

Procurement Policy



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CHAPTER - 1

INTRODUCTION

1.1 - Preamble

A standard procurement policy is a pre-condition for an effective financial management. The basic requirement for ensuring better procurement management system with a well defined procedure. The benefit of the manual is that the procurement process and records are maintained properly and also it is possible to establish a good procurement system.

The purpose of this manual is to improve the **Agrogoti Sangstha** procurement system, which can be viewed as a tool for fulfilling the basic procurement requirements. This guideline is help to establish a over all procurement controlling system with the objectives to ensure better degree of procurement control, transparency and accountability in the day to day operations for providing positive support in administering the overall activities of the organization for smooth functioning. It is endeavored that this manual shall be acted as most important tools to measure the organizational financial performance by the management as well as stakeholder of the organization.

Through the use of this guideline it is expected that good procurement management system and good accounting practice be made easier through the clear explanations with representative type of illustration inside and shall reduce the possibility of confusion and misunderstanding during application.

Background of the organisation

Agrogoti Sangstha commenced its activities in 1996, and emerged as a local organisation having an Executive committee. The organisation runs Establishing Good Governance, Protecting Freedoms, Promotions of Child Rights and Climate Change & Human Rights. The core aim is to provide education, healthcare, skill training and socio-economic development designed to improve the quality of life of the poorest of the poor.

Scope

This manual shall cover Procurement rules and regulations aspect of any project.

CHAPTER - 2

General information of Procurement committee

Policy prepared authority: Agrogoti Sangstha

Relation with other policy of the organization: 1. Constitution of organization 2. Financial Management Policy 3. Human Resource Policy 4. Gender Policy 5. Information disclosure policy 6. Child Rights Policy 7. Conflict of Interest Management Policy 8. Financial Irregularities Resolve Policy

Accountability for implementation of Procurement Policy: Procurement policy implementation team (Accounts and Administrative & Logistic department) shall responsible to Executive Director. Executive Director shall responsible to organizational Executive Committee.

Preference of Policy: If the policy conflicts with other policy of the organization, this policy shall give prefer than the other policy except Organizational Constitution and Financial Management Policy.

If any clause of the policy conflicts with any clause of signed DoA (Deed of Agreement) with any development partner and project, the clause of DoA shall prefer the if those are not conflict with the principles of the purchase by following the below conditions.

- If any conflict clause arise, Agrogoti Sangstha shall try to solve the divergence through negotiate with the development partners.
- If not solve the conflicts through negotiate, Executive Body shall discuss on the clauses before signed the DoA.
- Executive Director shall give a substitute according to the EB decision by mentioning the clauses only for the development partner or project.
- After the dealing with the partner or project, that circulation shall be closed.
- That circulation shall not be applicable for other development partners or projects or any other sectors.

CHAPTER - 3

Principles of Procurement

The following principles should be adhered to in the procurement of materials and services:

(a) Fair Competition

Agrogoti Sangstha shall treat all bidders with fairness and ensure that they are given the same level of information when preparing quotations or tenders.

(b) Conflict of Interest

Situations of conflict of interest with the business of the Agrogoti Sangstha shall declare to the staff in accordance with the code of conduct of the Organization. The IGA sector and sister concern shall be treated as the outsider vendors.

(c) Cost-effectiveness

Quotations and tenders shall be evaluated not only on competitiveness in pricing but also factors such as the quality of the products/services and track records of the bidders.

(d) Transparency

To ensure transparency, tender documents shall provide all the necessary information to facilitate submission of appropriate and competitive tenders.

(e) Public Accountability

Agrogoti Sangstha shall hold accountable to the public for any procurement involving the use of public fund

CHAPTER - 4

Purchase Committee

Committee Formation:

- One purchase committee shall be formed by the Executive Director.
- The committee shall be comprised 5 to 7 members.
- Women representative of the committee shall ensure at least one-third of total members.
- The members of Executive Body, General committee, Executive director, Accounts personnel and Administrative and Logistic personnel could not be the members of the committee.
- The staff of the organization shall be the members of the committee.
- One shall be president, one vice- president and other shall be general members of the committee.

- The staffs under provision period, volunteer, consultant and below the grade –E staff shall not be the member of the committee.
- If any member leaves the organization, Executive director shall depute another staff for the position.

Procurement Committee Formation in Emergency:

- During the emergence response program a special procurement committee consisting with 5 members will form with the approval of executive committee.
- At the end of emergency intervention period this committee will abolish with the concern of executive committee.

Function, roles and responsibility of committee:

- The committee shall play their role as per guidance to purchase any types of goods and service for all projects and general division.
- Committee meeting can execute at least ensure 60% member's participation.
- Committee meeting shall held as per need of purchase after maintain all of the process according to the policy.
- Committee shall maintain meeting minutes for their all types of meeting.

