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PROCUREMENT MANUAL 2018

Purpose: The purpose of this Procurement Manual is to describe TAG A LIFE INTERNATIONAL policies and procedures for procurement and contracting, and to highlight the standard procedures that all TAG a LIFE INTERNATIONAL staff must follow in this regard. This Manual is intended to facilitate adherence to the organisation's procurement policies and procedures, to prevent variable practices, and to assist in training new TAG A LIFE Staff. It provides the basis for audit by both donor auditors and other external auditors. This in itself provides documented advice to all TAG A LIFE INTERNATIONAL staff that these are policies of top management at TAG A LIFE INTERNATIONAL.

1. Competition and Transparency:

TAG A LIFE INTERNATIONAL is committed to act, in all that it does, in accordance with the highest standards of ethical business conduct and in conformity with the laws of Zimbabwe. The organisation does not seek any improper influence in its business affairs; nor will it tolerate even the appearance of such influence. All TAG A LIFE INTERNATIONAL staff and representatives doing business on behalf of, and in the name of, TAG A LIFE INTERNATIONAL must be motivated by these core values.

In furtherance of these values, therefore:

- Competition and transparency must be promoted to the maximum extent possible and practicable to obtain supplies and services from the source whose offer is the most advantageous for the organisation, considering the administrative cost of the purchase.
- When soliciting quotations or offers, TAG A LIFE INTERNATIONAL staff involved in the procurement process must declare and exempt themselves when conflict of interest, or appearance of conflict of interest, is present.
- TAG A LIFE INTERNATIONAL will not solicit quotations based on personal preference; nor, to the extent possible, will it be restricted to suppliers of well-known and widely distributed makes or brands.
- Competition must be fair, transparent, and aimed at securing the best product or service at the best price.

2. TAG A LIFE INTERNATIONAL Personnel Role in Procurement:

To promote transparency in procurement and competition, TAG A LIFE INTERNATIONAL separates staff duties within the procurement process, as follows.

- The Admin Manager determines what goods and services need to be purchased.

- In conjunction with the Admin Manager, the Finance Manager will act as the final control on the process.
- TAG A LIFE INTERNATIONAL staff who report to the Admin Manager will assist in selecting vendors and subcontractors by documenting the selection.
- The Admin Manager will maintain an updated list of vendors and negotiated TAG A LIFE international Purchase Orders.

3. Original Procurement Documentation:

TAG A LIFE INTERNATIONAL will retain all data supporting procurement. The following situations illustrate the extent to which quotation or offer information must be recorded.

- *Verbal solicitations:* TAG A LIFE INTERNATIONAL Staff must establish and maintain records of verbal price quotations in order to reflect clearly the propriety of placing the order at the price paid with the supplier concerned. In most cases, this will consist merely of showing, in a written TAG A LIFE INTERNATIONAL Verbal Solicitation Note, the names of the suppliers contacted, the date and time at which they were contacted, and the prices and other terms and conditions quoted by each.
- *Written solicitations:* For acquisitions not exceeding USD 100, staff must limit the TAG A LIFE INTERNATIONAL Written Solicitation or Offer Note to notes or abstracts to show prices, delivery, references to printed price lists used, the supplier or suppliers contacted, and other pertinent data.
- *Special situations:* Special situations include additional statements explaining the absence of competition if less than 3 sources are solicited and the acquisition does not exceed the simplified acquisition threshold, or supporting the award decision if other than price-related factors were considered in selecting the supplier. These, too, must appear in written form using the Written Solicitation or Offer Note.

4. The Process of Procurement of Goods and Services from Outside Vendors:

- All procurement of goods and services are under the direction of the Admin Manager, who bears ultimate responsibility for procurement.
- All purchases [except small purchases authorised by the Admin Manager - see (e) below] must be endorsed by the Admin Manager and approved by the Executive Director.
- Project Managers must review their individual Project budgets before making requests for expenditure in relation to goods and services, in order to ensure that such expenditure remains within budget, to the fullest extent possible.
- A request for any purchases is sent to the Admin Manager by way of a pre-numbered TAG A LIFE INTERNATIONAL Purchase Requisition.
- The Admin Manager authorises the purchases of small items or services whose value is below US\$ 100 in line with the procedure set out in 3 above.

