

PURCHASING PROCEDURES MANUAL

Introduction

The Procurement/Purchasing Procedures Manual sets forth in detail the norms that will ensure the best practice is applied to the purchasing of goods and services within the requirements of board of trustees and general regulations that govern the procurement of goods and services. These norms must be followed except in situations where specific permission to do so has been granted in writing by the Vice Chancellor/Board of Trustees.

The manual must be made available to all the relevant staff members who are involved in the total supply chain management on behalf of Women's University in Africa.

These supply chain norms shall serve as reference for the procurement of goods and services including management of the acquired goods through the organisation, by prescribing individual responsibilities, limits of Women's University in Africa and the general conduct of that function.

These Purchasing and Supply (norms) procedures shall be revised from time to time and amendments made as appropriate to incorporate current Management direction. Any recommendation to improve the manual should be submitted in writing to the Director of Finance and Planning (Bursar) or Deputy Director Finance and planning (Deputy Bursar).

1.1 Purchasing Procedures Manual

Objectives

The objectives of the manual are as follows:

- To serve as a reference for the procurement of goods and services (stores management inclusive) for the Women's University in Africa within the threshold of designated value limits as determined by the Vice Chancellor/Purchasing Committee.
- To define the policies and norms to be followed in order to ensure value for money in the procurement of goods and services, whilst ensuring that there is transparency, speed, and control (the 5 rights incorporated).
- To establish standards of procedures and reporting to achieve best practice.

1.2 Governing Principles

- a) Procurement of goods and services from all local suppliers shall be from companies properly incorporated under the laws of Zimbabwe.
- b) The procurement manager/officer shall be responsible for the execution of Formal and Special formal procedures (which do not limit expenditure) up to and including the award of the contract. These include the annual contracts.

- c) The procedures shall enable the procurement of goods and services required with a maximum of economy and efficiency with due regard to encouraging the participation of local industries and merchants trading in Zimbabwe.
- d) The procurement of goods and services with a value exceeding the financial limits of us\$10 000 (ten thousand dollars) shall require informal or formal tendering which shall be the responsibility of the purchasing committee/ tender evaluation committee with the procurement manager/officer as secretary.

2.0 Code of Ethics

- 1) The WUA policy requires that bidders, suppliers, and contractors and their subcontractors observe the highest standards of ethics during the procurement and execution of such contracts.

Our ethics are built on the triple foundation that a purchasing officer should:

- 1) Exhibit loyalty to his organisation/company.
- 2) Exercise justice and fairness to those with whom he/she deals.
- 3) He/she must have faith in his/her profession.

From these principles are derived the following standards of purchasing practice.

- a) To consider first the interest of his organisation/ company in all transactions and carry out duties in accordance with established policies.
- b) To be receptive to competent counsel from his/her colleagues and to be guided by such counsel without impairing the dignity and responsibility of his/her office.
- c) To buy without prejudice, seeking to obtain the maximum ultimate value for all expenditure.
- d) To subscribe to and work with honesty and truth in buying and selling and to denounce all forms and manifestations of commercial bribery.
- e) To accord a prompt and courteous reception, so far as conditions permit to all who call on a legitimate business mission?
- f) To respect his obligations and require that obligations to him and for his concern be respected, consistent with good business practice.
- g) To counsel and assist fellow purchasing officers in the performance of their duties, whenever occasions permit.
- h) To cooperate with all organisations and individuals engaged in activities designed to enhance the development and standing of the procurement/ purchasing profession.

2) FRAUD AND CORRUPTION

- a) For the purpose of this document;

- Fraudulent Practice is any act or omission, including a misrepresentation, that knowingly or unknowingly or recklessly misleads or attempts to mislead, a party to obtain a financial or other benefit or avoid an obligation.
- Corrupt practice is the offering, giving, receiving or soliciting, directly or indirectly of anything of value to influence improperly the actions of another party.
- Collusive practice is any arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.
- Coercive practice is impairing or harming or threatening to impair or harm directly or indirectly, any party or the property of another party to influence improperly the actions of a party.
- Obstructive practice is acts intended to impede any exercise meant to establish facts on procurement of goods and services.