CHAPTER - 5

Process of purchase requisition

- Agrogoti Sangstha shall develop procurement plan according to work plan to purchase all goods and supplies except routine purchase which done for daily to day. This plan shall prepare on the basis of approved budget. It shall be approved by the Executive Director, if necessary it may revised due to change of budget and work plan.
- Administrative & logistic department shall send request to different section according to the plan to send their requisition for purchase of bulk items.
- Other than bulk purchase (Annual/Half Yearly/Quarterly) all requisitions for regular weekly purchase shall have to be submitted by different sections to Admin. Dept. one ins week
- After carefully scrutiny of the requisitions submitted by different section, administrative and logistic Dept. shall prepare indent and send the same to purchase committee for reviewing if purchase cost value exceeds Taka 15,000 (Fifteen thousand).
- **Purchase process in emergency:** During purchase in emergency the quotation will collect as per regular guideline except submitting the tender.
- Purchase Committee shall review the indent and send back to administrative and logistic department for inviting Tender/Quotation /Offer. Administrative and logistic department shall invite Quotation/Offer from the supplier/dealer giving the specification, quantity and stipulated delivery period.

CHAPTER - 6
Purchase Procedures

Agrogoti Sangstha shall apply the types of procedures to purchase according to the amount and nature of goods and supplies. Those are given bellow-

Amount	Purchase procedures
Up to Tk.15,000	no quotation is required
Tk. 15,001 to Tk.3,00,000	Three spot quotation is required
Tk. 3,00,000 to Tk.10,00,000	Three sealed/formal quotation in writing is required
Above Tk.10,00,000	Open Tendering

1) Direct Purchase procedure:

- 1.1 After carefully scrutiny of the requisition from the respective departments, Admin. Dept. directly can purchase up to Taka 15,000 (Fifteen Thousand) without the approval of Purchase Committee.
- 1.2 Admin. Dept. shall purchase the goods from the market by verifying to ascertain the prevailing competitive pricing.
- 1.3 Admin. Dept. can offer the duties to activity responsible person only for their daily need goods to operate the project activities. But the Admin Dept. shall select the vendors by verifying to ascertain the prevailing competitive pricing.
- 1.4 Admin Dept. shall only offer the duties for the situation to avoid the complexity and cost effectiveness.
- 1.5 Cash payment may be made for this category of purchase.
- 1.6 Payment shall be done by maintaining the all documents and producers.

2) Written Quotation:

- 2.1 If the purchase cost value above Tk. 15,000 (Fifteen Thousand) and not more than Tk.300, 000 (Three lac), Admin. Dept. shall prepare indent and send the same to purchase committee for their reviewing.
- 2.2 Purchase Committee shall review the indent and send back to Administrative Department for spot Quotation collecting the supplier/dealer giving the specification, quantity and stipulated delivery period.
- 2.3 Purchase Committee shall collect at least 3 (Three) quotations for the supplier/dealer.
- 2.4 Purchase Committee shall prepare a comparative statement for submitting to the Admin Dept.
- 2.5 The purchase committee shall reserve the right to accept or reject any or all quotations with proper justification.
- 2.6 The procurement committee can send again to collect more quotations or depute members of procurement committee for justification the quotations through field visit.
- 2.7 Procurement committee shall select a vendor through their meeting and sent to admin, department.
- 2.8 Admin. Dept. /Respected in-charge shall issue the work order to the supplier and copies of work order shall be sent to Stores and Accounts department.

- 2.9 Storage department shall receive the goods, if delivered within the stipulated time according to specification.
- 2.10 After examination of all procedures and documents, the accounts department shall review the same and forward to Executive Director for approval.
- 2.11 Accounts department shall arrange for payment after approval from Executive Director.

3) Sealed or Formal quotation:

- 3.1 If the purchase cost value above Tk.3, 00, 000 (Three lac) but not exceeding 10, 00,000, (Ten lac) Admin. Dept. shall prepare indent and send the same to purchase committee for their reviewing.
- 3.2 Purchase Committee shall review the indent and send back to Administrative Department for use the sealed or Formal quotation process. .
- 3.3 Only one or several suppliers or contractors shall be invited to submit sealed or Formal quotation.
- 3.4 Admin Dept. /Procurement officers should prepare the sealed or Formal quotation process and provide all the required information in the documents to facilitate bidding from sealed or Formal quotations.
- 3.5 After receive the sealed or Formal quotation quotations from the suppliers, purchase committee shall prepare a comparative statement on the received quotations and send to Admin department.
- 3.6 Purchase committee can evaluate the quotations through the field visit if needed. The committee can discuss with expert if the supplies materials or goods are electronics or machinery related items.
- 3.7 Procurement committee shall recommend a vendor through their meeting and sent to admin department.
- 3.8 Admin shall issue the work order to the supplier and copies of work order shall be sent to Stores and Accounts department.
- 3.9 Storage department shall receive the goods, if delivered within the stipulated time according to specification.
- 3.10 After examination of all procedures and documents, the accounts department shall review the same and forward to Executive Director for approval.
- 3.11 Accounts department shall arrange for payment after approval from Executive Director.