- Upon receipt of the TAG A LIFE INTERNATIONAL Purchase Requisition, the Admin Manager will obtain at least 3 quotations from vendors or service providers if the price is likely to be above the stipulated threshold of US\$ 100.
- The Admin Manager will analyse the quotations and make a selection taking into consideration not only the cheapest product, but also its quality. The Admin Manager must provide a written justification in the form of a worksheet for the selection of the vendor.
- The analysed worksheet with the total cost of goods or services, the TAG A LIFE INTERNATIONAL Purchase Requisition and the quotations are attached together.
- The Admin Manager will forward the TAG A LIFE INTERNATIONAL Purchase Requisition, together with the relevant attachments to the Executive Director for approval.
- The Executive Director will look at the analysed worksheet and attachments, approve, and send back to the Admin Manager.
- The Executive Director must approve the purchase of any and all items or services valued above US\$ 10 000.

5. Request for Quotations:

- A request for quotations must be sent out by the Admin Manager or, in her/his absence, an individual designated by the Executive Director.
- A request for quotations is **necessary** if the value of goods or services is US\$ 500 or above for non-repetitive items.
- Quotations are **not required** for items valued below US\$ 100. However, a limited competition (comprising of 3 verbal solicitations by telephone call to obtain pricing ranges) is encouraged whenever possible.
- With the prior written approval of the Executive Director, quotations are **not required** in case of emergency and where the products are urgently needed to implement an unplanned but necessary activity.
- A request for atleast 3 quotations is **necessary** where there has been a 6-month lapse since the purchase of the same items or services and where the annual purchases of the repetitive item exceeded, or is expected to exceed, US\$ 1,000 or more.
- Threshold amounts for quotations:
 - i. US\$ 0 to US\$ 100 small purchases - only one quotation is necessary, but more are encouraged whenever possible.
 - ii. US\$ 100 to US\$ 5,000 - it is **necessary** to obtain 3 written quotations.
 - iii. US\$ 5,000 and above - it is **necessary** to obtain written approval from the funding partner and the Finance and Administration Committee of the TAG A LIFE INTERNATIONAL Board to purchase the item [for example, non-expendable (fixed) assets].

6. TAG A LIFE INTERNATIONAL Purchase Orders:

- A purchase order is a form of agreement with the selected vendor to procure goods and services for a quoted price within an agreed period.
- A pre-numbered TAG A LIFE INTERNATIONAL Purchase Order is filled out and signed by the Admin Manager after a pre-numbered TAG A LIFE INTERNATIONAL Purchase Requisition is completely signed and approved by the Executive Director.

c. All purchases require both a TAG A LIFE INTERNATIONAL Purchase Requisition, and an TAG A LIFE INTERNATIONAL Purchase Order signed by the Admin Manager. Purchases above US\$ 5 000 also require the prior approval of the Executive Director.

- The Admin Manager will then communicate with the selected vendor to deliver the goods or services, quoting the TAG A LIFE INTERNATIONAL Purchase Order number which must always reflect on the delivery note or invoice of the vendor or service provider.
- Upon receipt of the deliveries or services, the individual who initially requested the goods or services (such as the Project Manager) will sign the delivery note/ invoice/ receipt.
- The Finance Manager will inspect and verify the quantity of goods and services and counter-sign the invoice/delivery note/receipt.
- The invoice is forwarded to the Admin Manager who will attach the TAG A LIFE INTERNATIONAL Purchase Order, the TAG A LIFE INTERNATIONAL Purchase Requisition and other supporting attachments authorising the payment by endorsing her/his signature on the TAG A LIFE INTERNATIONAL Purchase Order, indicating that the items or services have been received, and forward them to the Finance Department for payment.

7. TAG A LIFE INTERNATIONAL Payment Vouchers:

- The responsible Finance Officer will prepare the TAG A LIFE INTERNATIONAL Payment Voucher after receiving the required documents from the Admin Manager authorising payment.
- The TAG A LIFE INTERNATIONAL Payment Voucher will indicate the name of the vendor/customer, account code to be charged, and amount owed.
- The Finance Officer checks and verifies the invoices and TAG A LIFE INTERNATIONAL Payment Voucher for accuracy and prepares payments.
- Payments will be made *no later than a week of receipt of goods and services*.
- After processing the payment, the Finance Officer will forward the payment documentation, together with the TAG A LIFE INTERNATIONAL Payment Voucher, to the Office Manager.
- The Admin Manager will determine the distribution of payments - either by asking the vendors to come and sign for their payments, or by having them delivered by the TAG A LIFE INTERNATIONAL driver/clerk.