3.0 Role of Procurement/ Purchasing within Women's University in Africa.

The procurement / purchasing function is a credit component to the overall success of the Women's University in Africa.

3.1 Interactive Role

Purchasing plays an interactive role with;

- a) Internal customers: these are various departments coming in with their demands for purchases of various goods and services. Purchasing therefore has to provide these requirements at the right time, right quality, right place, right quantity and ensuring that supply of these is uninterrupted.
- b) External customers: these are supplier organisations of goods and services required by the University for the smooth discharging of its mandate of providing excellent learning and research facilities

3.2 Value Addition

Purchasing adds value to the university through

- a) Designing and enforcing strong procurement and cost control measures for all departments and divisions.
- b) Identifying the various risks involved in the organisation in terms of procurement and inventory management and devising solutions.
- c) Monitoring market trends and supplier quality.
- d) Procurement and logistical planning.

- e) Development, improvement and fostering of good business relationships with suppliers.
- f) Producing monthly and quarterly reports on spend analysis.
- g) Provide for Women's University in Africa the maximum requirements at the lowest possible prices for the best quality goods and services.

3.3 Policy role/Corporate

The purchasing function performs the following role through:

- a) Ensuring that the impact of supply decisions on the Women's University in Africa's business and profitability goals are understood and communicated.
- b) Managing levels of procured goods and services according to plan.
- c) Dealing with and advising the Women's University in Africa on contract management issues as and when they arise.

3.4 Expenditure control

Procurement must assist the University in expenditure control by ensuring that;

- a) All expenditures must be done within the approved budget.
- b) Reports on purchases are produced for every department.

3.5 Ethical/ Moral objectives/Standards

Purchasing must uphold the above requirements by:

- a) Maintaining confidentiality of information relating to its contractors and suppliers.
- b) Making decisions with a just attitude and avoiding activities or relationships which may impair or appear to impair the function (purchasing) from exercising its judgement in the best interest of the university.
- c) Not allowing oneself to get/ receive personal favours or gratuities in connection with the university's business or awarding of business.
- d) Not awarding contracts that may be perceived to influence decisions and subsequently result in a conflict of interest.

3.6 Other roles

- Inform the users of the latest products and or services.
- Inform the University of Opportunities for savings that can be taken advantage of.
- Advise on the use of specifications or standardised items in order to control costs.

4.0 Tenders

Good governance requires that purchasing must be subject to competition. The following are proposed bends for authorisation of purchases to be approved by the purchasing committee.

Position	limit	comment
Purch Officer/Asst Bursar	\$1-\$2000	Competitive bidding
Director of Fin&Planning/ Procurement Committee	\$2001-\$10000	Competitive bidding
Vice chancellor	+\$10000	Open tender/tender

Definitions

- 1) **Competitive Bidding (CB)**- This is the procedure whereby suppliers are shortlisted from a purchase to best advantage list/ a list of approved tenders by telephone, fax or e-mail to submit quotations for the required goods / services and this is to be done for all purchases below us\$10000.00 (ten thousand dollars).

Procedure for competitive bidding

- a) On receipt of a purchase requisition from user departments, the purchasing officer checks with the department budget if the demanded goods or services are budgeted for.
 - b) He/she then shortlist suppliers from a list of approved suppliers and send them some request for quotation either by telephone, fax or e-mail.
 - c) The contacted suppliers will respond using either fax, e-mail or bring in their quotations by hand.
 - d) At closing time, no more quotations are accepted and then quotations are opened by purchasing together with a representative from the requesting department.
 - e) Purchasing then adjudicates and the barometer for selection is conformance to specifications and price.
 - f) After adjudication, the winning bidder is awarded the tender.
 - g) After the order is written. Purchasing notifies the requesting department of the award and gives a copy of the purchase order so that the user department will liaise with the supplier on delivery schedules.
- NB Wherever possible, a minimum of three quotations must be obtained and where this is not possible, a written approval from the bursar or purchasing manager must be secured before the adjudication.*

2) **Special/Limited bidding**

Limited bidding is essentially competitive procurement by direct invitation without open advertisement. It may be an appropriate method of procurement where the organisation does not intend to deal with the whole world for administrative purposes.

