Procurement Manual

Introduction

The Procurement Manual represents the contribution and efforts made by the finance team members in providing a standardized procurement policy and procedures The main objective of defining standardized procurement policy and procedures is to ensure that all procurement decision are taken in a justified and transparent manner based on sound and fair practices.

Principles

To state the standards and expectations that apply to DBRC staff involved in Procurement / purchase processes;

Procedures

To establish user-friendly steps to be followed to ensure the principles of transparency based on arm's length negotiations with independent and bonafide suppliers are upheld;

Outcomes

Good procurement practices will ensure DBRC is using its funds efficiently and effectively

To get value for money, and build the confidence of our member , donors and partners.

What is Procurement

Procurement is the process of buying / purchase of goods or Services, e.g. equipment, maintenance Services or professional consultancies. This begin when DBRC identifies a need and decides on its procurement requirement. It continues through approaching the market, evaluating alternative solutions, awarding contracts, paying for the goods or services and managing supplier contracts.

What Is Good Procurement?

The principal hallmarks of proficient procurement at DBRC Services are: Economy, Efficiency, Fairness, Reliability, Transparency, Cooperation; and Accountability and Ethical Standards.

Economy

The Finance team will always work to ensure the best value for our money. Value may imply more than just price, for example, since quality issues also need to be addressed. Moreover, lowest initial price may not equate to lowest cost over the operating life of the item procured. But the basic point is the same: the ultimate purpose of sound procurement is to obtain maximum value for money.

Efficiency

The Finance team will strive to approve Purchase Orders and payments within the least possible time, without compromising the other doctrines listed here.

Fairness

Good procurement is impartial, consistent, and therefore reliable. It offers all interested contractors, suppliers and consultants a level playing field on which to compete and thereby, directly expands the purchaser's options and opportunities.

Transparency

Good procurement establishes and then maintains rules and procedures that are accessible and unambiguous. It is not only fair, but must be seen to be fair.

Accountability and Ethical Standards

Good procurement holds its practitioners responsible for enforcing and obeying the rules. It makes them subject to challenge and to sanction, if Contents are appropriate, for neglecting or bending those rules. Accountability is at once a key inducement to individual and institutional probity, a key deterrent to collusion and corruption, and a key prerequisite for procurement credibility.

A sound procurement system is one that combines all the above elements. The desired impact is to inspire the confidence and willingness-to-compete of well-qualified vendors. This directly and concretely benefits the purchasing entity and its constituents, responsive contractors and suppliers, and the donor agency providing the project finance.

In sum, proficient procurement is not difficult to describe in principle or to distinguish from its antithesis in practice. But it does require varied professional and technical know-how to establish, as well as discipline and determination to administer.

Procurement Activity at DBRC

DBRC procurement activities must be conducted in accordance with these guidelines. Broadly, the procurement activity would include the following goods and services:

1. Printing and Stationery
2. Software
3. Furniture
4. IT Equipments and Accessories
5. Other equipments
6. Consumables
7. Consultancy Services

Financial limits for Procurement Process

Following is the slabs for procurement activity process

Procurement value	Minimum process
Value more than Rs 5 Lakhs	**Open Tender:** published invitation to tender (for detailed tender documentation (methods, personnel, costs etc) **(4-person evaluation Team)**
Value from Rs 2 Lakhs to 5 Lakhs	**Select / Limited Tender**: Approach at least 3 potential suppliers, where possible from an established multi-use list, for detailed tender documentation (methods, personnel, costs etc) **(3-person evaluation Team)**

Up to Rs 25000 to 2 Lakhs	**Direct source**, 3 Competitive Quotes for prices from known suppliers **(individual officer's evaluation submitted to the officer with delegated financial authority)**
Upto Rs 5000	**Direct source / over-the-counter purchase**, No quotes required (individual officer approved by departmental head)

Procurement Type Category of Procurement types

Procurement type	Description
Open tender	***Approach the market through an open request for tender:*** • Suppliers respond and bid for the work by submitting a tender; • Evaluate all responses received within the deadline against stated conditions and criteria; • Negotiate a contract with the preferred supplier.
Select / Limited tender	***Invite a number of short-listed potential suppliers to submit tenders:*** • Profiles of the partner compared • Suppliers submit their profile as per details • Evaluate all submissions received within the deadline against stated conditions and criteria; • Develop a short list; • Invite the short-listed potential suppliers to submit tenders: • Responses assessed as in an open tender.
Direct Source	***Directly approach one or more potential suppliers with the specifications, to request quotes:*** When the procurement value is below a predetermined threshold; or the procurement value is above the threshold for an open or selective tender process, but: • No suitable submissions were received in response to attender process; • There is no competition for the particular service due to technical • reasons • It is a case of extreme urgency beyond DBRC control • It is an unsolicited and highly advantageous short-term value for money opportunity; • Additional services are required from the original supplier to replace • Parts or service equipment, or where changing supplier would lose

	• compatibility with existing equipment or services. This procurement method does not involve the procedural rules of open tendering and select tendering, but it may include a competitive process, for example obtaining multiple quotes.
Over the counter purchase	Direct purchase of goods or services from a supplier, where the procurement value is below a threshold requiring a competitive process.

