

Procurement Policy



Association for Socio-Economic Development (ASED-HABIGANJ)

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1. Objective of Procurement

The purpose of this document is to guide vendors, of the general procurement principles and processes which shall be observed in tendering goods, works and services for ASED-HABIGONJ. ASED-HABIGONJ is committed to promoting the highest ethical standards among its vendors.

2. Scope and application

These general principles and processes are applicable to all types of procurement related to purchase of goods, works and services. Where in this document the term ‘Vendor’ appears, it shall also mean ‘Supplier’, ‘Contractor’ or ‘Service Provider’.

3. Definitions

3.1 Goods

All items, supplies, materials, equipment and furniture, computer, IT and telecommunications equipment; software, office supplies; household appliances and furniture; goods and equipment needed in project implementation (e.g., medical equipment and supplies, blankets, tents, and materials for construction, printed materials, and other similar equipment and materials).

3.2 Works

Infrastructure projects to construct, improve, rehabilitate, demolish, repair, restore, or maintain buildings, roads and bridges, etc., or civil works components of information technology projects (e.g. building data centres), irrigation, flood control and drainage, water supply, sanitation, school buildings, health clinics, reception centres, etc.

3.3 Services

Intellectual and non-intellectual services not covered under goods and works:

3.3.1 General services

Services such as repair and maintenance of equipment/furniture, trucking, security, lease of office space, offsite storage, transport services, importation and logistics services, media advertisements, health maintenance services, and other similar services.

3.3.2 Consulting services

Activities requiring external technical and professional expertise beyond ASED-HABIGONJ’ internal capacity, such as advisory and review services, feasibility studies, design, construction supervision, management and related services, and technical or special studies provided by firms.

4. Principles of Procurement

Procurement refers to the complete process of acquiring goods and services that is carried out throughout entire program. The following principles apply wherever procurement or purchase is undertaken.

- Procurement is not just buying; buying is just one part of the process;

- Challenge if goods and services to be procured are required at all;
- Be clear about what you wish to procure;
- Allow sufficient time for the procurement;
- Efficiency within the purchase to pay process is important in terms of delivering benefits.
- All procurements are to be made after assessing the necessity as well as enquiring into the availability of fund.
- Comply with the procedure and rules;

5. Procurement Committee

All major procurements shall be made through procurement committees. Procurement Committee is to comprise of minimum three (3) persons as follows: -

- i. Representative from Administration;
- ii. Representative from Central office based relevant Sector/Project/Program;
- iii. Representative from Finance department.

6. Formation of Procurement Committee

The Chief Executive according to the project nature and location shall form and approve the authority of the procurement committee.

7. Roles of Procurement Committee

- a. Issue of request for quotation to vendors.
- b. Collecting quotations from vendors.
- c. Ensuring quality of the product and price.
- d. Committee reserves the right to select or reject any quotation without any explanation.
- e. Prepare comparative statements.
- f. Recommendation for issuing work order.

8. Purchase Request (PR)

For procurement of any goods or services more than Taka 1,000/- procurement request should be approved. Authority matrix of Purchase Request shall be approved for project as per nature/design of the project. General matrix for approval of Purchase Request is given below:

Amount in Taka	Approval Authority
1,000 - 5,000	Admin & Finance Chief
5,001 - above	Chief Executive

9. Vendor Selection

At the time of selecting vendors following issues must be taken in to consideration.

- a. Vendor should be a loyal supplier/manufacturer.
- b. Vendor must have reputation for supplying/manufacturing/service providing of required goods/services.
- c. Timeliness in supplying/manufacturing/provide service.
- d. Vendor can be randomly selected from the list of previous supplier.
- e. Vendor verification committee is to be formed by the approval of Chief Executive for any single procurement more than Taka 2,00,000/-. The committee will verify the capacity of the vendor and to ensure accuracy and transparency.

10. Financial Limits of the Procurement Committee

General conditions are given below. However, delegation of authority is to be clearly identified in authority matrix for the projects.

