at the same time after the tender period has expired.

The purpose of evaluating and comparing offers is to determine which supplier has the best price and follows the specifications outlined in the tender. When reviewing the offers submitted for evaluation, it is important to verify that the supplier has included all pertinent information.

The following process is recommended (guideline for Tender Review Committee):

- Ensure all bids are opened and signed by each member present to validate the opening;
- Check that enough bids have been received;
- If enough bids have been received the Tender Committee will analyze all bids based on:
  - Price of items
  - Delivery time
  - Quality of the products on offer (how they fulfill the specifications)
  - Flexibility & Capability of the supplier
  - Payment terms acceptance
  - Any other criteria deemed necessary for the specific purchase

If a winner cannot be determined due to insufficient information, then more information is requested from all the suppliers and the bid analysis is postponed until the extra information is received. However, if a decision cannot be made because suppliers cannot meet the terms of the tender, then the committee can agree to re-tender the contract.

It should include all supporting documents and a written statement of all relevant factors leading to the final recommendation of the award of the contract. If the lowest priced proposal is not recommended, the evaluation report must give the specific reasons for recommending the selection of a higher priced supplier.

The following documents form the basis for awarding the contract:

- Invitation to Tender;
- Comparative Bid Analysis
- Offers/proposals (all in original form) received.

The evaluation and award of the contract should be completed promptly within the period stated in the tender documents. If there are exceptional circumstances, an extension 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 permitted to change the price or other conditions of their bids. Bidders have the right to refuse an extension, but any bidder not granting an extension is automatically excluded from taking any further part in the bidding process.

Once a winner has been selected and notified, all other bidders must also be informed that they have not been awarded the contract. See Appendix 1.8 for a regret letter template.

The Internal Auditor will review the procurement / bid process, and will submit the Bid Analysis to the respective Deputy Director / Regional Representative for final approval of the bid.

**g. Issue of Purchase Order and Contract:**

The Procurement Department /Authorized Staff upon approval of the Bid Analysis will issue the purchase order. Purchase Order are issued for fixed asset, relief goods and all other purchases which amounts to Rs.50,000 and above, this includes any single item or the sum of multiple items (OPS/3/051) and contract (MR/3/040).

This purchase order, and contract document, when signed by the signatory authority, and acknowledged by the supplier, becomes a legal contract between CWS-P/A and the supplier, with responsibilities and liabilities stipulated therein.

**Procurement Contracts:**

The copies of the completed Procurement Contract are to be distributed as follows:

- A copy to the selected contractor.
- A copy to be submitted to the HR department.

The basic data in a Procurement Contract are:

- Date of contract
- Organization full details Name and address office
- Contractors 's address, contact person etc.,
- Mobilization
- Completion Time( a complete plan should be laid out for completion of project)
- Defects Liability Period
- If a bank guarantee/ security deposit is part of the contract, it should also be issued to the organization/ before the delivery.
- General Terms and Conditions as available in the construction contract template.
- Payment terms.
- Authorized signature.
- Contract confirmation or acceptance by the contractor is good practice and is required on larger orders. The confirmation or acceptance by the contractor acknowledges that the contractor understands and confirms the contract. If there are any discrepancies and disputes arise, these must be resolved between the two parties.
- Insurance coverage should be considered -at least for high value or other critical contracts
- Including the code of conduct for suppliers.

**h. Payments:**



Suppliers' invoices should be processed by the procurement department / authorized staff and before submission to the finance the invoices will be verified by the Internal Auditor. While processing, reference should also be made to any applicability of taxes

Finance Department / Internal Auditor will perform a standard document match. A match consists of the following documents

**In Case of Advance Payment to Supplier:**

- Budget copy or Approval from DD or RR
- Purchase requisition form
- Quotations
- Bids comparison form
- Purchase order

**In Case of Final Payment to Supplier:**

Along with all the documents in advance the following are the documents to be attached at the time of final payment

- Invoice/bill from supplier duly verified by the Internal Auditor
- Certificates i.e. NTN, registration (if applicable)
- Other documents (according to need)

The finance dept / Internal Auditor should verify that the Purchase Order number is on the supplier's invoice, that the prices equal the prices per the Purchase Order, and that the quantities invoiced equal both the quantities ordered as well as those received. If the purchase order price does not match the supplier invoice, then finance dept / Internal Auditor will contact the Procurement department/Authorized Staff for resolution. If the invoiced quantities do not match the receipts or issue of bad quality as per the Goods Inspection Performa (OPS/3/052), then finance dept / Internal Auditor will contact the procurement department / authorized staff to resolve this issue. An invoice should not be paid until all discrepancies are resolved.

The duration for payment of cheque is seven (7) working days after receiving of the complete documentation.

Bank Guarantee - will protect the recipient against loss, in case the terms of a contract are not filled. A performance bond should be considered for high value contract and critical projects.

**i. Evaluation by Engineer:**

During the implementation of the project at site the engineer/s of CWS-P/A, will ensure to monitor and report the progress of the project/construction to the concerned staff/management.

In addition, the site engineer will ensure to liaison with line agencies for completion certificates or documents.

After the final completion of a procurement process an evaluation of the supplier is conducted on the suppliers evaluation form (OPS/3/055) this procedure provides



indicators to the procurement dept on the suppliers overall performance in terms of quality, price, delivery etc

## **V Standard Procurement Documents & Formats:**

### **5.1 Procurement Manual**

### **5.2 Process Flow Chart**

### **5.3 Forms and Formats**

- a. Purchase Requisition Form (OPS/03/049)
- b. Suppliers Data Base ( OPS/03/047)
- c. Market Survey (OPS/03/56)
- d. Request for Quotation (OPS/03/067)
- e. Supplier Bid Comparison (OPS/03/050)
- f. Purchase Order (OPS/03/051)
- g. Contract Template ( MR/03/040)
- h. Regret Letter (OPS/03/068)
- i. Good Inspection Performa(OPS/03/052)
- j. Goods Receiving Notes(OPS/03/053)
- k. Rejection and Replacement Format (OPS/03/054)
- l. Goods Transfer From (OPS/03/025)
- m. Suppliers Evaluation Form(OPS/03/055)
- n. Procurement Plan (OPS/03/000)