4) Open Tender:

- 4.1 If the purchase cost value above Tk.10, 00,000, (Ten lac) Admin. Dept. shall prepare indent and send the same to purchase committee for their reviewing.
- 4.2 Purchase Committee shall review the indent and send back to Administrative Department for use the open tendering process.
- 4.3 Admin Dept. /Procurement officers should prepare the tender documents and provide all the required information in the documents to facilitate bidding from tender. The information should include tender specifications and requirements, conditions of contract, required quantity of items and service and timing of provision, assessment criteria, tender closing date and time, the place for depositing the tender, the contact person, and the officer to whom enquiries may be made.
- 4.4 Admin Dept will advertise the tender through news paper and organizational website.
- 4.5 Unless in exceptional circumstance of urgency, purchase committee shall be allowed sufficient time for the suppliers to submit their tenders.

- 4.6 Vendor must submit their tenders before the closing date and time specified in the documents. Any tenders received after the closing time shall not be considered.
- 4.7 Tender should be deposited in the box by vendor or their official email.
- 4.8 Purchase committee shall ensure the tender box properly locked with two individual padlocks and shall be authorized two persons to keep the keys separately or open new mail ID number and those two people will inform about the password of email.
- 4.9 Purchase committee shall be taken tenders out of tender box or open the email immediately after the tender closing time.
- 4.10 Purchase committee shall authorize at least two (2) officers to open the tenders simultaneously and shall each initial beside the each quotation figures as confirmation.
- 4.11 Tender evaluation shall be carried out by an assessment panel consisting of at least two (2) members which shall be formed by the purchase committee. Evaluation of quotations of small amounts may be carried out by one staff member.
- 4.12 A 'two-envelope system' shall be used for procurement involving the technical aspects and service quality. Tenderers shall be required to submit price information and technical information in separate envelopes. Appropriate weights shall also be given to the two areas.
- 4.13. The assessment panel firstly to evaluate and award an assessment score on technical aspects of the proposals before opening the price envelope to evaluate the price information.
- 4.14 The assessment panel shall conduct a preliminary evaluation of the tenders based on the required information and documents stipulated in the tender documents. This shall ascertain full compliance with the stipulated conditions and requirements.
- 4.15 The assessment panel shall select the most competitive and cost-effective tender among the eligible tenders by evaluation according to the pre-set assessment criteria.
- 4.16 For contracts involving higher construction costs or requiring higher standards in technology and service areas, a scoring system shall be adopted for giving scores in terms of tender price, tenderer's reputation, track records and management quality, as well as the professional and technical standard of staff for implementation of the project/service.
- 4.17 The assessment panel shall prepare a tender evaluation report to state clearly its recommendations and the justifications. Where a scoring system has not been adopted and the successful tenderer is not the lowest bidder, full and sufficient justifications must be stated in the evaluation report.
- 4.18 The assessment shall submit the evaluation report to purchase committee and the committee shall send the report to Admin. Dept. after decided in their meeting.
- 4.19 Admin. Dept. shall issue official invite to the successful tenderer to enter in to contract with the organization.
- 4.20 If the received tenders can not fulfill the required specifications and conditions, the tendering exercise shall be canceled. The original specifications and conditions shall be amended as necessary for purpose of re-tendering.
- 4.21 Admin. Dept. shall issue the work order to the supplier and copies of work order shall be sent to Stores and Accounts department.
- 4.22 Storage department shall receive the goods, if delivered within the stipulated time according to specification.
- 4.23 After examination of all procedures and documents, the accounts department shall review the same and forward to Executive Director for approval.
- 4.24 Accounts department shall arrange for payment after approval from Executive Director.

CHAPTER - 7

General feature of work order

Admin Dept. shall issue work order to the suppliers/ vendors after maintain all procedures of purchase.

1. Work order issue directly to the concern person of the suppliers/ vendor who submit the quotations/ tenders .
2. Work Order shall be issued at least 2 days ago of supply date.
3. One received duplication copy or proper documents for issued work order shall be preserved by the Admin. Dept.
4. Date and time of supply, place, quantity, reference no. and issue date shall be mentioned in the work order.
5. Conditions shall be enclosed in the work order :
 - a) All materials shall be supplied as per order.
 - b) All materials have to be supplied within the stipulated time.
 - c) Damaged or inferior quality or not as per specification of the order shall not be received.
 - d) Short in quantity of materials shall not be received.
 - e) If the suppliers/ vendors could not supply the goods due to unavoidable situation, they shall inform to organization ---- days ago. (*depends on the types of supply items*)
 - f) If any unavoidable situations arise to cancel the work order or increase/ decrease of quantity of goods, the organization shall inform the suppliers ---- days ago. (*depends on the types of supply items*)
6. Mention the process and rate of TAX and VAT payment.