Price of goods in Taka	Committee
Up to (not over) 10,000	No Procurement committee needed. Staff delegated to purchase goods and services can purchase by himself.
10,001 and above	Procurement process followed by the Procurement Committee.

11. Tender Procedure

For procuring goods and services value for money is to be considered. To ensure proper vendor and better services or goods in the lowest price, following process should be considered.

Sl. No.	Price of Goods in Taka	Purchase Method
1.	Up to (not over)10,000	Goods shall be purchased with approval from the Project Coordinator/Manager/ any member of the Procurement Committee.
2.	10,001 – 2,00,000	Purchase by the Procurement Committee against at least 3 (three) Spot Quotation. Exceptions: No quotations are required for purchase of materials if there is only a single manufacturer or sole distributor/agent. <u>This fact must be noted in records.</u>
3.	2,00,001 – 5,00,000	Procurement Committee shall purchase goods after receiving at least three sealed tenders.

4.	5,00,001 and above	Tenders will be published through advertisements in the local/national dailies. Rules of tenders should be followed. However, should it deemed risky or emerge issues of political harassment, advertisement for tender may be evaded with the permission of the Executive Committee.
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12. Comparative Analysis

1. Comparative statement is to be prepared for proper justification and ensure value for money.
2. Procurement committee will have the right to select or reject any quotation. The lowest bidder will not always be awarded with the work order.
3. Service/goods purchase from any manufacturer would not require any comparative analysis. Price lists of service/ goods are to be assessed by the procurement committee.

13. Purchase Order Issue

Work/purchase order is to be issued for credit purchase more than Taka 10,000/-. For cash purchase, work order is not mandatory. Authority of work order is given below.

Amount in Taka	Issuing Authority
10,000 – 50,000	Admin & Finance Chief
50,001 - above	Chief Executive

14. Terms and Condition for Issuing Purchase Order

Following conditions is to be written in work/purchase order.

<u>Conditions</u>		<u>To be done</u>
1. Date of Work Order:	→	[Date of Work Order is to be mentioned in the face of the Work Order form/letter]
2. Delivery Date:	→	[The date of delivery must be mentioned in the Work Order]
3. Delivery Place:	→	[Where the goods/services will be delivered must be mentioned in the Work Order]
4. Payment Mode:	→	[Payment mode is also to be mentioned in the work order clearly]
5. Payment Time:	→	[When the payment will be made must be record in the work order]
6. Transportation Cost:	→	[Who bears the cost of transportation must be mentioned in the work order]
7. VAT and Taxes:	→	[VAT and Taxes will be made deduction at source of payment according to the government rules]
8. Compensations:	→	[Certain amount of fine/compensations will be charged on submitted bills if failure to supply goods/services in agreed time]

15. Purchase of Consumable Items

Project Officer of Project Office and Admin Officer of Central office are to determine requirements of consumable items of their relevant sector. Knowing periodic demands and depending on levels of stocks, they will prepare Purchase Request and would submit it to their line manager i.e. Program Manager/Project Coordinator/Manager Admin., etc. for review and approval for procurement of consumables.

The Program Manager/Coordinator/Manager-Admin, upon receipt of Purchase Request, shall make enquiry as per needs; check whether procurement request are prepared along with the line of actual requirements; consult the requisition with existing Action Plan; add, alter or defer procurement based on joint consultation and handover the endorsed Purchase Request to Finance department for enquiring into fund position.

The Finance department, upon receipt of Purchase Request is to:

- a. Check budget provision and fund position;
- b. Provide note on the Purchase Request about availability of budget and fund flow;
- c. Collect approval signature of Admin & Finance Chief ;
- d. Handover all approved Purchase Request to Procurement Committee through Manager-Admin /Program Manager/Coordinator.

In case of adverse funding situation, the Finance department through consultation with the Chief Executive is to: -

- a. Prioritise or breakdown the procurement requirements;
- b. Defer procurement till availability of fund;
- c. Explore alternative solutions in dire situation by cancelling procurement.