3) **Direct contracting**

Direct contracting is the process of engaging a supplier or service provider without competition (single sourcing) and might be considered under the following circumstances:

- a) An existing contract for goods and services awarded in accordance with procedures acceptable to WUA may be extended for additional goods or services of a similar nature. WUA shall be satisfied in such cases that no advantage could be obtained by further competition and that the prices on the extended contract are reasonable. Provision for such an extension, if considered likely, shall be included in advance in the original contract.
- b) Standardisation of equipment or spare parts compatible with the existing equipment may justify additional purchases from original supplier. However, for such purchases to be justified, the original equipment shall be suitable, and the number of new items shall be less than the existing number and above all, the price shall be reasonable.
- c) The required equipment is proprietary and obtainable from only one known source.
- d) The contractor responsible for a process design or manufacture requires the purchase of items to be done from a particular supplier as a condition for performance guarantee.
- e) In exceptional cases, such as in response to emergencies and for purchase below us\$300.00.

4) **Tender Specifications**

It is the duty and responsibility of the user department with the assistance from purchasing to draw up specifications for goods and services before an advertisement is put to the press for publication.

4.1 **Tender Advertisement**

Tenders must be advertised in the local newspaper and the following information must be included in the advert.

- The tender number
- The closing date
- Where to obtain the tender documents
- Description of goods and services being tendered for
- Amount payable for tender documents

- Date and time for pre-tender meeting if any
- Any other statutory requirements

4.2 Submissions of quotations/bids

The quotation must be submitted in sealed envelopes and dropped in the tender box. The envelope must be endorsed on the outside with the advertised tender number and the closing date and this must be posted in time to be sorted into our post office box or to be deposited into the tender box as indicated in the respective advertisement.

NB Any tender/ quotation that is not received whether by hand or post by 1000hrs on the closing date will be treated as a late tender and shall be returned unopened.

4.3 Tender Opening, Evaluation and Award

- a) **Opening-** At 1000hrs on the stipulated closing date, the Procurement Officer/administrative assistants responsible for tenders, depending on the nature of materials or services in the presence of two other members of staff (in the purchasing committee) shall remove the quotations from the tender box (located on the reception area of administration) in full view of bidders who may have come to witness the opening process.

- The bids are then recorded in order beginning with the supplier and name of representative.
- Again, all bids must be satisfied closed before being opened.
- Bidders are then asked to go while the committee evaluates the bids and make recommendations for the award.

1. Competitive schedules must be compiled and these must show:

- (i) Name of bidder
- (ii) Description of goods/services bided
- (iii) Quantity
- (iv) Prices quoted
- (v) Delivery period
- (vi) Rank/rating in terms of price

b) **Adjudication/evaluation of tenders-** Quotations and cost comparative schedules are submitted to the tender evaluation committee which comprises the following:

- i) Accounts rep
- ii) Projects officer
- iii) Audit rep
- iv) Reps from user departments
- v) Procurement as the secretary

The chairperson who is either the Vice Chancellor/Pro Vice Chancellor or their designate shall lead the proceedings of the committee.

c) **Evaluation criteria-** in evaluating the bids, the Tender Evaluating Committee shall be guided by the following:

- I. Price
- II. Delivery period
- III. Availability of required products
- IV. Quality
- V. Supplier reputation
- VI. After sales services and guarantee
- VII. Payment terms

NB In recommending a supplier other than the one quoting the lowest price(s), good grounds must be spelt out before that decision is passed.

4.4 Informal Tenders

Informal tenders are those for goods and services with a value limit of us\$10 000.00 -\$50 000.00 and are executed by the Women's University in Africa without going to the board of trustees. These tenders are advertised in the local press with bidders depositing their bids in the tender box and these are concluded by the Women's University in Africa.

The procurement officer in collaboration with the legal division prepares the tender documents as per specifications for the goods and services required. He/she is also responsible for the preparation of adverts or invitation to tender after approval by the Procurement Manager.

The chairperson who is either The Vice Chancellor or Pro-Vice Chancellor or their designate on an alternating basis leads the proceedings of the committee which shall sit and prepare a report of their findings and recommendations in all tenders.

The procurement section will then raise orders based on the evaluation report and findings of the committee and file away all documents for audit purposes.

