



ZABARANG PROCUREMENT GUIDELINE

Management Procedures and Checklist

Chapter – 7

PROCUREMENT AND INVENTORY MANAGEMENT

7.1 Basis of Procurement

All types of purchases and procurements of head office including area/project offices of Zabarang Kalyan Samity should be made as per the procedures and guidelines narrated below. All procurement must be on fair and competitive basis and a competitive price is made for goods and services.

In order to implement the purchase procedures effectively it is necessary to set up an efficient purchase unit under the administrative section. The staff member responsible for purchase should:

- Have considerable experience in buying;
- Have organizing ability;
- Have ability to negotiate;
- Be reliable, dependable and honest;
- Have broad base technical ability;
- Have general concept for value for money.

The Policy of ZKS, no item shall be procured for secretariat need less-

- a) It has the approval of the Executive Director / authorized person as per delegation matrix;
- b) It has been provided for the approved budget;
- c) Funds are available for it at the time of procurement;
- d) It is beneficially required to further the interest of the ZKS.
- e) It has been made from the most favorable supplier.
- f) It is done with highest professional, ethical, moral and legal standards within the spirit of the prudent person principle.
- g) It reflects fairness in spending of the ZKS resources.
- h) These procedures shall be reviewed from time to time to take into consideration the changing mode of operations in the ZKS and the macro economy as whole.

7.2 General Acquisition Process

The acquisition process involves 7 basic steps.

a. Recognize a Need:

The process begins when purchase section receives a request to buy materials or services from open market/ enlisted vendor. The request (called a purchase requisition, PR) includes the item's description, quantity and quality desired, and desired delivery date.

b. Select Suppliers/Vendors

This step involves identifying suppliers capable of providing the items, grouping items that can be provided by the same supplier, requesting bids (RFQ – Request for Quotation) on the requested items, evaluating the bids in terms of different criteria, and selecting a supplier. The selection criteria must be mentioned in the request for bids.

When a long-term contract has already been set up for an item, this step is not necessary.

c. Place the Order

Once a vendor is selected, a written order should be issued which is called Purchase Order (PO). The PO will act as the contract for the supply of the goods/ services as per the required quality, quantity, price and delivery time.

d. Track the Order

Tracking includes routine follow-up of orders to avoid late delivery or deviations from requested order quantities. Suppliers are to be contacted by letter, fax, telephone, or e-mail. Follow-up is particularly important for large purchase when a delay could disrupt project delivery.

e. Receive the Order

Incoming shipments must be checked for specifications, quantity and quality, with the purchase order (PO), the unit placing the purchase requisitions (PR), inventory control and accounting. If the shipment isn't satisfactory, purchaser must decide whether to return it to the supplier. Records on punctuality, quality and quantity deviations as well as the price should be updated as part of supplier evaluation.

f. Delivery of the Goods

Once the goods are received and the quality is checked, then the goods should be delivered to the end users at the earliest opportunity. Information on arrival of the goods and its readiness should be intimated to all the end users at the earliest possible time. It would help to solve the storing and spaces problems, reduce the risk of pilferage, breakage, damages etc.

g. Pay the Invoices

After reception of the goods, invoices must be checked against the purchase order and the delivery note before being approved and paid.

7.3 Prepare the Purchase requisition

It is recommended to implement a procedure similar to the following one.

- a. The respective official prepares a request for buying goods or services after having checked that the expenditure, which is foreseen, is necessary to implement the project, reasonable and eligible, and that enough budget is available. A purchase request form is to be prepared by the respective staff member of the organization and will be submitted to the Approval Authority for Authorization.
- b. The Executive Director (approving authority) of **Zabarang Kalyan Samity** can authorize any request for expenditure or procurement. All such requests must be supported by the submission of appropriate documentation.
- c. After authorization, a proper procurement procedure is launched.
- d. If no budget is available or if the goods or services to be procured were not foreseen in the agreement, it is mandatory to get the written approval from the donor / Executive Committee (as applicable) before launching the procurement procedure.