Urgent Cash Purchases

Purchase under this category has to be urgent in nature and the payment for such purchases can be made in cash. It must be noted that purchases in cash can be made only up to Rs 5000 as per the limit for cash purchases with the approval of department head.

The suggestive lists of items, which may be purchased under this category, are as follows:

- Items for office entertainment, such as tea / coffee, ingredients thereof, snacks, sweets, lunch for guests etc.
- Small requirement of office stationery
- Items such as soaps, tissues, liquid detergent, brooms & brushes, air freshners and other items required for the upkeep and maintenance of the office in good condition
- Postage stamps, stamp papers and such other items, which are necessary to be purchased on cash payment basis
- Similar items required for day to day office use
- All urgent cash purchases must be carried out of the petty cash and fund maintained at the office.

Evaluation and Negotiation Team

Financial Regulations require staff involved in a procurement process to receive, open, and treat all quotes and tenders in a way that guarantees fairness and impartiality, and protects the confidentiality of the information provided by potential suppliers. The evaluation process will determine which proposal would best meet DBRC needs and achieve value for money. All tenders or quotes received within the deadline need to be evaluated, by the individual or committee assigned with the task, against the same criteria. Some criteria are general, while others must be developed specifically for the particular procurement.

Specific Evaluation Criteria

All tenders or quotes received within the deadline need to be evaluated against the conditions, criteria and weightage indicated in the information that was made available to the potential suppliers.

Conditions: Only those potential suppliers that satisfy the conditions set as prerequisites for participation qualify for further assessment – any that fail to do so must be eliminated;

Criteria: tenders or quotes are to be assessed against the evaluation criteria provided in the request documentation;

General Evaluation Criteria

All tenders or quotes that were received within the deadline and that satisfy the conditions and other specific criteria must then be evaluated on the basis of their relative value for money.

Criteria: The value-for-money evaluation must consider:

- Costs – direct and indirect benefits and costs over the whole procurement cycle;
- Quality and fitness for purpose;
- Environmental considerations;
- Convenience and timeliness;
- The relative risks, including the performance history of the prospective suppliers;
- The flexibility to adapt to possible change over the lifecycle of the goods or service;
- Favourability of proposed contract terms (for example, contract extension options).

Evaluation team

Evaluation team consists of the following:

Sl. No	Type of Procurement	Evaluation Team
1	Open Tender	User Department; Operation / Administration Department; Finance & Accounts; Negotiation Committee
2	Select Tender	Same as per Open Tender
3	Direct Source	User Department; Finance & Accounts; Negotiation Committee
4	Over the Counter Purchase	User Department; Designated Authority

Negotiation Team

Negotiation Team would consist of the following DBRC representatives

- Representative of the User Department
- Representative from Operation Department
- Representative from Finance and Accounts
- Representative from HR and Administration (if required)
- Negotiation team will negotiate with the vendor on the basis of comparative analysis made by F&A department. Negotiating team will put up the final proposal to Chief Functionary to award the same to the vendor.

Documentation of Procurement Process

Procurement process is divided into as under:

- Tendered work
- Non-Tendered work

Select preferred supplier

Tender documents are floated to the vendor as recommended by the Operation Team duly shortlisted as per the parameter. Following parameter considered before floating the Tender to the vendor:

- Name and address of the Organisation
- Name of the concerned person with Mobile no.
- Status of the Organisation (Whether Ltd / Pvt Ltd / Firm / Proprietor / HUF
- No of employees working in the Organisation.
- Place of Incorporation of the Organisation / Company / Firm
- Turnover of the Organisation for the Last three years
- PAN / TAN / VAT etc of the partner
- CST no if applicable

Operation/User Team will keep on record all the profile of the vendor and the selection of the vendor to whom Tender / Quotations are floated. On comparing the proposal work is awarded to the vendor as approved by the Negotiating Team. A work order / LOI (Letter of Intent) to be issued to the final approved vendor.

Tender document for purpose of Tendered work

Following document are used for the purpose of Tendered work

- Document – I Includes Terms and Condition of Project work - will be standardized for all project work
- Document – II Specification of the product (with drawing if applicable)
- Document – III BOQ (Bill of Quantity)
- Tender document are forming the agreement part of the project under consideration.

For Non-Tendered project work process

Written Quotation with specification floated to the vendor (s) short listed by the Operation team for the proposal under consideration (No specific format of the same enclosed with) Quotation is to be called by User / Operation department for any work more than Rs 5000-00 in value term. Parameters for considering the vendor are the same as mentioned in the Tender work. Quotations could be yearly, six monthly or an on case-to-case basis. For general use items like stationary, office supplies, accommodation for meetings, workshops etc. the concerned department could consider obtaining annual quotations which could be reviewed on annual basis or when there is change in pricing agreed with the vendor, whichever is earlier. Based on comparative analysis of the proposal, work will be awarded to the vendor as approved by the negotiation Team. The work order will be issued to the vendor approved by the Negotiation Team.