Procurement Committee, upon receipt of approved Purchase Request, shall decide whether purchases are to be made on the basis of spot quotations or through inviting quotations.

16. Record Keeping and Payments

- a. Tenders / quotations should be maintained in a voucher file.
- b. The Finance Officer shall make the payments after receiving Goods Evaluation Report and approval of vouchers by the concerned authority.
- c. The Finance Officer is to check:-
 - i. The bidding documents are authentic and there are no ghost bidders i.e. each bidder has got separate name, postal address, telephone number, and exists with shop/store/office/showroom and does not duplicate with other bidders;

- ii. The validity of all documents i.e. sequence of dates of procurement are maintained properly and legitimately from bidding through issuance of work order to supply of goods;
 - iii. The serial numbers of bills/invoices along with money receipts from vendors are progressive, sequential and justifiable according to the dates of procurement;
 - iv. The documents are properly signed by relevant vendors and bills/invoices along with money receipts are addressed to ASSED-HABIGANJ;
 - v. All storable items entered into store.
 - vi. All bills/invoices along with receipts and delivery *challan* from supplier with a note of satisfaction from the concerned project in-charge/manager of ASSED-HABIGANJ with regard to quantity and quality of the goods;
- d. In case of failure to supply goods agreed upon, fixed amount of fine/compensation will be charged on bills submitted by the supplier.

17. Procurement of Fixed Assets

Items having effective service lives of more than one year with a value of at least Taka 2,000 each are to be treated as Fixed Assets. Except for social development project, values of such items are not to be charged against revenue of the period of purchase, instead are to be carried forward over the years until they are obsolete, discarded or disposed off.

All purchase requisitions of Fixed Assets are to be approved by the Admin & Finance Chief with endorsement of Chief Executive. However, procedures relating to procurement of Fixed Assets are identical with those for purchase of consumables, therefore, organization's purchase policy shall be followed.

18. Fixed Assets Recording

Fixed Assets are to be recorded in the Fixed Asset Register (FAR) as mentioned in **Annex-01** and shall be maintained by the Admin & Finance department. However, each sector/project is to maintain Fixed Asset Register (FAR) as the same mentioned in **Annex-01** for tracking assets in a quickest possible time.

As soon as procurement of Fixed Assets is completed and items are delivered and in place, the Finance department is to: -

- i. Record all items in the FAR by tagging (chronological alpha-numeric assets number including location to identify the particular asset);
- ii. Provide the same tagging to relevant sector(s);
- iii. Upon receipt of tagging/chronological alphanumeric assets number, relevant sector/project is to record it in the FAR and mark the same on the specific asset item.

19. Depreciation Method

The Depreciation on fixed assets shall be charged as expenses on Straight Line method. Full year depreciation will be charged on additional fixed assets. Depreciation fund is to be created every year. The following annual rates of depreciation are to be charged.

Particulars of fixed assets	Rate
Land	0%
Building	2.5%
Motor Vehicles	15%
Office Equipment	15%
Electrical Equipment	15%
Furniture and Fixtures	15%

Maintenance and repairs are to be charged to the income statement when incurred and improvements shall be capitalized.

20. Periodic Physical Inventory

In the perpetual Inventory Accounting, physical stock taking is an important activity. To ensure effective inventory control, the physical stock is taken at periodical intervals such as quarterly, half yearly and yearly. The physical stock so counted is to be recorded and compared with the stock as per Stock Register.

ASED-HABIGANJ is to take periodic physical inventory of stores and fixed assets to discover and eliminate discrepancies between actual physical possession and balances as per records. Physical inventories are to be conducted either by listing or checking by means of inspecting, counting, weighting, measuring or estimating against recorded balances.

Manager-Admin shall be entrusted to arrange periodic/annual inventory in consultation with Admin & Finance Chief. Physical inventory taking is to cover all sectors/projects and locations of ASED-HABIGANJ and as such planning of taking inventory is to be started well in advance.