7.4 Procurement Committee

There shall be a procurement committee (PC) to be approved by the Executive Director to conduct purchase related activities. The committee may be consisted of minimum 3 member and maximum number as per the decision of the Management. Procurement committee headed by a Convener and should be formed by an odd number of members. At least two-third (2/3) members should always be available at the time of decision making of any purchase and sales. The procurement committee may comprises the following members-

- a. Convener: from HR / Admin / Programme department
- b. Procurement Manager/ Logistic Manager
- c. Representatives from program department
- d. Member with technical background

One staff from Finance & Accounts department will be act as Member Observer in the committee. The Procurement Committee may co-opt any other members as deemed necessary.

7.5 Responsibilities of Procurement Committees

The procurement committees will ensure the following issues-

- a. Vendor enlistment process as per policy and forwarded for approval.
- b. Setting criteria for weighted scoring of open tender/RFP's response.
- c. Review the technical and financial proposal including the evaluation report.
- d. Make final recommendations of Comparative Statement (CS) for Approval.
- e. Procurement committee will review and evaluate the decision of regional/ field level procurement committee on sample basis.

ZABARANG PROCUREMENT GUIDELINE

The procurement committee shall reserve the right to accept or reject any or all quotation / tenders within project justification.

7.6 Conflict of Interest

No employee shall participate in the selection, award, or administration of a contract if a real or apparent conflict or interest would be involved. Such conflict would arise when the employee or any member of the employee's immediate family, the employee's 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 firm selected for an award.

7.7 Transparency, confidentiality and Fairness

All suppliers should be treated fairly and even-handedly at all stages of the procurement process. This means being open with all those involved, so that everyone, especially suppliers, understand the elements of the process, that is, the procedures, timescales, expectations, requirements, criteria for selection and so on. Supplier confidentiality should be safeguarded.

7.8 Types of Tender Enquiries

No purchase except cash purchases and emergency purchase shall be made without making proper tender enquiry.

The recommended minimum number of vendors invited to bid for each tender is outlined in the table below.

Value of Tender (BDT)	Solicitation document required	Minimum number of vendors to be invited
Up to 20,000	No written document	By a survey to ascertain the prevailing competition pricing
20,001-50,000	Spot Quotation	Two (open market / enlisted vendor)
50,001-200,000	Spot Quotation	Three (open market / enlisted vendor)
200,001-500,000	RFQ / RFP (Sealed)	Three (open market / enlisted vendor)
Above 500,000	RFP/Open Tender	Open/press tender (In case of field level procurement, the issue to be done in consultation with Central Management)

Tender enquiry shall be as follows:

- a. **Single tender enquiry:** This type of tender enquiry shall be issued exclusively to the manufacturers or their authorized agents when the items are purely of proprietary nature. Tender enquiry with detailed terms and conditions will be sent to the manufacturer or their authorized agent free of cost inviting quotation from them within a specified period of time.

ZABARANG PROCUREMENT GUIDELINE

- b. Spot tender enquiry:** This type of tender enquiry shall be issued to the genuine and bonafide dealers/Stockiest/traders in specific and exceptional cases of extreme urgency of the item and /or if the estimated value of requisition/item or service to be procured is in between BDT 20,001 to BDT 200,000 or when response against a limited tender enquiry is very poor and/or the quoted rates are abnormally high through a team of 3 (three) officials one from Procurement, one from Finance & Accounts department and one from indenting department. Minimum 3 quotations are to be collected against Spot Tender Enquiry in all cases.
- c. Limited tender enquiry:** This type of tender enquiry in the form of ITB/RFQ shall be issued to the enlisted Suppliers/ Contractors only when the items are of non-proprietary nature or estimated value in between BDT 200,001 to 500,000. Tender enquiry with detailed terms and conditions will be sent to the enlisted Suppliers/Vendors/ contractors allowing a specific five for submission of sealed quotation. Minimum response from three bidders for estimated value up to BDT 00,000 and five for estimated value up to BDT 800,000 is generally expected.
- d. Press Tender:** This type of tender inquiry will be made through publishing in a national/local dailies and/or online media if the estimated value is above BDT 500,000 or if the nature of item is irregular/rear.

7.9 Performance Guarantee or Security Deposit

The Performance Guarantee (PG) money should be deposited to ZKS in the form of pay order / bank draft / Bank Guarantee drawn on any schedule bank in Bangladesh (in case of international tender foreign bank may be accepted) at the time of issuing work order. The Performance Guarantee should be refunded without interest after the contract/warranty period is over, provided all contract/ PO conditions are met successfully by the vendor. PG will be applicable for work order value above BDT 500.000 (Five lac) except consultancy service and installation of hardware options. For installation of hardware options PG is applicable for all cases irrespective of any work order value.