- All payments must be signed for, whether they have been delivered or collected, and a signed receipt will be returned to the Finance Department indicating that the vendor/ customer has received the payment.
- Where payment is made by way of transfer, it is **necessary** for the Finance Officer to ensure that an original written receipt is delivered to TAG A LIFE INTERNATIONAL to indicate that payment has been made.

8. Store Room:

- All the consumables are under the direction of the Admin Manager, who determines the level of stock and makes checks and balances.
- An individual who reports to the Admin Manager keeps a record of consumables and makes a list of requirements which s/he forwards to the Admin Manager in the form of a written and signed TAG A LIFE INTERNATIONAL Internal Memorandum.
- The Admin Manager ascertains the level of stock before making any purchases.
- Once purchases have been made, receipt of goods are recorded by way of an TAG A LIFE INTERNATIONAL Goods Received Voucher (to which is attached a copy of the TAG A LIFE INTERNATIONAL Payment Voucher) and the TAG A LIFE INTERNATIONAL Goods Received/Stock Book is updated at the same time.
- The TAG A LIFE INTERNATIONAL Stock Book must be updated and reconciled each and every month by the Admin Manager.

9. Inventorable Items; Non-Expendable Items (vehicles, furniture, computers, phones, fax machines, photocopiers, printers, etc):

- These are under the direction and control of the Admin Manager, who must keep an updated TAG A LIFE INTERNATIONAL Inventory/Asset Register at all times. This is an excel spreadsheet that is developed to record all pertinent financial information about a fixed asset.
- The TAG A LIFE INTERNATIONAL Inventory/Asset Register must include assets and items which are being held at all TAG A LIFE INTERNATIONAL offices.
- The TAG A LIFE INTERNATIONAL Inventory/Asset Register must be kept in a secure place and must contain the following information:
 - i. Donor Logo/Name/Code
 - ii. Description of Item/Asset
 - iii. Serial Number
 - iv. TAG A LIFE INTERNATIONAL Reference Number
 - v. Purchase Date
 - vi. Purchase Price (exchange rate based upon weighted monthly average/SOE)
 - vii. Name of Supplier
 - viii. Status/Condition of Item/Asset
 - ix. Allocation to Named Individual or Unit or Office
 - x. Date of Allocation
 - xi. Date of Disposal (where relevant)
- Expendable property whose value does not exceed US\$ 50 is **not given** a label and is **not** recorded in the TAG A LIFE INTERNATIONAL Inventory/Asset Register.

- The TAG A LIFE INTERNATIONAL Inventory/Asset Register must be updated and reconciled every month by the Admin Manager.

10. Recording of Fixed Assets:

- The Admin Manager is responsible for the management of fixed assets.
- The Admin Manager must record all fixed assets in the TAG A LIFE INTERNATIONAL Fixed Asset Register.
- All fixed assets in the TAG A LIFE INTERNATIONAL Fixed Asset Register must be identifiable with reference numbers and location of the assets.
- The TAG A LIFE INTERNATIONAL Fixed Asset Register must be updated and reconciled every month by the Admin Manager.
- Provision must be made by the Admin Manager, in consultation with the Finance Manager, for the depreciation of assets over time.
- The approval to purchase and/or dispose of assets whose value is US\$ 5,000 or higher must be sought from the donor, as well as the Finance and Administration Committee of the TAG A LIFE INTERNATIONAL Board.
- The Executive Director has the overall authority to purchase and/or dispose of fixed assets in accordance with donor requirements and, for any assets valued at US\$ 5,000 or more, with the approval of the Finance and Administration Committee of the TAG A LIFE INTERNATIONAL Board.