4.5 Purchase Orders

All acquisitions, except small orders for less than \$100.00, require a Purchase Order. A purchase order is a contract detailing a financial commitment between the vendor and Women's University in Africa. Therefore, all contracts must be confirmed with WUA purchase order.

The most important function of the Purchase Order is to convey exact requirements to the vendor. Description of goods or services required should be clear, concise and contain complete information to enable the vendor to fulfil the order accurately.

At all times, the Purchase Order requires two signatures; the signature of the person placing the order and the signature of the person authorising the purchase.

The three copies of the Purchase Order must be distributed as follows:

- I. Top copy to the vendor if formal confirmation of a Purchase Order is required.
- II. 2nd copy is to the requesting department notifying them that goods requested have been ordered. This is the copy that will then accompany delivery notes and invoices back to procurement to enable closing of the order and payment.
- III. 3rd copy is kept by procurement for records.

Round Robin

This is a system for the acquisition of goods or services that lie within the limit range for the Procurement Committee. This system is followed in cases of emergency where the matter has already been discussed and recommendations made. Because of the gap between meetings, final approval can be circulated to members starting with all other members and lasting with the Chairperson.

The Chairperson should sign last because if other members have comments to make against the award, they will not do so when the chairman has already given a green light.

A Round Robin is not done after the award.

5.0 POLICY STATEMENT

The Procurement Officer shall be responsible for the general activities of the supply chain and the following shall be observed at all times;

- ✓ Analysis and definition of company materials and services requirements.
- ✓ Analysis of short and long term market conditions.
- ✓ Development of short and long term purchasing strategies for review by senior management.
- ✓ Identifying reliable sources of supply capable of rendering delivery at time place required.
- ✓ Determination of proper form of contract (competitive bidding, formal/informal tender or direct purchase).
- ✓ Development of suppliers' database/formal tender list.
- ✓ Development of bid specifications as required and /or with technical assistance.
- ✓ Contract appreciation (liaises with the legal division) routing and approval.

- ✓ Issuance of contracts and purchase orders.
- ✓ Control over all correspondence with vendors and potential vendors.
- ✓ Contract review, extensions and modifications.
- ✓ Maintenance of adequate records and files.
- ✓ Sale/ disposal of scrap, surplus and redundant materials.

5.1 CONTROL OF THE PURCHASING FUNCTION

It is evident from many security and internal audit reports of different companies as well as several instances that there are many managers and employees involved with the procurement function who do not respect procurement procedures. The most prevalent cases of indiscipline involve the following:

- 1) Placing purchase orders for stock without first checking with central stores for their availability.
- 2) Requesting quotations from insufficient number of tenders for goods and services where several suppliers exist.
- 3) Sending out invitations to quote or tender giving insufficient or no information regarding tender closing dates and rights of bidders to be present during tender opening.
- 4) Requesting tenders in unsealed envelopes, or receiving tenders in offices (not in tender boxes), opening of tenders on different dates and /or inviting tenders to quote after the prices of other bidders are known.
- 5) Lack of confidentiality during tender process.
- 6) Failure to meet stated deadlines for tender adjudication reports and lack of attention to validity of contracts before award.
- 7) Insufficient information on adjudication criteria.
- 8) Poor contract management and lack of follow up resulting in delinquent suppliers getting away without any punitive action.
- 9) Payment of unsubstantiated contracted price variations or miss rewarding contractors who may miss delivery deadlines by granting them price increases instead of penalising them through claims for performance delay.
- 10) Accepting goods and services which do not meet the stated specifications and subsequently dumping such goods in stores.

All these offences border on fraud, gross negligence or insubordination and can potentially put the Women's University in Africa into disrepute.

5.2 The Purchasing Cycle

The purchasing cycle is a process that links the user, purchasing office, the supplier and finance department as follows:

1. The user department generates a requisition that should be sent to stores to check for the availability of materials in stores.