- 7.9.1.** Amount of PG should be 2-10% maximum of purchase/work order value.
- 7.9.2.** Focal Person of procurement should keep a list of purchase order/work order(s) requiring PG showing the reference number and date of purchase/work Order, name of the local agent, amount of the purchase order/work order and required amount of performance bank guarantee/pay order/bank draft number/name of the bank issued these instruments, date of issue, and date of expiry. PG may be extended up to completion of contract obligation.
- 7.9.3.** Once PG in the form of Bank Guarantee (BG) is received, Manager, Procurement should forward the same to the Finance & Accounts department with a forwarding letter for verification that the BG is authentic. Manager, Finance & Accounts should inform Focal Person, Procurement within three working days in written that the BG is received, wither authentic or false and Procurement Manager will communicate with the vendor for explanation of providing false Bank guarantee and based on the reply from the entity, Procurement Committee may take appropriate initiate within three working days.

ZABARANG PROCUREMENT GUIDELINE

7.9.4. PG /Security Deposit is to be deducted from the total payable amount from the successful bidder who awarded to install hardware options. The amount will be kept for minimum six months period from the date of completion of the work and refunded without interest to the bidder based on satisfactory performance of the hardware options and prayer from the vendor.

7.10 Tender Opening Committee Composition

7.10.1. The composition of the tender opening committee shall be as below

- a) Procurement Focal Person - Convener
- b) One member from Finance & Accounts /Internal Audit Department
- c) One member from Indenting Department
- d) Technical Expert

7.10.2. Regional/Field Level Procurement Committee will perform the role of tender opening committee at Regional Offices.

7.11 Purchases against Proprietary/Brand items

Only proprietary items or items available with a particular source of supply/brand items may be purchased directly from the manufacturer of their authorized agents. The purchase will be processed as usual. Any available published rate is acceptable and required for this type of purchase.

7.12. Enlistment/Pre-qualification of Suppliers/Contractors/Vendors

Enlistment Process will be followed by open circular using notice/national/local daily newspaper etc. In this process existing successful vendors will be enlisted inevitably if provide updated documents.

In Case of selecting vendor(s) for foreign purchase, pre-qualification of manufacturers/suppliers can also be made taking into consideration such matters as contractor integrity, record of past performance, financial and technical resources, or accessibility to other necessary resources.

Enlistment of different category of suppliers will be made based on the nature of the procured items and frequency of purchase. Such as:

- a. Advertising Firm/Media Agency
- b. Audit Firm / Tax Advisory Firm / Legal Advisory Firm / Individual Consultant
- c. Courier Service and Carrier of Goods.
- d. Electrical & Electronics Items.
- e. Furniture & Furnishing
- f. General Suppliers, Stationeries, Promotional Items
- g. Information Communication Technologies
- h. Medicine & Medical Equipment
- i. Printing & Packaging
- j. Reagent, Water testing equipment & Lab Materials
- k. Repair and Maintenance Service of Fixed Assets
- l. Garage/Workshop/Automobile/Construction Firm/Contractor

ZABARANG PROCUREMENT GUIDELINE

Application for enlistment shall have to be made by the supplier/Vendor mentioning the group or groups of items along with the following document-

- a) Current valid Trade License
- b) Income Tax Certificate (updated)
- c) VAT registration Certificate
- d) Bank Solvency Certificate (if applicable)
- e) Organization profile (If applicable)
- f) Performance certificate from 3 organizations (if applicable)
- g) Press declaration certificate (for printing & packaging), if any
- h) List of machinery (If applicable)
- i) List of manpower (If applicable)
- j) List of clients

7.13. Verification of submitted documents and Vendor Evaluation

Procurement Department will verify the information and particulars furnished by an applicant and if found genuine and acceptable, will take necessary steps for enlistment of the firm.

After verifying all the submitted/required and applying best judgment, reputed agency/vendor/ firm will be selected for enlistment. It is expected that all documents submitted by the concerned agency/vendor/firms are correct and from genuine source.