Issue of LOI / Work / Service Order

All work / Service order will be issued by the Finance & Accounts department based on the proposal put up by the concerned department to them. Format of Work / Service order includes the following parameters:

- Name, address, and phone number of the vendor / supplier
- Date of issue of PO and PO number
- Reference no of the work / Service order
- Specification of the product under reference
- Order Value – quantity, unit rate and the total value of the purchase order
- Term of Payment
- Mentioning the Tax implications
- Method of delivery
- Place of Delivery and Delivery schedule if any
- Validity of the Purchase Order
- Penalty clause, if any for delay in supply
- Name of organisation representative who is authorized to receive the material at site
- Before issue of LOI, Work / Service order the same is got vetted through Head Finance and Accounts department.

Following procedure has to be adopted for issue of LOI/Work / Service order. For Tendered work, proposal has to be put up by the user department to Finance and Accounts department with following details:

- Date of the request
- Name, address, and phone number of the vendor with profile to whom tender issued.
- Details of specification of the product and drawing (if applicable).
- Details of BOQ (Bill of quantity) with estimated cost and
- Delivery schedule

For Non-Tendered work, proposal has to be put up by the user department to Finance and Accounts department with following parameter:

- Date of the request
- Quotation (with specification) for the product under reference
- Estimated cost of the quotation
- Name, address, and phone number of the partner with profile to whom quotation to be issued.
- Delivery schedule (if applicable)

All negotiation will be done by the negotiation Team depending on the product requirement.

Receipt of order and quality check

All material / goods must be received as per PO issued, by the representative of the concerned department. As DBRC may not always have the storage space to receive and issue the material, the concerned user department (who put up the proposal) shall take care of the storage if needed. A quality check report of the product under reference must be enclosed with the approved bill confirming that all material received at site is in accordance with the terms of PO issued to the partner. The same is signed by the concerned authorized representative of organisation.

Payment to the vendor
All Final bill approved by the authorized representative of organisation named in the Work / Service order. The same is put up to the Finance and Accounts department for processing for release of payment.

Finance and Account department will process the same and release the payment as per Terms of Work / Service order issued to the partner.

Any deviation, that is not as per PO issued must first be approved by the Chief Functionary of the organisation. Finance and Accounts department will get documentation of the same before release of payment to the partner.

Check List for Procurement Process
Check list for the process: ***Time line, Responsibility and Process Owner for Procurement Process***

Sl. No.	Description	By Whom	Process Owner	Time Limit
1.	Preparation of Request for Proposal (RFP) as per the designated format	User department	User Department	
2.	Analysis and Verification of the RFP	Given by User department to Finance department	Finance & Accounts	
3.	Vetting of the Proposal	Chief Functionary after duly verified by the Finance Officer	Finance & Accounts	
4.	Short listing the vendor with party profile	User / Operation Department	User / Operation Department	
5.	Call the quotations / Tender from the vendor	User / Operation / Administration Department	User / Operation	
6.	Receive the Quotation / Tender from the partner	User / Operation / Administration Department	User / Operation	

7.	Handover of the Quotations / Tender to Finance Department	User / Operation / Administration	User / Operation / Administration	
8.	Comparative Analysis	Finance Department	Finance & Accounts	
9.	Confirmation to call the vendor(s) partner for negotiation	Negotiation Team	Negotiation Team	
10.	Call the vendor (s) partner for Negotiation	Administration / Operation	Administration/ Operation Department	
11.	Negotiation by Negotiation Team	Accounts Officer / User Department who put up the proposal / Head of the Dept HR and Admin	Negotiation Team	
12.	Award the work by issuing PO, Work order, Service order	Accounts Officer	Finance and Accounts Department	
13.	Agreement (if required) with the vendor	On receipt of the PO, Work, Service order by the Finance Department	Finance & Accounts Department	
14.	Receipt of RA Bill (Part % of total work) / Final Bill of the vendor	Administration Department	Administration Department	
15.	Approval of the RA (Part % of total work) / Final Bill of the partner	User department / Administration	Department received the services	
16.	Verification of the RA (Part % of the Total work) / Final Bill of the partner	Finance Department	Finance Department	
17.	Booking of the bill in Tally	Finance department	F&A department	
18.	Put up for approval for payment	Chief Functionary		
19.	Handing over of the cheque for Despatch	Admin Department	Admin Department	

Conflict of Interest

If any family member / relative or friend of any of the Project Manager / Accounts Officer / or person from the operations, Finance or HR team undertaking a particular activity / work has been proposed or engaged as vendor/supplier for goods and services or to undertake activity / work for the organization as consultant / agency, the same would need to be disclosed to the Chief Functionary in writing. The concerned person must not be part of the procurement process or undertaking of services.