2. If stores are available, the stores controller will issue.
3. If goods are not in stores, the stores controller will generate a purchase requisition to purchasing.
4. On receipt of the purchase requisition, purchasing will perform the following tasks:
 - i) Short list possible suppliers for the requested product.
 - ii) Request for quotations from the short listed suppliers.
 - iii) Receive quotations.
 - iv) Prepare a cost comparative schedule.
 - v) Select and recommend a supplier based on price, quality, product availability and compliance to tax laws.
 - vi) Write an order to the supplier.
 - vii) Notify the user department that the order has been generated to a particular company.
 - viii) Check progress with the supplier.
 - ix) On delivery, close the order.
 - x) Submit a copy of the order together with the invoice and goods receipts to finance for payment.
 - xi) Evaluate the performance of the supplier.

5.3 The Procurement Department

a) Procurement Manager

The department shall be headed by the Procurement Manager whose duties shall include:

- (1) Acquisition of goods or services required to replenish stock items.
- (2) Developing and implementing Purchasing and Materials Management Policies, Procedures and regulations in consultation with other business units and as approved by the Finance and Planning Director.
- (3) Creating and maintaining a list of qualified vendors.
- (4) The Purchasing Manager and all directors shall be responsible for maintaining good vendor relations and negotiating with vendors.
- (5) Managing the procurement function.

The following are key staffs that is needed for the smooth running of the purchasing department

There shall be a procurement officer or clerk whose responsibility will be spelt out by the procurement manager with the approval of the Vice Chancellor.

b) Procurement Officer/clerk

The responsibility of the procurement officer/clerk shall be:

- ✓ To assist the procurement manager to source for quotations.
- ✓ To ensure requisitions submitted to the purchasing department have proper authorisation and are actioned within reasonable time frames.
- ✓ To expedite supplies
- ✓ Following outstanding deliveries.
- ✓ To close orders on delivery.
- ✓ To advise and train user departments to do Material Requirement Planning (MRP) to avoid rushed purchases and work stoppages due to unavailability of resources to use.

c) Assets officer/Clerk

The assets officer/clerk shall fall under the Procurement Manager and his/her duties are:

- Encode all assets as they are purchased with asset numbers as per agreed formula.
- Develop room inventory for each office at Women's University in Africa.
- Ensuring that every office's room inventory register is up to date.
- Assist the procurement manager to ensure that all asset movements are recorded.
- Assisting the procurement manager in compiling the master asset register.

NB This will minimise loss of assets and ensure that all assets of the University have a clear audit trail.

d) Receiving and Stores Clerk

This position will report to the Procurement manager and his/her duties will include but not limited to the following:

- Receiving of goods from the suppliers.
- Ensuring the safe keeping and issuing of those goods.
- Ensures that goods demanded are used for the purpose for which they were bought, i.e. he/she should issue goods upon a properly authorised and approved demand form.
- Completes appropriate documents for submission to accounts to facilitate payment.

6.0 PAYMENT OF SUPPLIERS

Suppliers of various goods and services shall be paid within 30 days from date of invoice to ensure and foster sound relationships with suppliers and this will attract appropriate companies with favourable terms.

No purchases shall be done when there is no money to pay within 30 days unless prior arrangements have been made after finance department has communicated to the Procurement Manager.

7.1 COMMUNICATION WITH SUPPLIERS

All communication with suppliers must be channelled through the procurement office, unless procurement office has given the green light to the user department to do so, may be to verify certain areas of a technical nature.

8.0 REGISTRATION OF SUPPLIERS

- An advertisement shall be placed in a local newspaper to prospect for relevant suppliers of goods and services with the terms prescribed by WUA.
- The Procurement Manager shall in consultation with stake holders determine the requirements for registration from time to time.
- A non-refundable administrative fee shall be charged the supplier to register as a supplier.

THE PROCUREMENT OFFICE TOGETHER WITH INTERNAL AUDIT SHALL ASSESS THE SUPPLIERS AND REGISTER THEM IF THEY MEET THE REQUIREMENTS SPelt OUT.

- The procurement office shall register any additional suppliers during the course of the year when necessary and then present to the purchasing committee.

GENERAL PROVISIONS

Except as otherwise stated, all acquisitions shall be made:

- a) On a competitive basis.
- b) In keeping with accepted Public Purchasing Practices and procedures.
- c) Using the most cost efficient and cost effective methods.
- d) In an open fair and consistent manner.