The participated vendors who have relevant experience and performance (as assessed by testimonials, quality inspection), reasonable physical facility, adequate manpower and technical support (as assessed through physical inspections), financial soundness (as assessed through bank statements) would be evaluated by the procurement department and forwarded to Executive Director for central office and respective Regional Manager for field and regional office with due recommendations of the procurement committee.

7.14 Validity of Enlistment

Enlistment once made shall remain valid for a period of two years and may be extended for further two years, subject to satisfactory performance and up gradation of relevant documents.

7.15 Emergency Procurement

Procurement in the event of critical situation (such as natural calamities, political unrest, riot, blockade, and so on) which could result in heavy loss or hamper in normal operations or regular activities of ZKS and where normal purchase procedures cannot be resorted to as time the most critical factor and adherence to the standard purchasing procedure is not possible. Emergency procurements would require the approval of Executive Director in all cases. Spot quotation and spot decision will be taken by the Emergency Procurement Team if time is limited otherwise Spot quotation method will be followed.

ZABARANG PROCUREMENT GUIDELINE

The Emergency Procurement Team may be formed comprising 5 (five) officials as follows-
Indenting Department-1,
Finance & Account /Audit department-1,
Technical Person-1,
PC Member-1,
Staff from concerned Region/Field Office-1.
ED will form the Emergency Procurement Team in all cases.
The team will submit the Spot decision in written form with the bill.

7.16 Cash Purchase

ZKS discourages cash purchase. However, in unavoidable situation, procurement department as well as the Regional/ Project Offices with due diligence are allowed to buy materials or services amounting up to BDT 20,000 with the approval of Head of Finance & Accounts/Manager Finance.

In very exceptional cases, If the item is irregular or vendor is limited and not willing to participate in formal tendering process, or not ready to accept payment by A/C payee cheque, then irrespective of the value of the item a **Cash Purchase Committee** comprised of minimum three members will be formed by ED for this type of purchase.

All cash procurements are to be completed within seven working days and bills are to be submitted to the Finance & Accounts department for immediate adjustment or reimbursement.

All Cash Purchase Committee will submit a summary document related to the cash purchase along with the bill.

7.17 Conditions where Tender Enquiry not required

- a) All goods & services purchased under bi-lateral or multilateral agreement.
- b) For the following goods and services:
 - i) Travel of staff/ consultant/delegate
 - ii) Legal expenses
 - iii) Participation in overseas training
 - iv) Purchase of foreign exchange
 - v) Rental of office accommodation / store
 - vi) Utility expenses
 - vii) Any government fees
 - viii) Entertainment/refreshment
 - ix) Paper advertisement
 - x) Oil & petroleum products
 - xi) Participate/organize training/workshop/seminars/different types of meeting
 - xii) Hiring/contracting resource persons/consultant
 - xiii) Emergency repair and maintenance
 - xiv) Vehicle registration/Tax/VAT
 - xv) Project registration/approval
 - xvi) Food Stuff*
 - xvii) Food Supplies*

ZABARANG PROCUREMENT GUIDELINE

- * Due diligence should be applied in case of procuring these and event management etc.
- * Food items like bottle water, soft drinks should goes under BOA.
- * However, in case of bulk food stuff/food supplies which estimated cost is more than BDT 30,000 (thirty thousand), it is advisable to supervise the job by the Procurement Committee.

7.18 Preparation and Approval of Comparative Statement (CS)

Comparative Statement (Annexure) of offers is to be completed immediately after opening of the tender or receiving the technical and financial evaluation report if applicable.

Comparative Statement will reflect all the basic and relevant information like specifications, quantity, price, delivery schedule, validity of offer, country of origin, packing, increase/decrease over last purchase price, etc.

Soon after the finalization of the Comparative Statement, the purchase approval process is to be initiated by the Procurement Focal Person and the file to be routed as per annexed Routing System which will from integral part of the Procurement Policy.

Authority to accord purchase approval shall be exercised as per delegation of power defined by Executive Committee from time to time.

Purchase Committee will make its final recommendations on CS for Approval to the concerned authority.

7.19 Purchase Order/Work Order (Purchase Commitment) Authority Limit

After making a competitive review, Procurement Focal Person shall initiate the purchase order to the concerned authorities for their review and approval. Purchase order/Work Order is issued as per the following table-

Authorized Person	Authority Limit in BDT.
Executive Director	Any amount
Programme Coordinator / Director	Up to 100,000
Head of Finance	Up to 50,000
Project Manager / Coordinator	Up to 30,000

In case of budget limitation, found in the middle of the procurement process consignee will be responsible to ensure the additional budget or any other adjustment.