A three member committee will be formed with Admin & Finance Chief as the Convenor. Additional staff from relevant sector/project may be engaged to assist the team. The Committee will carry out physical verification/Investigation at least twice (June and December) in a year to determine the condition of fixed/temporary and floating assets of the organization.

A program for inventory taking is to be chalked out and all members of Inventory Team are to be informed in writing about their duties and the schedule of inventory. Generally, physical inventory is to take place on the last day of June and December, but any other day may be fixed for convenience. The day before inventory taking day is to be considered as '**cut-off date**'. Recording of all transactions up to cut off date are to be completed. And, as far as practicable, all receipts into and issues from stores and movement of fixed assets are to be stopped during inventory taking.

The Finance department is to prepare Inventory Sheet as mentioned in **Annex-02** for Fixed Assets items of each location by extracting figures from Fixed Asset Registers and hand over the same to Inventory Team. However, consumable items are to be checked with balances mentioned in Stock Registers.

Upon receipt of Inventory Sheet, the Inventory Team is to:

- i. Check for fixed assets whether entries in the FAR are up-to-date and matched with Inventory Sheet and record any discrepancy in the Inventory Sheet.
- ii. Physically verify items and quantities of fixed assets recorded in Fixed Assets Register and Inventory Sheet including mark of tagging on fixed assets and record physical findings in the Inventory Sheet.
- iii. Physically verify items and quantities in stock of store by counting and weighting or measuring and record physical findings in the Stock Register.
- iv. Record physical differences (excess/shortage), including on physical condition, if any, in the specified columns of Inventory Sheet for fixed assets;
- v. Prepare written Stock Variance Report as mentioned in **Annex-02**.
- vi. Sign each pages of Inventory Sheet and Stock Variance Report and submit to the Chief Executive.

The Chief Executive upon receipt of Inventory Sheet and Stock Variance Report, is to analyses reasons of physical difference and in consultation with Program Head, and Admin & Finance Chief decides immediate actions against such differences.

21. Procurement in Emergency Period

In emergency period (national or man-made disaster) management needs speedy procurement of goods and services. Therefore, it is not possible to maintain the whole process of procurement for time constrain. The Chief Executive may request one/two members of the Executive Committee to be involved in the purchase committee. In emergency period the procurement can be processed through under following manner.

Amount	Source	Quotation	Methods
Up to Tk. 200,000	Open Market or Enlisted Vendors	None	Direct purchase by designated persons.
Tk. 200,001 – 500,000	Open Market or Enlisted Vendors	Three spot quotation	Authorized committee will purchase from open market or enlisted vendors.
Tk, 500,001 – 10,00,000	Open Market or Enlisted Vendors	RFQ/Three	RFQ (Request for quotation) should be issue by Chief Executive. The RFQ to be circulated among enlisted vendor & open market suppliers. After receiving quotation the procurement committee should be make a comparative statement based on obtained quotation from the vendor & recommend to authority to issue Purchase Order.
Above Tk. 10,00,000	Open Market/Enlisted Vendors/ Any suppliers	Sealed tenders	Procurement Committee will arrange to obtain sealed bids at least from 3 suppliers which are dropped in the tender box. It should be advertised in the local newspaper and a notice should be hanged in the notice board in open area. If two times called tender invitation on local newspaper

			and no bid is obtained then the procurement committee can follow RFQ procedure with proper justification in the local market. For all cases Purchase order will be issued.
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- Randomly select vendor from local area or elsewhere in the country.
- Previous supplier, who supplied goods/services according to the terms of ASED-HABIGANJ should be considered as potential vendor.
- Verify current capacity of vendor.
- Advance may be provided to vendors to ensure timely delivery of goods/services.
- Payment can be made through cash/bearer cheque in favour of vendor if necessary. The Executive Committee shall review and oversee such payment.

THE END