11. Disposal of Assets:

- Only the Admin Manager has the authority to initiate the process of disposal of TAG A LIFE INTERNATIONAL assets.
- As previously outlined, the approval to dispose of TAG OF LIFE INTERNATIONAL assets must, on each and every occasion, be approved by the Executive Director.
- The disposal of TAG OF LIFE INTERNATIONAL assets must, on each and every occasion, be carried out in line with any provisions stipulated by the grant agreement of the donor agency which provided such assets.
- Authority for the disposal of any TAG A LIFE INTERNATIONAL asset whose initial value was US\$ 5,000 or higher must be sought from the donor concerned, and the Finance and Administration Committee of the TAG A LIFE INTERNATIONAL Board.
- In the case of the disposal of assets, the Admin Manager, in consultation with the Finance Manager, shall prepare a schedule showing the depreciated value of an item that is considered beyond its serviceable life and thereby request the appropriate authority to approve that it be scrapped, sold or written off.
- Preference for the purchase of the TAG A LIFE INTERNATIONAL assets which are to be disposed of may be given to TAG A LIFE INTERNATIONAL staff. Whether internal or external disposal is to be carried out, at least 3 written bids will be received by the

Office Manager, reviewed by the Finance Manager, and approved by the Executive Director. Where the asset to be disposed of had an initial value of US\$ 5,000 or higher, the Executive Director will place the approved bids before the Finance and Administration Committee of the TAG A LIFE INTERNATIONAL Board for a decision and approval to dispose to the successful bidder.

- Funds received from the disposal of an TAG A LIFE INTERNATIONAL asset will be returned either to grant concerned, or to the TAG A LIFE INTERNATIONAL administration account, depending on any donor conditions which may exist.
- The Admin Manager shall ensure that details of the disposal of the asset are recorded in the TAG A LIFE INTERNATIONAL Asset Register immediately upon disposal.

12. Code of Conduct for Procurement:

- TAG A LIFE INTERNATIONAL staff are to declare any outside interests and/or business relationships that may reasonably be deemed to affect her/his impartiality in conducting her/his daily work.
- TAG A LIFE INTERNATIONAL staff must declare any business relationships that they, or members of their family, may have with suppliers, vendors and service providers with whom TAG A LIFE INTERNATIONAL engages, or may engage, in business. This must be done in writing and prior to initiating procurement procedures.
- Only in exceptional circumstances, with the prior written consent of the Executive Director, and in a properly documented and transparent manner, will bids be solicited from, or contract for provision of goods or services awarded to, any company or individual that is owned (in part or in full), controlled, or actively influenced by any TAG A LIFE staff, or a relative to TAG A LIFE INTERNATIONAL personnel.
- TAG A LIFE INTERNATIONAL personnel must remain absolutely free any obligations to any suppliers.
- TAG A LIFE INTERNATIONAL personnel must not accept any reward, commission, or any other incentive from a supplier or potential supplier of goods or services, and must bring any such attempts immediately to the attention of the Admin Manager, in writing by way of a TAG A LIFE INTERNATIONAL Memorandum.
- All TAG A LIFE INTERNATIONAL staff generally have the responsibility to prevent mismanagement and/or improper procurement which is in breach of this Manual and should give the Executive Director, other senior management, the Finance and Administration Committee, and the TAG A LIFE INTERNATIONAL Board their full cooperation. Should any such irregularities come to their attention, they must immediately report this to the Executive Director.
- TAG A LIFE INTERNATIONAL personnel should hold in the highest confidence any knowledge obtained during the course of duty and such knowledge shall not be used for personal gain.
- TAG A LIFE INTERNATIONAL staff must deal with all suppliers fairly and equally. All bidders are to be aware of applicable rules. All bidding information disclosed to prospective bidders must be accurate and intended to have the same impact on

all of them. All information received through competitive bidding should be treated as confidential and can only be disclosed to a certain extent with extreme caution to ensure the basis of the competitive bidding system is not undermined.

- Every reasonable effort should be made to negotiate an equitable and mutually agreeable settlement of any dispute with the suppliers.

13. Discipline:

Any TAG A LIFE INTERNATIONAL employee or consultant who fails to uphold and abide by the Code of Conduct in relation to Procurement, and/or any other provision in this Procurement Manual, will be subject to strict disciplinary proceedings, up to and including the possibility of termination of contract or employment, and/or the pursuit of criminal charges against the offending individual wherever appropriate.