7.20 Cancellation/Amendment of PO/ WO

For Cancellation of Purchase Order/Work Order same authority limit will be followed as stated.

A report should be generated by Procurement Department on quarterly basis showing total numbers of PO/WO issued and cancelled.

7.21 Repeat PO/WO

In case a material is urgently required and its procurement through tendering is not likely to yield fruitful result, repeat order system may be adopted and provided:

- a) the supplier agrees in writing to accept a repeat order,
- b) the repeat order is placed within 6 months from the date of original order.
- c) terms, conditions and price of the repeat order are the same as those of the original order.
- d) Price of material in the repeat order is not above the original order,
- e) a particular item is not purchased more than twice by repeat order,
- f) The repeat order should be approved as per delegation of authority.

7.22 Receiving of Goods

Supplier/Vendor will deliver the goods/items to the respective office/place as mentioned in the Work Order/Purchase Order within the Office working hours. Goods must be received by the respective store against invoice/delivery challan from the supplier/vendors. Receiver of goods must put the signature, date and time of receipt of goods, in the challan and give a copy of the challan to the supplier/vendor which has to be submitted with the bill.

If the supplied goods are not acceptable, then it should be notified to the Procurement Manager in writing immediately by the person checking the quality mentioning specific reason for rejection and a quantity rejected. Procurement Manager will inform the Vendor in writing about this rejection along with a date for the replacing the rejected quantity.

Material Receiving Report (MRR) will be raised only for store items after obtaining the quality check

7.23 Payment Terms

Payment will be made upon satisfactory completion and acceptance of work and based on bill submission including relevant documents. After examination of all reports regarding procurement, the accounts department shall review the same and forward for approval. After approval, accounts department shall arrange for issue of check. Payment to the supplier against their bill shall be made by Account Payee cheque only.

ZABARANG PROCUREMENT GUIDELINE

In principle, no advance payment is to be made to any supplier/vendor. However, reasonable initial payment may be made in specific applicable cases as per the obligation of contract.

Partial payment may be made on the basis of actual performance and / or specified deliverable as per payment terms considering the nature of work/assignment.

Acknowledgement of payment should be collected from the vendor.

7.24 Documents & Registers to Maintain

7.24.1 The following documents should be accompanied with a procurement action –

- a) Procurement Requisition (PR) with Specification
- b) Purchase committee meeting resolution
- c) RFQ / ITB/ RFP
- d) Tender Invitation Letter with list of invited vendors
- e) Receive quotation
- f) Evaluation Report(s)
- g) Approved Comparative Statement
- h) Work Order/Purchase Order
- i) Contract Agreement (if applicable)
- j) Quality Inspection/Challan
- k) Material receiving note
- l) Bill/Invoice
- m) Other relevant documents and correspondence

7.24.2. The following registers (records/ soft form) are to be maintained by the Procurement Department-

- a) Enlistment list / Register
- b) Purchase resolution book
- c) Work Order (WO)/Purchase Order (PO) Register
- d) Tender Document Issue Register
- e) L/C Opening Register
- f) Purchase and payment record of same vendors in a financial year.

ZABARANG PROCUREMENT GUIDELINE

Annex-1



Zabarang Kalyan Samity

Khagrapur, Khagrachari

Procurement Checklist:

Sl.	Document	Status (√ for yes and X for no)	Remarks
1.	Purchase Request		
2.	Meeting minutes for Quotation Collection		
3.	Letter for Quotations (with conditions; e.g. Trade License, mode of payment, quality and quantity, VAT registration, Income Tax information, delivery date and deadline for quotation submission)		
4.	Quotation(s)		
5.	Required documents are attached with quotations		
6.	Meeting minutes for Work Order		
7.	Comparative Statement		
8.	Approval from donor contact person		
9.	Work Order (with rate, quality, quantity, mode of payment, quality and quantity, VAT & IT information and delivery date)		
10.	Prohibition of child involvement while goods delivery mentioned in the work order		
11.	Challan and Goods received note		
12.	Bill		
13.	Copy of Cheque		
14.	Money Receipt/Acknowledgement		

Note: All documents must have signatures of the PROC members