CHAPTER - 8

General feature of Payment

Accounts department shall pay the bill to the suppliers/ vendors by following the conditions:

1. Accounts department shall pay the bill with regards and make available the purchase documents like – requisitions, indent, quotations/ tender, purchase order, materials receiving report (MRR)/Challan, regulation, comparative statement and comments of procurement committee, .
2. Payment to be made in the name of business firm.
3. Payment to the supplier against their bills shall be made by Account Payee cheque only. It shall be mandatory to pay the bill above 15,000.

If any unavoidable and unexpected circumstances create to pay the bill through A/C payee cheque, cash payment shall be made by ensure enough justification and evidences. This situation can be applied for the remote village/ rural area where the vendors have no bank account.

In this cases, accounts department firstly try to pay the bill though A/C payee cheque in favor of owner's personal bank account, if not possible, it can be cash payment.

To apply the both process, the vendor shall submit application to the organization by mentioning the real facts. The administration department shall check the application and accounts department shall pay after approval.

4. Printed bill along with the Challan shall have to be submitted to the office.
5. Money receipt to be submitted when the bill is paid.
6. VAT and TAX payment copy

CHAPTER - 9
General feature of vendor selection

Admin department shall select vendor or collect quotation by following the conditions:

1. Vendors / suppliers should have a trade license.
2. Vendors/ suppliers should have Bank Account. This is mandatory to purchase the goods above 15,000. If not available in the context, before select the vendors proper justification and purchase committee should be attached.
3. Justification for capability or ability of vendors to supply the goods as per order/ requisition.
4. Duly registered with Income tax authority and VAT authority.
5. No child labor are working there
6. Vendors shall take all appropriate measures to prevent sexual exploitation or abuse of anyone by it or by any of its employees or any other persons who may be engaged by the vendors to perform any services under the vendors.
7. Vendors/ supplies have legal import lenience if necessary for supply the purchases materials.
8. Not black listed before by Government or any organization.
9. Past records and performance is satisfactory.

CHAPTER - 10

General feature of following Government rules and regulation

Agrogoti Sangstha is obliged to follow the Government rules and regulation as registered organization from GoB:

1. VAT and TAX shall pay according to the Government rules.
2. Every year the vendors shall collect the update of rules.
3. Vendors shall pay the VAT and TAX as per rules and apply the update.
4. Copy of VAT and Tax payment shall submit to organization.
5. If the vendors have not TIN, organization will pay the Tax in favor of Government general code and one copy shall provide to vendors.
6. According to the work order, Agrogoti Sangstha can deduct the tax during the payment time and pay to the favor of vendor's TIN or in case of Government general code.
7. If need to engage any solicitor to solicit any VAT & TAX related cases, vendors shall be responsible to appoint and pay for that.
8. All rules, regulations, declarations of Government shall be followed to pay and supply the goods/ services.

CHAPTER - 11

General feature of policy apply

Agrogoti Sangstha and its related department shall follow the conditions to apply the procurement policy:

1. Executive director shall form or extended or reform the procurement committee at the beginning time of every fiscal year and Executive body will approve.
2. Admin department shall select the vendors for collect written quotations or single tendering at the starting period of fiscal year or any new projects.
3. The selected general vendors shall be continuing till termination with them. If any new project implement at the new area, new vendor shall be selected by the admin. dept.
4. Admin Dept. shall declare the name of update selected vendors and send to accounts department and procurement committee.

**Annex-2
Vendor selection format**

Information of Vendor

1. Full legal name of company:
2. Profile/ specialization:
3. Mailing address of company:
4. Phone: _____ Mobile: _____ Internet: _____
5. Contract name and Title:
6. Nature of business:
 Manufacturer: Trader: Authorized Agent: Consulting Company:
 Supplier Other (specify): _____
7. Year of established:
8. Full time employees:
9. Trade license/ Registration: _____ Valid Till: _____
10. VAT number: _____ Valid Till: _____
11. TIN: _____ Valid Till: _____
12. Bank Name: _____ Branch Name: _____ Account No.: _____
13. Description of items/goods:

14. Previous experience (last 3 years) to supply goods to any organization:
15. Any disputes from any national or international organization or development partner for supplies:
16. Any other related information:

CERTIFICATION:

I, the undersigned, warrant that the information provided in this form is correct.

Vendor's Signature

Signature of contract person

Comments of information collector:

Justification and comments of Admin: dept.: