



New Consultancy and Relief Organization

7/1/2021

PROCUREMENT MANUAL

NCRO

NEW CONSULTANCY AND RELIEF ORGANIZATION NCRO



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FOREWORD

This Procurement policy and procedure is developed with a view to bring harmonization in the NCRO activities.

The manual is aimed at regulating internal day to day affairs of NCRO and is not purported to address legal or other issues outside organization. For issues outside organization, reference to laws and regulations issued by government authorities should be made.

Besides implementation of this manual, any law and regulation applicable to NCRO must be properly complied with and this is the responsibility of top management to ensure that nothing is being done in violation of government laws and regulations applicable to NCRO.

This manual shall come into force w.e.f the date (1 July 2021) when Board of Directors NCRO approves the updates of this manual. Scope of this manual extends to all finance and admin activities. It includes all financial as well as administrative aspects of activities of NCRO. All the staff members are responsible to make themselves familiar with its contents and for proper implementation of the same. Failure to comply with these regulations will be met with appropriate actions

The manual includes policies and procedures, while different standard formats are put as appendixes.

As the Board of Directors approves this manual, any future changes should also be approved by Board of Directors before incorporating in this manual.

This manual should be reviewed regularly to see if any updates are lagging or if any procedures should be changed.

NCRO Director





1. INTRODUCTION

The Manual incorporates 'best practice' regarding the way NCRO will manage the activities, business relationships with suppliers, and corporate social responsibilities together with the engagement, utilization, and authority of the Procurement Function at all stages in the procurement cycle.

Throughout the manual the words "purchasing" or "procurement" are used in the broadest sense. They relate to the general process of committing expenditure for contract and purchase of goods and services.

The following document covers the procurement process and is designed to ensure that;

1. The NCRO conducts its procurement activities within the frame of sound business practices and generally accepted accounting principles.
2. The appropriate materials or services are purchased.
3. The correct quality is purchased at an advantageous price.
4. Adequate resources are available to cover the purchase.
5. Each purchase is fully and transparently documented.

Throughout the procurement procedures, clear demarcations of authority and responsibility must be maintained. Each stage of the procurement process must be authorized independently. All personnel involved in NCRO procurement activities must be fully conversant with their role within the procedures as well as the limits of their responsibilities and authority.

Where deemed necessary by directors, thresholds of authority and documentation requirements may be reduced, however, the procedures detailed here are minimum mandatory requirements.

2. Procurement Process/Guide

Procurement is an essential component of any business. In order to operate effectively and produce its own goods and services, every organization must procure various goods and services from third-party vendors.

Effective procurement processes save costs, aid compliance, ensure you work with reputable suppliers, and eliminate delays and mistakes. Procurement also helps modern organizations attain non-financial goals such as sustainability, reduce their environmental footprint and burnish their green credentials. Digital procurement processes can be measured through mutually agreed-upon metrics. The resulting alignment with corporate priorities elevates procurement into a strategic function within the organization.

- What exactly is procurement?
- What is a procurement process?
- Steps in the procurement process
- What are the top challenges in procurement?
- How digital procurement helps

2.1 What exactly is procurement?

Procurement is an overarching term for a set of steps that an organization performs to acquire goods and services that are essential to its operations. Procurement and purchasing are different even though people use the terms interchangeably but they are different.

To procure items, organizations will identify the internal need, evaluate suitable vendors, negotiate terms, approve an internal purchase requisition, submit a purchase order, receive an invoice and pay it, take delivery of the goods & services and, finally, maintain records for audit purposes.

Procurement is, therefore, an umbrella term that includes several internal processes – part of the so-called Procure to Pay (or Purchase to Pay) cycle.

Obviously, the exact steps vary from one organization to another e.g. a large multinational will have a far more involved set of processes than a small business.

2.2 What is a procurement process?

Procurement process, procurement cycle or procurement process flow are generic terms for one of several processes within the organization related to the acquisition of goods and service differences.

Some examples are:

- Purchase requisition – an internal document that a manager or finance team may review to approve the purchase.
- Purchase order – an external document that the organization sends to its chosen vendor. The PO details the goods and services being purchased, payment terms, delivery dates etc.
- Invoice Management – a request for payment that the organization receives from its supplier.
- Sales or Work Order – while this is not directly part of the procurement cycle, it's closely related. Suppliers send sales orders to the buyer for situations where the order is fulfilled in stages.

Procurement management is a crucial function, especially for organizations that reach a certain size.

Larger organizations will often have a centralized procurement function with its own employees and procedures. For example, Yale University Procurement leverages the purchasing power of the entire institution to get the best price and to facilitate the acquisition of needed goods and services.

2.3 Steps in the procurement process

Here is an example of a typical Procure to pay cycle broken down into 9 steps. Your procurement process flow may include some or all of these steps depending on your unique business context and requirements.

1. Identify the internal need
2. Evaluate and select a supplier
3. Negotiate contracts with the selected vendor.
4. Approve an internal purchase requisition.
5. Release a purchase order.
6. Receive an invoice.
7. Receive and audit delivery.
8. Complete payment.



9. Maintain proper records.

Let's take a look at each step.

Step 1: Identify the internal need

This starts the procurement process flow within the organization. A department or business unit needs some goods / services to operate. If multiple departments have the same need, procurement will consolidate their requirements to lower costs and increase visibility.

Let's say our Example University's HR Department needs to upgrade its training software. Procurement will try to take into account the needs of other departments that may have a similar requirement.

Step 2: Evaluate and select a supplier

This step is all about identifying the list of potential suppliers for the required products. The evaluation process varies widely – it could be as simple as a quick web search all the way to a months-long structured RFP or RFI.

The goals of this stage are straightforward – evaluate vendors based on price, quality, reputation, reliability, customer service and any other relevant criteria. For example, our University may require cloud-based software providers to have certain security certifications since the software deals with personally identifiable information.

Procurement selects the best vendor after completing this analysis.

Step 3: Negotiate contracts with the selected vendor.

At this point, the contracting process begins. It could again be very straightforward or may involve significant back-and-forth. In some cases, purchasers may choose to completely skip contracting relying instead on a legally binding purchase order.

For a significant software purchase, the University's contracts team will look at the End User License Agreement, the payment terms, warranties, any indemnification clauses and other legal aspects. If there are any implementation services as part of the contract, they'll want to ensure timelines, delivery schedules, scope of work etc. are well-understood upfront.

Step 4: Approve an internal purchase requisition.

This next step essentially boils down to getting the go-ahead from the entity (department or business unit) that will pay for the purchased items.

Our University may use a purchase requisition (PR) for that purpose. They aren't actually ordering anything at this point; simply getting internal approval to do so. The PR includes relevant details – purchaser and supplier info, list of requested items, prices, and terms – so that the department can approve or reject the purchase.

Step 5: Release a purchase order.

Our University's procurement (or finance) department will then create and release a purchase order (PO). This is where the actual purchase takes place. They'll send the PO to the chosen supplier. It contains a PO number, detailed terms & conditions, delivery dates etc.

In the absence of a formal contract, the PO serves as a legally binding document.

Step 6: Receive an invoice.

The supplier will send an invoice with a list of the ordered items along with prices and payment due dates. The invoice usually lists the aforementioned PO number.

At our University, the procurement team will match the invoice with the purchase order to ensure consistency and accuracy.

Depending on the negotiated terms, payment may be made pre- or post-order fulfillment. Partial upfront payment is very common e.g. a 50% deposit for implementation services.

Step 7: Receive and audit delivery.

The supplier will deliver the ordered goods and services according to the terms of the contract. Typically, the receiving organization has a limited amount of time to audit the delivery and notify the supplier of any discrepancies such as missing items or quality issues.

For software, fulfillment could mean that the supplier activates an account and a designated individual in the University's HR department must login and verify that it is active.

Step 8: Complete payment.

Once the order has been verified, the University's finance department will send payment according to the terms specified in the contract e.g. net 30 days.

Step 9: Maintain proper records.

Finally, it's just good business practice to store all documents from the original requisition through invoices in a single centralized location. It helps navigate any future audit. Analysis of this data helps track and optimize spend management.

2.4 What are the top challenges in procurement?

Just consider the various procurement steps outlined above and think about the challenges procurement managers face. They must deal with everything from needs identification to supplier selection and management to invoice processing.

Yet, too often, procurement is managed using a hodgepodge of solutions without a serious digital procurement strategy.

This fragmented approach makes it difficult for the procurement team to address the following challenges:

- Tactical vs Strategic Procurement – Procurement has become a strategic area for the business rather than an operational one. Without cohesive procurement processes, it’s hard to even think strategically never mind implement a strategy across multiple functional areas.
- Managing suppliers – Supply chain issues can hinder growth even at technologically advanced companies like Adidas. A piecemeal approach to procurement makes it hard to ensure reliable suppliers who deliver quality goods and services on time.
- Impatient stakeholders – In most cases, when people want to procure something, they need it yesterday. A project is behind schedule or they are facing pressure to deliver products. Inefficient procurement processes cause critical slowdowns, missed project deadlines and stunt growth.
- Unreliable data – Bad data = Bad decisions. Inaccurate procurement negatively affects profitability by creating an over- or under-supply of inventory. Worse, it could lead to senior management making commitments that the company cannot meet. Without quality data, any investments in new technologies like machine learning and AI are doomed to failure.
- Maverick purchasing – When employees are forced to deal with tedious internal procedures, they’re more likely to make purchases outside the normal procurement channel. Not only is this expensive for the business e.g. it’s hard to secure the best price, but the resulting lack of control exposes it to compliance and other unnecessary procurement risks.
- Talent management – Finally, no one likes to spend their work day chasing down mountains of paperwork. Lack of talent is already a problem – a Deloitte survey revealed that over 50% of procurement leaders do not believe that they have the capability in their teams to deliver their procurement strategy.

2.5 Procurement vs purchasing: What Is the Difference?

Procurement, purchasing, and supply chain management – business people tend to use these terms interchangeably. While they are related and are all part of a company’s finance or accounting function, there are differences.

Let’s understand each one and the differences between them in more detail.

2.5.1 What is procurement?

Simply put, procurement is an overarching term for the series of steps that your organization performs to acquire the goods and services it needs to operate.

The actual steps – referred to as the “procure to pay cycle” – will vary from one organization to another depending on its size, industry, and particular requirements.

The overall procure-to-pay cycle includes:

1. Identifying the need
2. Selecting and negotiating with trusted suppliers
3. Approving the purchase and issuing a PO
4. Receiving an invoice and making payment

5. Accepting delivery
6. Auditing e.g. 3-way matching
7. Record keeping

Procurement is, thus, a blanket term that includes multiple internal processes such as purchase requisitions, purchase orders, and invoice approvals.

Procurement is a strategic function for the company because it cannot operate and produce its products without the necessary goods and services. This kind of operational disruption can have a disastrous effect on sales and profits.

Traditionally, procurement's top priority is to secure materials at the lowest possible cost under the most favorable terms possible. To do that, procurement must find and manage relationships with a reliable network of suppliers, ensure quality standards are met, process invoices and pay suppliers and mitigate risks such as maverick purchases.

Nowadays, procurement priorities have grown to encompass corporate initiatives like social responsibility and sustainability. This isn't purely out of a desire to behave in an ethical manner. Corporate scandals such as Nike's sourcing from sweatshops or Volkswagen's emissions scandal spread rapidly, quickly erode customer trust, and have the potential to drastically affect the bottom line.

“Procurement is a strategic set of activities and protocols designed to extract the maximum value out of purchasing. Purchasing is the transactional component – the act of buying.”

2.5.2 What is purchasing?

Purchasing is a component of procurement. It's a simple, transactional task – in contrast with procurement's strategic aspects – that's literally about buying goods and services. Typically, receiving and payment are also part of the purchasing process.

That doesn't mean purchasing is unimportant. Within the overall framework of procurement, the steps in a purchasing process are:

1. Sending a PO to the supplier
2. Accepting and auditing delivery of goods
3. Receiving an invoice
4. Making the payment

For a very small business, purchasing might be as simple as calling Staples and ordering a box of pens and some whiteboard markers.

In most cases, the steps involved in purchasing are standard good practices that all businesses should follow. There's no reason to tailor these practices to the size or industry of a specific business.

For example, no matter the size of your business, you shouldn't use a credit card and save the receipts.

You're better off using an automated purchase order system with a well-defined purchase order process.

2.5.3 What Is the Difference between Procurement and Purchasing?

A supply chain is the entire network of entities a business works with to create its products and deliver them into the hands of the final customer. It includes suppliers, manufacturing, distribution, retail, etc. Procurement starts the supply chain and ends when the business has purchased the goods and services it needs to operate. It ensures you have a reliable supply of the materials you need – e.g. plastic, glass, or electrical components used in a coffee maker – under the best possible terms from ethical suppliers.

Depending on the industry, the steps in the Procure to Pay (P2P) cycle vary.

Procurement is an umbrella term that includes purchasing as one of its components. Purchasing deals with the transactional tasks of buying and paying for goods and services. Good purchasing processes are relatively standard across organizations independent of industry.

2.5.4 Conclusion

Given the complexities of procurement, purchasing, and Supply chain management (SCM, it's easy to see why people get confused and use the terms interchangeably.

Companies that effectively manage these processes enjoy higher profit margins, fewer disruptions, and increased customer satisfaction.

A modern procurement automation tool like can help automate all parts of these processes. Digital processes drive operational excellence and prepare businesses for a data-driven future.

3. THE PROCUREMENT POLICY STATEMENT

NCRO is committed to managing all procurement activity to achieve the maximum value for money in contracts and the acquisition of goods and services.

We will do this through:

1. compliance with legislative requirements,
2. the use of modern and robust procurement 'best practice';
3. the use of rigorous quality and operational standards;
4. open and fair treatment of suppliers
5. Procurement relevant to Islamic banking must be approved by Head of Shariah and Shariah must ensure that the transactions are Halal.
6. Afghan First policy (wherever possible)

Our commitment extends to conducting our business:

1. to meet our procurement objectives;
2. to meet our wider corporate social responsibility objectives through procurement in an open and transparent way;
3. by efficiently managing/allocating risk;

4. by ensuring safeguards are in-built against allegations of corruption or bias;
5. by maintaining a proper audit trail to support our actions;
6. by providing documentary evidence for management purposes;

3.1 General principles

The following principles should be adhered to in the procurement process:

3.1.1 Fair competition and equal treatment:

NCRO will treat all bidders with fairness and ensure that they are given the same level of information when preparing quotations or tenders. Or Tender must be treated equally with no discrimination.

3.1.2 Cost-effectiveness:

Quotations and tenders should 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.

3.1.3 Transparency:

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

3.1.4 Best value for money:

All Contracts must be awarded to Suppliers that offer the best value for money. To achieve this objective, NCRO is committed to developing and applying adequate and efficient procurement strategies and processes to procure at the best price-quality ratio and avoid any unnecessary redundant purchases.

3.1.5 Competitive bidding:

Goods, services, and Construction Works shall be procured in the most economically appropriate manner in the needed quantity, at the needed quality, and at the time and place where they are to be used. Unfair practices that restrict competition will not be countenanced.

3.1.6 Compliance:

All procurement activities shall be in line with NCRO rules and donor requirements. If more than one rule relates to a particular issue, the stricter rule applies.

3.1.7 Transparency:

The entire Procurement Process must be well documented, and award decisions must be justified based on evaluation criteria that have been clearly articulated in advance. An audit of the Procurement Process may occur at any time.

3.1.8 Proportionality:

Procurement procedures must be proportionate to the value of the contract.

3.1.9 Confidentiality:

Due to the delicate nature of the information that is handled in the Procurement Process, a breach in confidentiality could result in discredit and distrust of NCRO by governments, Partner Organizations,

Suppliers, or others. The principle of confidentiality does not contradict the principle of transparency: the way the overall Procurement Process is conducted must be clear and transparent, while proprietary and personal data must remain confidential.

3.1.10 Avoiding conflicts of interest:

Under NCRO's Policy against conflicts of interest, a conflict of interest is present if a NCRO employee, Supplier, or Partner Organization cannot make impartial or objective decisions or fulfil their professional responsibilities due to the interest of private, familial, economic, or other interests, whether such influence is real, potentially real, or merely apparent. Any perceived or existing conflict of interest related to a Procurement Process must be disclosed and resolved or avoided as soon as it arises. See the NCRO Policy against conflicts of interest for further guidance.

3.1.11 Business ethics:

NCRO supports the human rights, labor, environmental, and anti-corruption goals of the UN Global Compact.

3.1.12 Duty of care:

All individuals involved in Procurement Processes are required to carry out their duties in a careful and thorough manner that takes into account all potential risks. For example, individuals carrying out Procurement Processes must do the following:

1. Develop impartial and transparency criteria for evaluating and awarding contracts;
2. Carefully analyze all received offers in relation to the established criteria;
3. Thoroughly check all references and use any other available means to evaluate past performance of any potential Supplier;
4. Create and maintain a written record of all Tender analyses, reference checks, performance checks, and other due diligence of any potential supplier;
5. Apply the Four Eyes Principle (at least two individuals "four eyes") to all Procurement Processes; and
6. Not shorten any Procurement Process for the sake of convenience.

3.1.13 Principle of strengthening the local economy:

NCRO expressly supports strengthening local economies by using local products and technologies.

3.1.14 Digitalization:

Procurement Processes should be carried out digitally whenever possible. All electronic files must be maintained electronically without alteration and made available for audit.

4. How to Create a Procurement Plan

It can be devastating to hear when a key vendor goes bankrupt. Unfortunately, vendors may shut down for various reasons, which can hamper your own operations.

The next immediate step then is to find another vendor.

But do you have a process in place to source vendors? Does the purchasing team know what their roles and responsibilities are?

To ensure minimal disruptions to your operations, you need to plan for contingencies like vendor bankruptcies.

This is where a procurement plan comes in. In this article, we'll explain what a procurement plan is and why you should create one. We'll also cover the steps to creating one for your project. Finally, we'll look at how you can create your purchasing processes.

The following are the head to the section you want to learn more about:

- What Is a Procurement Plan?
- Why Do You Need a Procurement Plan?
- How to Create a Procurement Plan

4.1 What Is a Procurement Plan?

A procurement plan is a document that details the entire procurement process — the steps that companies follow to procure the goods and services they need to operate.

It also outlines roles and responsibilities for your purchasing team, defines vendor selection criteria, establishes the types of contracts you'll use, and more.

The goal of a procurement plan is to streamline the procurement process. Instead of starting from scratch each time, you can simply pull up an approved plan and adapt it accordingly.

Procurement plans typically include the following details:

- Roles and responsibilities
- Needs and requirements
- Project timelines
- Project constraints
- Vendor selection criteria
- Contract types
- Payment terms and methods
- Risk management

We'll dive into each of these in a later section. For now, let's take a look at why you need a procurement plan if you don't already have one.

4.2 Why Do You Need a Procurement Plan?

Creating a procurement plan can help standardize your purchasing processes and even benefit your bottom line.

4.3 Reduces Supplier Risks

Managing supply chain volatility is one of the biggest challenges that many companies face. In fact, key suppliers have either gone bankrupt or may have been severely hampered.

Creating a procurement plan to source and select vendors can help you reduce supplier risk. If a key vendor goes bankrupt or is unable to meet its obligations, your purchasing team can refer to the procurement plan to quickly find a suitable replacement.

4.4 Enhances Transparency

90% of business executives say that increased transparency leads to better decision-making across the organization. This also applies to purchasing.

Without transparent processes, mistakes are bound to happen — employees may duplicate orders or make purchases using non-approved vendors. This can lead to overspending and even delayed projects.

A procurement plan makes the procurement process more transparent.

4.5 Helps Ensure Compliance

Creating a procurement plan can help ensure compliance with established policies.

4.6 Why is this important?

Aside from reducing the risk of errors, a procurement plan can prevent instances of maverick spending — when employees purchase goods or services outside of established policies.

Maverick spending can negatively impact your bottom line. In fact, companies lose as much as 16% negotiated savings when purchasing teams don't use preferred vendors.

Enforcing a procurement plan can help ensure that all purchasing decisions comply with the NGO-approved policies and vendors.

4.7 Lowers Procurement Costs

With a comprehensive procurement plan, your organization can source vendors' faster, speed up negotiations, and pay invoices more quickly — all of which can help lower procurement costs.

In short, creating a procurement plan is extremely beneficial for your bottom line. It provides purchasing teams with everything they need and sets clear expectations.

Now, let's look at how you can create a procurement plan.

4.8 How to Create a Procurement Plan

Procurement varies from organization to organization.

For example, large retailers will likely have different purchasing requirements than manufacturing facilities. However, there are certain details that every procurement plan should include.

Procurement Plan

- Role and Responsibility
- Need and Requirements
- Project Timeline
- Project Constrains.
- Vendors selection criteria
- Contract types
- Payment Terms and Methods
- Risk Management

4.9 Describe the Procurement Process

In this step of the procurement plan, you'll provide a complete breakdown of the procurement process starting from requisition to paying the vendor. A typical procurement process involves the following steps:

1. Identifying internal needs
2. Evaluating vendors
3. Negotiating contracts
4. Approving an internal purchase requisition
5. Releasing a purchase order
6. Receiving and reviewing an invoice
7. Confirming and auditing delivery
8. Completing payment
9. Maintaining records

No matter what products or services you're procuring, having a formalized purchasing process is key to creating a procurement plan. Work with your purchasing team to detail each step.

4.10 Outline Roles and Responsibilities

The next step to creating a procurement plan is to establish the parties involved in the purchasing process, along with their roles and responsibilities.

Here are some of the key functions of purchasing departments:

- Identify internal needs for goods and services

- Source reliable suppliers to meet requirements
- Negotiate prices and delivery terms
- Coordinate deliveries and shipments
- Run quality control and product testing
- Ensure compliance with all regulations
- Manage budgets and maintain accurate records
- Manage relationships with vendors

The purchasing team will consist of various professionals who are responsible for overseeing these tasks. These include a purchasing manager to supervise procurement-related activities, purchasing agents to evaluate suppliers, and a contract manager to prepare contracts.

Make sure that you outline the roles and responsibilities of your purchasing team. You should also specify who can make and approve changes to any procurement documentation.

4.11 Determine Needs and Requirements

This section of the procurement plan describes the goods and services that your Organization is looking to procure. It can include tangible goods like office equipment or raw materials and intangible goods like software licenses.

Regardless of what you need to procure, you should include all pertinent details — sizes, quantities, technical requirements, etc.

Make sure to also include a statement that justifies why you’re purchasing certain goods or services from external suppliers instead of sourcing internally.

4.12 Define a Project Timeline

The next step is to set a project timeline. This is important because procuring goods before you actually need them will only take up valuable space.

Project Time Line

Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Planning												
Procurement approve Process												
Project Period												
Project Presentation												



An efficient procurement plan will include specific timeframes to minimize holding costs. This will also give your purchasing team deadlines for when they need to start and complete certain tasks.

4.13 Determine Project Constraints

Every project has constraints and limitations that it must abide by. Cost constraints are the most obvious example, as you may have a limited budget for purchasing goods and services.

Other types of project constraints include:

- Quality specifications
- Scheduling limitations
- Scope and deliverables
- Security requirements
- Industry regulations

Make sure that you detail any project constraints and limitations in your procurement plan.

4.14 Define Vendor Selection Criteria

In a typical procurement process, the purchasing department will issue a request for proposal (RFP) and vendors will respond with proposals or bids.

Then once the solicitation process begins, your team can collect proposals and evaluate each one.

Defining vendor selection criteria can help you narrow down your choices.

Selection criteria can include:

Costs: If a proposal doesn't fit within your budget, you could either move on to the next one or enter into negotiations with the vendor.

Delivery: If a vendor can't deliver goods or services within your desired timeline, then look for one that can.

Quality: Vendors must be able to meet certain quality standards before you can consider their proposals. Establish selection criteria to find the right vendors. In this section, you should also specify who will make the final decision. You can also establish a small selection committee whose purpose is to evaluate and select vendors.

4.15 Select a Contract Type

Vendor contracts or vendor agreements are legally binding agreements in which both parties agree to exchange goods or services for compensation.

However, there are different types of contracts that you can use. Common vendor contracts include:

Fixed price contract: An agreement in which the buyer and seller agree to a fixed price regardless of other factors.

Fixed price plus incentive contract: An agreement in which you agree to pay a fixed price and an extra bonus if the seller delivers earlier than expected.

Cost-reimbursable contract: An agreement in which a contractor receives a standard fee and reimbursements for any costs they incur on the job.

Time and materials (T&M) contract: An agreement in which your Organization pays a contractor for their time and the materials used. These contracts are typically used in instances when you can't estimate the size of a project upfront.

When preparing a procurement plan for any purchases, make sure that you select the right type of contract and get it signed.

4.16 Determine Payment Terms and Methods

This section of the procurement plan details the payment terms that you and a vendor have agreed upon.

It includes:

- Total costs
- Expected deliveries
- Due dates
- Payment methods

Some vendors may require advance payment, while others may offer more generous terms like net 30 or net 60. If you're making stage payments over a period of time, make sure to specify exact payment dates to avoid any confusion.

4.17 Identify Potential Risks

There's always a degree of risk when working with external suppliers. In this section of the procurement plan, identify any risks and outline specific strategies to mitigate them.

For example, let's say that a contractor fails to meet their deadlines. What impact would it have on your project timeline? In this case, you could either extend the deadline (and risk upsetting your customers) or hire an alternate contractor.

Follow the steps above to put together a procurement plan that you can use.

Once an employee creates and submits a purchase order, the system automatically routes it to their manager for further review.

Your forms and workflows are mobile-friendly out of the box, so your purchasing managers will be able to approve documents like contracts either from the office or on the go from a mobile device.

5. NCRO PROCUREMENT PROCEDURE AND FORMS

All procurement activities must be fully and transparently documented. A completed purchase must be supported with a fully cross-referenced “stand alone” file. Documentation must be completed fully and accurately in every case. Any anomalies or deviation from policy or procedure in a purchase must be documented.

NCRO procurement forms basically mirror each step of the procurement process and if employed correctly will allow effective management and transparent documentation of procurement activities.

5.1 PROCUREMENT FORMS

1. Annex-I (Store Request Form)
2. Annex-II (Store Issue Form)
3. Annex-III (Purchase Request Form)
4. Annex-IV (ITB)
5. Annex-V (Bid/Tender Offer Form)
6. Annex-VI (Bid Receipt Form)
7. Annex-VII (Bid Tabulation)
8. Annex-VIII (Purchase Order)
9. Annex-IX (Gate Inward Form)
10. Annex- X (Goods Received Form)
11. Annex-XI (Sample Signature List)
12. Annex-XII (Goods Quality Control Form)
13. Annex-XIII (Purchase Requisition)

5.1.1 Store request form

This is NCRO internal form whose purpose is to request information on an item from store. This should be produced in bloc form, ideally “auto copy”, (original with one copy), sequentially numbered. This allows tracking of the request.

The original should go to Procurement function and the copy retained by the requesting officer for reference.

Related items: (Annexure-I) [Sample Store Request Form](#)

5.1.2 Store issue form

This is NCRO internal form whose purpose is to record information about issue of specific item from the store. This should be produced in bloc form, ideally “auto copy”, (original with one copy), sequentially numbered. This allows tracking of the issue from store.

The original should go to requesting officer and the copy retained by the store for reference.

Related items: (Annexure-II) [Sample Store Issue Form](#)



6. APPROVAL AUTHORITY

Throughout the procurement procedures, clear demarcations of authority and responsibility must be maintained. All personnel are fully conversant with their role within the procedures as well as the limits of their responsibilities and authority.

Following process will be adopted for review and approval.

6.1 Responsibilities

The NCRO's Head of Office in the country of operation (Afghanistan), will bear the ultimate responsibility for compliance with funding agency's procurement policy and procedures, when procuring goods and services to support operations.

The NCRO's Head of Office ensure that NCRO procurement manual, providing detailed advice is made available to procurement staff, and ensure that there is no conflict with the policies and procedures and that proper controls for monitoring, documentation and review are in place.

The NCRO's Head of Office in the country of operation (Afghanistan) ensure that a coherent procurement unit is established and maintained in its country office. This will usually take the form of a designated Procurement Unit. The NCRO's Head of Office may delegate, as appropriate, the responsibility for this function to NCRO employees according to their qualification.

Since purchasing requirements vary considerably depending on the country operation, Procurement Units may vary in size, number of staff and composition. However, certain basic functions must always be fulfilled, irrespective of the size or form of the procurement operation. The NCRO's Head of Office is responsible for establishing a formal structure that is relevant to the needs of its country office.

The NCRO Procurement Unit will:

1. Provide a service to other units in the NCRO country office by acting as the principal contact with vendors. The Unit serves as the exclusive channel through which all requests regarding prices, quotations and products are handled, including correspondence with vendors. Only authorized staff of the NCRO Procurement Unit and the Requestor may jointly undertake negotiations with vendors. The minutes of discussions must be recorded. Similarly, only NCRO employees formally delegated by the NCRO's Head of Office are authorized to make commitments for the purchase of goods and services.
2. Make the final determination of supply source, price and delivery schedule, in conjunction with other units when appropriate and in line with delegated authority.
3. Develop a sufficiently wide range of supply sources to provide adequate competitive bids.
4. Ensure that adequate measures have been taken to safeguard vendor confidentiality.

5. Ensure that all procurement processes are well documented and clearly filed for future reference.
6. Keep the NCRO’s Head of Office informed about economic and market conditions.
7. NCRO ensure that employees involved in procurement are in compliance with applicable procurement policies and procedures, and strictly adhere to its code of conduct.

It is a NCRO employee’s responsibility to consult with senior colleague(s) and funding agency in case policies and procedures are not clear or in case there are difficulties fulfilling the applicable requirements.

The NCRO’s Head of Office ensure the implementation of monetary limits of the authorization levels given to individual NCRO employees. The authorization schedule, which covers expenditures related to the procurement with relevant funds, may not be circumvented in any way. A copy must be kept for audit purposes, and the dates of all changes must be documented to maintain a complete audit trail. The authorization schedule must clearly distinguish two functions pertinent to procurement:

1. To make purchase commitments for the purpose of procuring goods and services; and
2. To make or approve cash or bank disbursements.

In order to segregate duties and establish appropriate internal controls, a NCRO employee will only be authorized in one of the two functions, i.e. either commitment or disbursement. Purchases or payments may not be divided or delayed in order to avoid obtaining the correct level of approval.

The suggested form of an authorization schedule is as follows:

Authorized staff (title + name)	Authorization limit USD (or equivalent)	Purchase commitments	Disbursement approval	Sample signatures
Project Managers	Below USD 500	Yes	No	
Finance Manager		No	Yes	
Procurement Committee	Below USD 5,000	Yes	No	
Finance Manager		No	Yes	
Procurement Committee	Below USD 20,000	Yes	No	
NCRO D. Director		No	Yes	
Procurement Committee	USD 20,000 or more	Yes	No	
NCRO Director		No	Yes	

Throughout the procurement procedures, clear demarcations of authority and responsibility must be maintained. All personnel are fully conversant with their role within the procedures as well as the limits of their responsibilities and authority.

6.1.1 Request (1st signature)

All purchases must be requested and signed by the authoritative responsible person in the store at the point when there is no stock of a specific item in the store.



6.1.2 Requirement and technical review (2nd signature).

The relevant officer in the procurement Function will conduct a requirement and technical review and sign the purchase request, regardless of the estimated cost of the request. The review is to verify that the requested item(s) are:

1. A necessary item to be purchased.
2. Technically feasible
3. Not already available in stock.

6.1.3 Finance review (3rd signature)

The Finance manager will review the request to ensure that resources are available to cover the cost of the intended purchase and sign the purchase request.

6.1.4 Approval (Final signature)

All requests must be approved by NCRO managers with the level of authority that corresponds to the estimated cost of the intended purchase.

The approving manager will ensure that:

1. Information contained in, and verification of the request is complete.
2. Documentary and procedural requirements have been met.

6.2 Authorization Schedules

The NCRO authorization schedule defines the levels of authorization for financial commitments that may be entered into by NCRO. This schedule covers both asset and non-asset expenditure. Individuals will have their authorization level designated by board of directors.

An approved signature list, documenting manager's names, titles, authority levels and sample signatures, must support authorization schedules.

Please refer section # 16 for the standard NCRO authorization schedule

A purchase within the limit of a manager's authority does not preclude the requirement for "request", "review" and "approval" signatures. For example, a PR for \$1,000 signed only by the director is not a valid document though the director has the authority to approve purchases for more than 20,000. All four signatures must be present.

Purchases or payments may not be split in order to avoid obtaining the correct level of approval.

NCRO director may reduce levels of authority at their own discretion. Levels may also be raised under mitigating circumstances. For authorizing levels up to \$10,000 the decision can be taken by the director. For level changes above \$10,000 the decision must be taken by the director in consultation with the appropriate board of directors.

Any increase to an individual's level of authority must be documented and must include a full justification for the increase.

Related items: (Annexure-VIII) [Sample signature list](#)

7. UNAUTHORIZED COMMITMENTS

The primary responsibility of the Procurement function is to ensure the proper, prompt and responsive procurement of all supplies, equipment, material, and services.

The NCRO will not be obligated for supplies, equipment or services, except those obligations created by Procurement function in fulfillment of their procurement duties.

Any commitment incurred otherwise shall be a personal obligation of that NCRO employee.

Exceptions to this procedure must be approved by the director and documented with a signed memo that:

1. Details the nature and circumstances of the purchase.
2. Explains why normal procedures were not followed.
3. Describes what if any actions have been taken to prevent the situation from recurring.

8. AUTHORITY TO PURCHASE

Procurement function is responsible for the procurement of all materials and services. The authority to make purchases on behalf of NCRO is vested in the senior Procurement function representative and his / her designated staff.

Procurement function is responsible for the establishment of NCRO standardized operating procedures that

1. Locate sources of supply
2. Avoid the purchase of unnecessary items.

Procurement function is responsible for the selection of suppliers. For specialized or technical purchases, the appropriately qualified staff should be consulted

Procurement function has a responsibility to:

1. Recommend changes in quality, quantity, or type of material requisitioned and suggest suitable alternatives if it is in the best interests of the NCRO.
2. Develop and support standard specifications and processes for goods and services to provide improved service, quantity pricing and reduced time / administrative costs.
3. Maintain adequate documentation of purchase transactions and procurement contracts for archival and audit purposes.
4. Ensure that purchase orders and contracts are subject to appropriate reviews and approvals, and contain all necessary information, terms and conditions, and signatures to adequately protect the NCRO and comply with applicable NCRO policies and regulations.
5. Provide reports to effectively monitor and manage purchasing performance.

The NCRO as an organization is responsible for;

1. Ensuring that procurement policies and procedures are formally documented, in place and implemented by all programs.
2. Fully and transparently documenting its procurement activities.

9. LIMITS TO LOGISTICS AUTHORITY

Logistic authority does not extend to the following.

1. Requesting, verifying or approving non-logistic purchase requests.
2. Instituting non-finance approved credit arrangements with suppliers.
3. Maintaining bank accounts.

10. PROCUREMENT CONDUCT AND ETHICS

10.1 Code of Conduct

10.1.1 Adopting Code of Conduct

Engaging vendors for the procurement of goods and services is an activity that is potentially vulnerable to fraud and/or corruption. As such, NCRO ensures that reasonable measures are in place to prevent, investigate and, if needed, discipline fraudulent actions.

NCRO put in place a code of conduct concerning ethical practice and avoidance of conflicts of interest. All NCRO employees with designated procurement authority must understand and observe this Standard Code of Conduct.

10.1.2 Ethical Business Conduct

Procurement by NCRO is conducted in an ethical manner above reproach, with total impartiality, and without any preferential treatment:

1. Promote fair, ethical and legal trade practices;
2. Act promptly and courteously in an atmosphere of good faith and equality, and without intentional misrepresentation;
3. Treat all information received from vendors in the strictest confidence, and guarantee the confidentiality of all specifications and price quotations received;
4. Decline to take advantage of vendors' errors but show cooperation;
5. Avoid causing unnecessary expenses or inconvenience when requesting offers/proposals;
6. Remain absolutely free from any obligations to any vendor; and Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a vendor.



The new clauses have been introduced to the standard Project Agreement with Governmental and Non-Governmental Implementing Partners. These clauses, as an integral component, oblige implementing partners (1) to have or to adopt a plan to put in place investigation policies and procedures and to investigate allegations of abuse and possible misconduct (including fraud and corruption), and (2) to establish a disciplinary system to take appropriate disciplinary measures when misconduct is found to have occurred. NCRO is also sharing with funding agency the full investigation report of any investigation into alleged abuse and misconduct and to ensure close coordination with funding agency regarding the planning and conduct of any administrative action in regard to such allegations.

Negotiations may be conducted with more than one prospective vendor, to obtain the best final offer, but such negotiations may not change the terms of reference of the issued tender.

10.1.3 UN Supplier Code of Conduct

NCRO encourages the vendors to commit to aligning their operations and strategies with UN Global Compact principles (<http://unglobalcompact.org>), which serve as an inspiration for vendors, and encourages vendors to sign the UN Supplier Code of Conduct as a part of the vendor registration process.

11. CONFLICT OF INTEREST

The purpose of this section is to make employees aware of what constitutes a conflict of interest and the procedures to follow should such a situation arise.

1. No employee, officer, or agent of the NCRO shall participate in the selection, award or administration of purchases or contracts where to his or her immediate family member, or partner has a financial interest in the supplier's organization.
2. Employees, officers, and agents of the NCRO shall neither solicit nor accept cash, gratuities, favors, or anything of monetary value from suppliers or potential suppliers.
3. To insure objectivity and eliminate unfair competitive advantage, suppliers who participate in the development or drafting of specifications, requirements, request for quotes, or request for proposals (that include proprietary knowledge or equipment) should be excluded from competing for business related to their participation.
4. Employees, officers, and agents of the NCRO who knowingly violate this policy will be subject to such disciplinary actions as deemed appropriate by the board of director.

All NCRO staff that hold decision-making authority or influence over the procurement process will sign the NCRO code of conduct statement.

12. CODE OF ETHICS

The purpose of this section is to outline responsibilities and procedures that promote the highest standards of integrity when dealing with external sources.

Dealing with outside agencies engaged in the selling of goods and services is an activity that is potentially vulnerable to fraud. It is necessary to protect the NCRO and all members of staff by formulating and adhering to;

1. Clearly defined procedures for authorizing requests, expenditure and invoices, obtaining quotations and tenders and disposing of assets.
2. A code of conduct that explains and promotes the adoption of ethical behavior within all purchasing activity.

The procurement process is undertaken in an ethical manner, in accordance with the following:

1. Code of Conduct: integrity and a high ethical standard are maintained, and conflicts of interest are avoided.
2. Segregation of Duties: all actions in the procurement process and contract management are properly authorized, and appropriate segregation of duties is ensured.
3. Proper Vendor Management: proper evaluation, pre-qualification and registration and effective management of vendors are carried out.
4. Competitive Bidding: contracts are, in principle, awarded based on competitive bidding.
5. Evaluation: contract awards are objectively evaluated and recorded, based on technical specifications and pricing. Detailed specifications of the required goods and services must be well prepared, in advance of issuing the tender, to assess offers.
6. Supply Compliance: compliance with the specifications, warranties and delivery, as agreed with the supplier, must be ensured, documented by shipping, inspection and receiving records.
7. Payment Compliance: payments to suppliers (including insurance companies, shipping and handling agents) are conditional upon the fulfillment of their contractual obligations.

All NCRO employees with designated purchasing or contracting authority should understand and observe the code of ethics detailed below.

1. Give first consideration to the best interests, objectives and policies of the NCRO.
2. Staff conduct should not foster the suspicion of any conflict between professional duty and personal interest.
3. Decline personal gifts or gratuities from current or potential suppliers.
4. Grant all competitive suppliers equal consideration
5. Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
6. Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier and/or be willing to submit any major controversies to arbitration or other third-party review, insofar as the established policies of the NCRO permit.
7. Promote fair, ethical, and legal trade practices.
8. Treat all information received from suppliers in the strictest confidence.



9. If the vendor is relative of NCRO procurement committee, he must inform NCRO in writing about the relationship.

12.1 Gifts

The basic rule is that no gift or money should be accepted. The only exception to this rule is gifts of an inexpensive (less than US\$20) or seasonal nature such as business diaries, calendars or pens. The offer of small gifts is an accepted part of commercial life and care must be taken not to offend or damage relationships with suppliers when explaining that acceptance is contrary to the NCRO's normal practice. Any attempt by suppliers to undermine the honesty of staff by the offer of gifts or other inducements should be immediately reported to the Procurement function.

12.2 Hospitality

The provision of hospitality by suppliers may represent an attempt to circumvent the rules on acceptance of gifts. While modest hospitality may be accepted, its frequency and scale should not be significantly greater than that which the NCRO would be likely to provide in return.

12.3 Travel and accommodation

All purchasers should be aware that accepting "free" travel or invitations to visit suppliers or other events, particularly to distant or expensive locations, is likely to be regarded as having influenced a particular decision. Offers of this nature should only be accepted in exceptional circumstances and should have prior approval of the director.

12.4 Confidentiality

The prices, terms and conditions under which many of the suppliers of NCRO carry on trade are the result of negotiations and mutual trust building. It must be understood by all staff that a strict confidentiality is observed with supplier information.

Under no circumstances should any contractual or pricing information be divulged to external sources or used as a 'benchmark' for independent negotiations. This behavior undermines the NCRO's reputation as an honest and responsible organization. In some cases, there may also be issues associated with breach of contract.

13. VENDOR RELATIONS

The purpose of this section is to outline responsibilities and procedures regarding establishing and maintaining effective business relationships with existing and potential suppliers.

The highest possible standards of business ethics, professional courtesy and competence in all dealings will be in practice. In this regard, the following should be observed when dealing with suppliers and their representatives.

1. Accord prompt and courteous reception and fair and equal treatment to all suppliers and their representatives.
2. Provide equal opportunity for suppliers to make price and specification quotations.
3. Guarantee the confidentiality of all specifications and price quotations made by vendors.
4. Decline to take advantage of sellers' errors, and show consideration for sellers' difficulties by cooperating with them whenever possible.

5. Avoid subjecting sellers to needless expense or inconvenience when requesting quotations or returning goods.
6. Explain as clearly and fully as possible to suppliers the reason(s) for the rejection of their bids/proposals.
7. Remain scrupulously free from obligations to any supplier.
8. Keep informed about sources of supply, methods, services and materials, and encourages suppliers to test and develop improved or expanded products and services.
9. Keep suppliers informed about current and anticipated requirements.
10. If, for any reason, one supplier is permitted to re-quote (submit a revised quotation), all competitors should be given the same opportunity. Re-quoting should be kept to an absolute minimum.

14. SPECIFICATIONS

The purpose of this section is to outline the considerations required to generate specifications enabling suppliers to quote for the correct or appropriate materials / services.

What is obvious to the requesting staff member may not be obvious to a supplier or to procurement personnel. Do not assume complete product knowledge.

Incomplete or unclear specifications will delay the procurement process. Additionally, lack of clear specifications for even the simplest item may result in the wrong materials being supplied.

For spare parts or equipment accessories, state the manufacturer and the manufacturers reference. If the reference is not available provide drawings of the required part(s), a full description and if necessary, it's function. Consider also sending a sample.

Products may also be defined by established commercial or industrial standards, technical characteristics and / or expected performance.

Specifications must not be unduly restrictive. With the exception of spares, accessories or proprietary patents, brand names should be avoided. If a brand name is used, it must be qualified with "or equivalent" and the specific required feature identified.

Besides identifying the product, specifications will include:

1. Quantity.
2. Desired transport mode.
3. Any non-standard documentation requirements...
4. Packing and marking requirements.
5. Insurance requirements.
6. Expected delivery time frame.
7. Any required inspections.
8. NCRO terms and conditions.

15. STANDARD TERMS AND CONDITIONS

Terms and conditions specify how the NCRO conducts its procurement – method and criteria for payment of goods or services, acceptance or rejection of goods, supplier responsibilities, code of conduct, arbitration etc.

It is generally advantageous to undertake procurement on our own terms rather than merely accepting those offered by the supplier. Suppliers will naturally try to favor themselves as far as possible. An example is that of payment terms where a supplier would wish to be paid wholly or partially in advance, but payment on credit terms carries advantages and less risk to the NCRO.

Not all suppliers will necessarily accept NCRO's terms. In these cases, supplier terms must be fully understood and agreed to before committing the NCRO and it may be advisable to seek legal counsel. Such transactions may best be documented with a full contract.

15.1 Local revisions to terms and conditions

Logistic and Finance Managers must study the NCRO standard terms and conditions to determine that they are appropriate to local conditions and law. Certainly the clauses on payment and shipping must be adapted to the particular order. If necessary, they should be reviewed by local legal counsel.

Revisions may be made to the standard terms and conditions provided that

- There is a justified local requirement.
- The NCRO is not being exposed to unnecessary risk.

16. VENDOR SELECTION

This section is to provide guidelines on the selection of vendors based on their supply offers.

The selection of a vendor will generally be based on their offer being the “low bid” or the best “value for money”. All things being equal, “low bid” obviously looks uniquely at the price, whilst “value for money” takes account of all factors - not price alone.

For most purposes the British treasury definition of value for money is satisfactory, "quality or fitness for purpose and delivery factors against price, judged on whole life cost and not simply on initial or short term costs."

Establishing best VFM is directly linked to attaining the "seven rights" of purchasing which are;

1. The right commodity (or service).
2. In the right quantity.
3. Of the right quality.
4. At the right price.
5. To the right location.
6. At the right time.
7. From the right source.

NCRO Procurement function must determine which selection criteria are most suitable to a particular purchase. For example, purchasing paint for the office that the NCRO will occupy for only a short time



should be “low bid”. However, should longer-term occupancy be envisaged, then “VFM” should be sought. (Good quality paint will not require multiple coats and could be expected to last as long as the NCRO maintains the office).

Beyond analysis of a supplier’s offer, the vendor themselves must be investigated. This is particularly important for authorized vendors, large purchases or purchases where delivery or payment is to be made in installments.

The vendor must, at a minimum

1. Be a legally registered company (verify with the appropriate ministry).
2. Be of sound reputation (verify with other agencies).
3. Be financially solid (with permission, verify with the bank).
4. Maintain stocks or production capacity to support their offer (visit the plant).

Reputable companies are used to this type of request and can generally furnish copies of company registration, composition of their management / owners / board members, copies of financial reports and will invite inspection of their premises.

A good Supplier Information file will contain:

- a. Full legal name of the supplier,
 1. Mailing address.
 2. Street address.
 3. Telephone; fax (email if applicable) numbers.
- b. Historical Data,
 1. Ownership of the business.
 2. Date founded.
 3. Number of manufacturing facilities.
- c. Number of employees.
- d. Names of parent, subsidiary or affiliated companies.
- e. Management Data,
 1. Names of senior executives.
 2. Corporate memberships in trade associations.
 3. Industrial certifications.
- f. Supply Information,
 1. Management and quality assurance techniques.
 2. Information on goods and services supplied.
 3. Delivery times.
 4. Warranties and after service facilities.
 5. Packing and shipping capabilities.
 6. Payment terms.
- g. Corporate brochures,

Product information and data sheets and other available literature

- h. References,
 - 1. Current and recent major clients.
 - 2. Goods or services supplied.
 - 3. Value of orders.
- i. Comments on past performance,
- j. Documented information on past orders with the NCRO.

17. PROCUREMENT CYCLE

Regardless of the type of tendering process, and whether the tendering is in the open or restricted process, completing a tender requires certain types of skill and how to successfully complete a tender.

It is useful (and interesting) to have an appreciation of the full procurement cycle and where a potential supplier is fit into the picture. Below is an overview of the full tender process as commonly.

17.1 The procurement Strategy

Prior to seeking bidders, NCRO will need to clearly define what it is that it seeks to procure. This means preparing a procurement plan detailing the need for the product or service and how the process will be conducted. The pre-notice preparations will include calculating the contract value, developing the initial stages of the contract, specifying the exact goods or services to be procured and defining the broad qualities of the desired supplier.

17.2 Prepare a purchase requisition

An internal request on a standard form is prepared to formally request the purchase of the goods/services specified.

17.3 Authorize purchase requisition

This will usually be checked and authorized by the budget holder or another nominated person to verify that there is a genuine reason for the purchase. The available budget is re-checked at this stage.

17.4 Advertising the Tender

In order to attract interest and a broad range of potential suppliers for the open tender, NCRO will place a notice in various relevant publications and websites.

17.5 Pre-Qualification

As part of a normal tendering process, NCRO will usually ask the supplier to complete a pre-qualification questionnaire for suppliers that expressed their interest in supplying. This will be used to eliminate unqualified suppliers from the process if they do not meet a number of very specific criteria on finances, company structure, policies, and other non-contract-orientated information.

17.6 Invitation to Tender

If the supplier successfully pass the PQ stage then will be invited to submit an offer to the NCRO. This is the tender itself and the supplier should respond if are planning to continue with the process.

17.7 Obtain quotations

Quotations from reputable independent suppliers are obtained, as specified by the internal rules and/or donor rules.

17.8 Evaluation

The buyer, following the deadline for tenders to be submitted, will then evaluate all submissions to find the bid that fits all criteria, including most economically advantageous tender. Sometimes this can include negotiations with bidders to get a better price or better service or product or clarifying aspects of the tender submissions with bidders.

17.9 Contract Award

The final stage of the bidding process is the award of the contract to a tenderer. The winning bidder will be notified, and the losing bidders may at this stage request feedback on their bids.

17.10 Issue purchase order (PO)

After the supplier is selected a Purchase Order, authorized by the budget holder, or other authorized signatory, is sent to the selected supplier with a copy kept on file. The quotation will be attached to the PO. This then forms a legally binding agreement between the supplier and the NGO. The supplier will provide all the requested quantity of goods/material whole or part of the contract based on the requested quantity in the PO.

17.11 Receive goods from supplier

When supplies are delivered/received, they must be checked against the purchase order to ensure they are the correct items. A Goods Received Note (GRN) is usually signed and a copy filed.

17.12 Quality Control

The goods will be inspected in the project site by quality control team of NCRO (if necessary)

17.13 Receive and check supplier invoice

Once received, the invoice should be checked and matched up with the GRN, PO and quotation to make sure the goods have been received and the prices charged are as agreed.

17.14 Prepare and authorize the payment

The Payment Authority form is attached to the invoice and all the supporting documents. It includes budget and accounting codes and must be checked and authorized by the budget holder or another nominated person



17.15 Pay the supplier invoice

Payment should be made to the supplier within the specified payment terms mentioned in the contract.

17.16 Enter payment into the accounts

The final stage is to record the payment in the books of account and add to the asset register, as soon as possible.

18. COMPETITIVE TENDER GUIDELINES

The purpose of this section is to outline responsibilities and procedures for the solicitation of bids and proposals, and the award of NCRO procurement deal consistent with NCRO policies and regulations.

In so far as practicable, purchases shall be made on the basis of competitive prices, considering quality, suitability, delivery and service.

NCRO policy requires that offers be judged on “low Bid” or “value for money” criteria.

Good practice is to invite more offers where any of the following factors apply:

1. There are many potential suppliers.
2. Some companies may decline from bidding.
3. New suppliers are entering the marketplace.

18.1 Requirement for Formal Competitive Bidding

The thresholds for type of bidding/solicitations are the following:

1. Procurement of below value of USD 5,000 (or equivalent): Such procurement does not require a formal competitive bidding process; a simple request for quotation (RFQ) is sufficient. Nevertheless, a fair review quotation is also required. Quotes must be provided in writing and can be submitted in the form of an e-mail, letter or fax. It is good practice to ensure the receipt of at least three written offers/proposals.
2. Procurement of above value of USD 5,000 (or equivalent): Such procurement requires a formal competitive bidding process. The objective of competitive bidding is to find the best quality of the required goods/services at the best value for money in a fair manner to support an operation.

Under a formal competitive bidding process, contracts may only be awarded after the invitation for, and the assessment of, at least three competitive quotations or bids, depending on the estimated value of the contract. Any exceptions from formal competitive bidding, such as sourcing from a sole supplier, must be justified in writing by the NCRO’s Head of Office.

The highest possible number of potential vendors suitable for a specific contract must be invited to bid. Bidding may not be limited to vendors domiciled in the NCRO’s country of operation or its headquarters, but preferably have a wider geographical distribution. To facilitate this, NCRO maintain



an up-to-date database of qualified vendors that meet objectively justifiable minimum requirements. Vendors are required to complete a “vendor registration form”.

The Requestor may recommend a source, but the selection of vendors to be solicited is a responsibility of the NCRO Procurement Unit solely. All vendor representatives must be directed to the NCRO Procurement Unit.

The following must be observed when dealing with vendors and their representatives:

1. Provide equal opportunities to vendors to make prices and quotations, in accordance with specifications;
2. Keep vendors informed of current and anticipated requirements;
3. If, for any reason, one vendor is allowed to re-quote, other competitors must be given the same opportunity. Re-quoting must be exceptional.
4. No gifts or favors may be exchanged with vendors.

18.2 Emergency Situations and Exceptions

In case of an exceptional operational situation, the NCRO’s Head of Office or his/her delegate may request an exception (waiver) to the requirement of formal competitive bidding. Such request for a waiver, in writing, must provide valid justification and must be approved by the appropriate Committee on Contracts in funding agency prior to contracting. A request for waiver is also subject to prior written approval from the funding agency Head of Office in the country of operation (Afghanistan).

If an emergency is invoked by the NCRO’s Head of Office, this must be confirmed in writing by funding agency and a written explicative “Emergency Statement” must accompany the request for waiver.

Exceptions to the requirement to conduct a formal competitive bidding process, which must be kept to an absolute minimum, are allowed only when:

1. Prices or rates are fixed pursuant to national legislation or by regulatory bodies;
2. The proposed contract relates to procurement from a sole supply source of goods or services (e.g. sole authorized vendor) or to procurement of a proprietary product or service;
3. Offers for identical products or services have been obtained competitively within a reasonable prior period, and prices and conditions remain competitive;
4. The formal solicitation (Invitation to Bid or Request for Proposals) will not give satisfactory results, or when a formal solicitation done within a reasonable prior period has not produced satisfactory results;

5. The procurement contract relates to services that cannot be evaluated objectively;
6. Exigencies of service do not permit any delay due to waiting for the result of a formal solicitation. This applies to circumstances where goods or services are required immediately to prevent harm to life, health or well-being of refugees and other persons of concern in situations of true emergency.

18.3 Types of bid solicitation

Supplier bids or quotations may be solicited in a number of ways depending on the type and value of the intended purchase and the time frame available to make a purchase.

18.3.1 Limited

Limited Known suppliers contacted (based on past performance quality and related factors), low bid or VFM offer accepted. Along with Negotiated procurement, this is the most commonly used for large-volume purchases. Generally yields reasonable price offers, though it does take time for preparation and delivery and involves a moderate amount of work.

18.3.2 Negotiated

A small number of potential vendors are approached and specific price or service arrangements are directly negotiated. This method is most applicable to low-volume or emergency purchases. Prices, will unlikely, remain the most favorable though out the delivery time.

18.3.3 Direct

This is the simplest but usually the most expensive procurement method. Items are purchased from a single supplier at the quoted price. This should really only be applicable to emergency purchases. Pricing will likely be unfavorable but delivery times will be short and the workload involved will be low.

18.3.4 Sealed Bid

Document enclosed in a glued (sealed) envelope and submitted in response to invitation-to-bid (ITB). Sealed bids received up to the deadline date are generally opened at a stated time and place (usually in the presence of anyone who may wish to be present) and evaluated for award of a contract. Used to preserve the integrity and fairness of supplier selection

In all methods, tender documentation and the conduct of procurement staff must be transparent. Any perception of unfair or corrupt practices may well discourage reputable suppliers with the effect that NCRO may not receive the best products or prices.

Commercial organizations often fulfill new supply requirements with open tenders and from this experience develop pre-qualified suppliers for a system of limited tenders.

18.4 Procedures for tenders

Tendering, especially open tendering can be a costly, complex and time-consuming process. If not conducted correctly, it wastes time and money and in some situations may even carry legal ramifications.



The NCRO will generally use the open tender process for;

1. Construction contracts.
2. High value purchases.
3. Large purchases where the NCRO has little or no product or market knowledge.

The following information summarizes a tender procedure.

- a. Determine the method of Bid Solicitation.
 1. Open - in-country.
 2. Limited or Restricted.
- b. Determine the minimum number of bids to be secured.
- c. If limited tender, identify and select eligible companies. Eligible companies are
 1. Last order supplier...
 2. Newly identified suppliers.
 3. Suppliers identified by the donor agency.
- d. Prepare a bid analysis summary template.
- e. For Sealed Bid procedures, at this stage, each bidder is given a unique reference code, which enables offers to be identified on receipt without being opened.
- f. Decide on a closing date and time for final receipt of offers.
- g. Prepare, collate and forward to the selected suppliers, contract documentation consisting of:
 1. Letter of invitation.
 2. Additional instructions and notes for suppliers.
 3. Official form of offer.
 4. Terms and conditions.
 5. Coded tender return envelope.
- h. If the tender is to be “open”, prepare an advertisement that details the nature of materials required, where tender documentation can be obtained and the closing date for receiving offers. Check with newspapers or journals, on which days tender requests are customarily published. The procedure is otherwise as outlined in this section.
- i. Appoint a Tender Panel of at least 2 people to oversee and witness the Tender openings and record the details on the summary and results form. The panel must include a minimum of one non-Procurement function staff member, preferably from finance.
- j. If required to further demonstrate procedural transparency, independent observers and suppliers may also be invited to attend the tender opening, though this is not a pre-requisite.
- k. Tenders received after the closing date should be returned unopened to the respective supplier.

- l. In circumstances where the fault or delay is not attributable to the supplier, the bid may be accepted and the reasons recorded. This also applies to any offers opened in error prior to the closing date.
- m. Following evaluation of tenders, a letter of acceptance and an NCRO purchase order or contract is issued to the successful supplier. In cases where best VFM is being obtained through acceptance of an offer, which is not the lowest, the reasons must be agreed by the Tender panel and documented.
- n. Letters of declination should be sent to the unsuccessful bidders. For future tendering purposes it is good practice and of benefit to the supplier to provide reasons why their bid failed. This should be done without breaching commercial confidentiality.

The NCRO's terms and conditions should always be used in orders or contracts for the supply of goods or services. This is achieved through the processes of inviting tenders or issuing requests for quotations.

Should goods or services be purchased on the supplier's terms, these must be fully understood before signature. Once signed, both parties are bound by conditions that are legally enforceable and extreme caution is necessary.

Tendering is not necessarily a complicated process but it does require time and planning. A flawed process may become void and have to be repeated. Worse, a process subsequently disqualified by an external auditor may result in a donor disallowing the costs involved.

18.5 Quote evaluation

Contracts will be awarded to suppliers based on an evaluation of their quotations.

Quotations may be evaluated based on "lowest bid" or "best value for money".

Request for bid above specified threshold (e.g. USD 10,000) must be advertised on local websites/newspapers.

When evaluating quotations, consideration should be given, but not necessarily limited to some or all of the following:

1. Price.
2. Bidder's previous record of performance and service.
3. Ability of bidder to offer service support (i.e., training, maintenance and repairs).
4. Availability of bidder's representative to call upon and consult with the end users.
5. Quality and conformance to specifications.
6. Delivery schedule.
7. Product life expectancy.
8. Warranty.
9. Terms of payment.

A clear, concise and factual justification for the selection of a particular supplier(s) must be documented on the bid analysis. This is especially important if the successful bid is not the "low bid".



Unsuccessful vendors shall be notified that the bid is closed and awarded. It is not necessary to name the successful bidder. It is acceptable to let unsuccessful suppliers know in general terms why they were rejected.

It is unacceptable to disclose details such as price of the winning offer.

The NCRO reserves the right to reject any bids and award the contract in the best interests of the NCRO.

Related items: (Annexure-IV)

[Sample bid analysis summary](#)

18.6 The Bid Analysis Summary (BAS)

The Bid Analysis Summary will document at a minimum the following information:

1. Description of the requested materials / services.
2. Names and contact persons for suppliers solicited.
3. Copy of the request for quotation.
4. Copy of quotes from all responsive suppliers.
5. Bid analysis and justification for supplier selection and award price.
6. Justification for lack of competition when competitive bids were not obtained.

Certain purchases will require a “double” justification. For example, purchasing a vehicle will entail justifying the choice of manufacturer and then the choice of supplier. Include this in the justification summary.

18.7 Exceptions to bid guidelines

The purpose of this section is to outline responsibilities and procedures for awarding purchases and contracts without benefit of competitive bidding.

There are a few circumstances and items, excluded, in all or part, from the aforementioned bid procedures.

Purchases with a value less than \$1,000 are not subject to formal bidding unless local NCRO policy dictates otherwise.

Certain situations that may justify an exemption to the requirements are as follows:

1. The NCRO declare a general emergency situation where rapid order fulfillment and delivery is of the highest priority.
2. Materials may, if necessary, be purchased with limited, or no competitive bidding, from the vendor(s) most able to meet delivery requirements.
3. Human life, health or NCRO property is in jeopardy.
4. Repairs are immediately needed for equipment where delay would lead to higher expense.
5. Items procured solely from a specified vendor or government agency (under grant terms).
6. Items that are proprietary (software, etc.).
7. Design compatibility with existing equipment.
8. Only known source of supply.

In all case, procurement documentation will include explanation, justification and approval for non-standard purchases.

18.8 Validity of supplier quotations / offers

Suppliers will state the period of time for which their offer remains valid. Should a repeat purchase become necessary within the validity period of the offer, it is not necessary to request a re-quote from the supplier.

It is sometimes therefore advantageous to specify the required validity period of any quotations solicited. (Not always, as suppliers may increase their prices for extended quote validity periods).

Validity periods must be specified in quotation requests if a prolonged procurement process can be expected.

19.EVALUATION AND CRITERIA FOR CONTRACT AWARD

19.1 Evaluation

NCRO ensure that detailed specifications of the required goods and services are prepared for tendering and assessment of offers, in advance of issuing the tender. Specifications of services, goods and construction works under the project governed by the Project Partnership Agreement must meet those established by funding agency

The NCRO Procurement Unit allow for sufficient lead time to prepare the solicitation documents, the ability of the market to respond, evaluation of offers/proposals, production time, transport time and delivery to final destination.

All criteria specified in the solicitation documents, such as quality, delivery time, payment terms and compatibility with existing equipment, must be used to evaluate received offers/proposals.

An evaluation score sheet must be prepared, prior to the opening of the technical offers, to document the requirements in the solicitation document. This sheet will assign scoring weights for each requirement and may not be changed once the offers are opened. The comparison of bids documented in this table will present the deciding factors leading to the award of the Contract to the selected supplier.

19.2 Contract Award

The Contract for the procurement of goods or services will be awarded to the qualified bidder whose offer/proposal meets the requirements and is evaluated to be the best value for money.



The specifications provided in detail to bidders in the solicitation document will form the basis of the supply Contract.

To support the local economies of areas hosting refugees or other persons of concern, preference may be given to procurement of goods or services manufactured in the area of operation or readily available locally in the quality required at competitive prices. In practice, this translates into allowing a 15% higher price differential for locally manufactured goods as compared to the landed or customs-cleared cost of international procurement. A comparative analysis of local and international procurement costs must be documented to justify more costly local sourcing

It is important to note that Purchase Orders and Contracts for goods or services are legally binding documents made up of an offer by one party and the acceptance of the offer by another party. A verbal agreement can be as binding as a written contract if it results in the provision of goods or services. Verbal agreements must be avoided, and extreme care must be exercised to not commit the Partner before issuing a Purchase Order or signing a Contract.

NCRO has the responsibility to carefully review purchase Requisitions concerning specifications, allocated budget and delivery time and, when in doubt, make appropriate inquiries to the requestor.

Special care needs to be taken when procuring special relief items such as chemicals (e.g. pesticides, fertilizers, water treatment reagents), specialized equipment and supplies (e.g. laboratory, agricultural, medical/surgical, water supply, sanitary) and specialized services. PMCS must be consulted when in doubt or when expert advice is required to ensure that appropriate goods or services are purchased.

19.3 Supply Documentation

All procurement actions must be fully and transparently documented. This means that each of procurement must be supported with a fully cross-referenced “stand alone” file with the complete and accurate documentation. Well-designed procurement forms will mirror each step of the procurement process and, if used correctly, allow effective management of procurement activities.

Complete and adequate documentation also forms the basis for accountability of the supplier, and will be required if any disputes arise or if any claims are made. All supporting documents must be kept for a period of six years for audit purposes. Documents must be filed by contract number and tender document number.

20. CONTRACTS

A “contract” can take the form of a verbal agreement, or a document that details every aspect of an agreement. Whilst verbal agreements may be legal, they are very difficult to enforce and for this reason the NCRO will work only with written contracts.

For the most part, an NCRO purchase order in conjunction with NCRO terms and conditions provides adequate documentation for standard or routine purchases. However, situations will arise that require a “full contract” to be drawn up.

1. In simple terms a full contract will be drawn up when payments, delivery or guarantees are to be made/ provided wholly or in installments at some point in the future. Put another way, there should be a contract if at any point in a transaction either or both of the parties are vulnerable to loss should the agreement not be met.
2. When a simple PO does not physically facilitate full documentation of the agreement.
3. When non-standard NCRO terms and conditions are agreed to.
4. When a “service” is to be purchased. The contract must be as detailed as possible and serve as the terms of reference.

Contracts also serve as evidence to the NCRO and auditors that all reasonable precautions have been taken to safeguard funds.

The contract documents the elements of the agreement and is the basis of any recourse to law in the event of a dispute. It is clear then that care must be taken when drawing up a contract of any sort.

Any omission, inconsistency or ambiguity in a contract may render it useless should it be presented to a court of law.

20.1 Parties Involved.

Establish carefully and beyond doubt, which the parties to the contract are.

20.2 Clarity.

All elements of a contract must be clearly defined - assume nothing. What is obvious to you may not be obvious to someone else and the contract should not be open to interpretation.

For example, avoid phrases like “reasonable expectation” or “normal wear and tear” when operating in a culture or legal system with which you are not wholly familiar.

Be precise as to how and where disputes arising from the contract will be settled.

Should a contract be written up in more than one language, establish which language will be considered binding.

20.3 Quantities.

Be accurate and use units of measure that cannot be confused.

For example an order of 500 bags of cement should read 500 bags x 50 kg. Cement is *normally* packed in 50 kg bags but not always.

20.4 Quality and specifications.

There must be no doubt as to the quality you want.

20.5 Delivery arrangements.

State when the goods must be ready. Whether they are to be delivered or collected. State who will be providing labor at whose cost. The schedule may have several shipments.

20.6 Terms of payment.

Total contract value, advance payments, installment payments, and final payments. State where and when payments are to be made in what form and to whom. Responsible for bank or legal charges, taxes and duties must be mentioned.

If advance payments or installment payments are made to a supplier, **every effort to minimize NCRO's exposure to risk** must be made. If for example a builder is contracted for a project, the maximum advance payment (mobilization fee) should be in the area of 5-25 % of the contract value i.e. the minimum to get the project started. Any payments prior to completion of the contract should not exceed the value of work already completed and final payment should be withheld until the NCRO representative is wholly satisfied with the work.

20.7 Penalty clauses.

If a penalty clause is included in a contract ensures that it is clear and precise.

As in the contract generally, any ambiguity may make it impossible to invoke a penalty clause.

A penalty clause must also be realistic and realistically enforceable.

Transactions requiring contracts will involve some degree of trust by all parties involved.

Should you not trust a supplier, do not enter into an agreement, contract or not.

If you have any doubts concerning any element of a contract, seek legal advice.

20.8 Liquidated Damages:

Late delivery, or dispatch outside the agreed shipping, shall be subject, without notice, to an assessment of liquidated damages equivalent to 0.1% of the contract value per day or part thereof. The assessment will not exceed 10% of the contract value. NCRO has the right to deduct this amount from the supplier's outstanding invoices, if any. This remedy is without prejudice to any others that may be available to NCRO, including cancellation, for the suppliers' non-performance, breach or violation of any term or condition of the purchase order.

20.9 Receipt and rejection and claim

As soon as goods or services are received, they must be promptly and carefully examined or assessed to verify that they fully conform to the Contract.

For each Purchase Order, whether local or international, a "Receiving Report" must be completed. The authorized official must sign and date the report, certifying whether the goods or services have been received in full and in good order or otherwise. Upon certification of receipt, the received goods or services must be promptly and accurately recorded in the accounting system.

The original Receiving Report is the basic document to initiate payment to local vendors. International vendors usually have to be paid upon delivery to the forwarder in the exporting country in accordance with Inco terms. A copy of the Receiving Report is required for the Procurement File, for follow-up action and closure.

In case of any problem detected upon delivery (such as loss, damage, wrong quality or quantity), the basic policy is not to accept any non-conforming goods or services and to immediately inform the vendor. However, it is important to know the legal status of the goods or services in order to take the appropriate following action, depending on whether the ownership is already with funding agency as the consignee or still with the vendor.

The following actions have to be taken for all non-conforming deliveries having taken place, irrespective of the ownership:

1. Note reason for objection:
 - For goods: on the transport document, i.e. the waybill as well as on the Receiving Report;
 - For services: on the Handover Report.
2. Inform the vendor immediately.

In addition, for contracts where the vendor has full responsibility until delivery is accepted by the consignee (e.g. under DAP), conclude one of the following options:

1. Reject delivery or part of it;
2. Request replacement, re-performance or repair free of charge;
3. Only after approval, contract again with the second-in-line vendor/the second best bidder of the bidding process and collect excess costs from the defaulting vendor;
4. Terminate the contract.

For contracts on basis of other terms, provided they are covered by insurance:

1. If a carrier is suspected to be at fault, send a protest letter to the last carrier; a copy of this letter is imperative for a later insurance claim).
2. If the expected loss/damage exceeds USD 1,000, obtain a Short Landing Certificate and/or arrange for an independent survey report (required for a subsequent insurance claim).
3. Initiate claims action (carrier, vendor, insurance);

Only in exceptional cases, the following options may be considered:

1. Allow contract performance after obtaining adequate consideration and approval from the Requestor; or
2. Agree to an equitable adjustment and issue a Change Order.



When it becomes necessary to return goods, the Requestor must prepare a memorandum to the NCRO Procurement Unit for action, identifying each item to be returned with reference to the original contract. On the basis of this memorandum, the NCRO Procurement Unit will negotiate the return of the goods with the vendor. The options available are:

1. The vendor furnishes a suitable replacement at no charge, arranges pick-up, handling and freight costs;
2. The goods are returned to the vendor for full credit with freight collect (or at cost);
3. The goods are returned to the vendor with their consent (except DDU delivery) for full credit less replenishment charge and freight; or
4. The goods are scrapped with the approval of the vendor and/or the insurance company.

Termination of a contract is done in an amicable manner to the extent possible, and care must be taken towards maintaining a satisfactory professional relationship between the vendor and NCRO during and after the termination.

20.10 Supplier performance Evaluation

Contracting for goods and services requires clear terms of reference and active oversight by the Requestor following the award of contract.

Terms of Reference (TOR) are prepared by the Requestor, which succinctly and clearly state the nature, timeliness and measures of performance required of the contractor. The TOR may include standards for accomplishing work. The NCRO Procurement Unit may assist with clarifying the TOR, but the responsibility for preparation and subsequent monitoring rests with the Requestor. An estimate of the cost for the goods and/or services to be acquired must be prepared by the Requestor. Sources for the estimate include amount paid for previous contracts under competitive conditions, and market surveys. A realistic and reasonable estimate provides a baseline to permit analysis of proposed prices and determination of reasonableness.

The NCRO Procurement Unit must maintain records of solicitation documents, all original proposals, selection documents, evaluation reports and the contract.

Signature of Contracts: The Contract must be signed by the NCRO and the contractor. It is usual practice that the contractor signs the Contract first. The number of signed originals of the Contract is determined by the NCRO procurement policy. However, a minimum of two originals must be prepared, one for the contractor and one for the NCRO. Copies of the contract will be provided to the Requestor and to the NCRO Finance Unit. Distribution of additional copies of the contract must be made in accordance with the NCRO's internal procedures.



Modifications to Contracts may only arise when unexpected or emergency situations occur and must be reflected in an amendment of the Contract. Clauses for providing for amendments will be stipulated in the contract. Funds must be certified as being available prior to modifying a contract that increases its amount.

Active oversight or contract management ensures that contractor performance is monitored and that any shortcomings are promptly brought to the attention of the contractor for correction and adherence to the terms of reference as included in the Contract. Active oversight also ensures timely processing of contractor invoices.

Payment will be made upon satisfactory completion and acceptance of work. Upon submission of the invoice by the contractor, payment will be promptly made in accordance with payment terms established in the Contract.

Advance payments are, in principle, not allowed. However, they may be considered by the NCRO for specific situations, in accordance with established criteria.

In case advance payments are necessary, they may not exceed 50% of the total vendor contract. Under no circumstances, such advance payment may exceed USD 10,000 without prior and written authorization by the funding agency official who has countersigned the Project Partnership Agreement.

Progress payments may be appropriate for contracts lasting longer than two to three months and for services with discrete or regular progress intervals, for example:

1. Annual maintenance or other service contract. The payment schedule must be reflected in the contract.
2. Study or report lasting several months to a year. Payment can be based on steps accomplished to achieve the final report or study. Milestones must be realistic and reasonable.

Progress payments will not be applied for shorter term contracts

21. TYPES OF PURCHASE AND DOCUMENTATION

21.1 Purpose

To outline the various types of purchase undertaken by the NCRO

To outline the appropriate documentation and procedures for each type of purchase

21.2 Authority Threshold

NCRO establish internal reviews and thresholds for authority, approval and oversight (through the NCRO Committee on Contracts) at field, country or HQ level (depending on the presence and structure of the organization) to review contracts, i.e., contracts below USD 20,000 at field level, contracts between USD 20,000 and USD 150,000 at the region office level, and high-level contracts of USD

150,000 or more at Country office level. The NCRO Committee on Contracts will hear recommendations on cases from the NCRO Procurement Unit and ensure that the procurement process has been properly conducted in line with the NCRO’s policies and procedures, and will award or reject a recommendation to establish a contract accordingly. Minutes of the deliberations and decisions reached must be retained on file. Committee members must ensure that they have no conflict of interest in reaching their decisions, and to this end are not allowed to work as part of the Procurement Unit.

FINANCIAL LEVEL (USD)	PURCHASE TYPE	AUTHORITY LEVEL	DOCUMENTATION REQUIRED
1 – 500	<ol style="list-style-type: none"> 1. Out of Pocket 2. Petty Cash 3. Purchase not exceeding \$ 500 	<ol style="list-style-type: none"> 1. Head of requesting department 2. Head of Procurement function 	<ol style="list-style-type: none"> 1. Purchase Request 2. Purchase order 3. Gate inward form 4. Goods received form 5. Invoice
501 – 1,000	Purchases over \$500 but less than \$1,000	<ol style="list-style-type: none"> 1. Head of requesting department 2. Head of Procurement function 3. Finance manager 	<ol style="list-style-type: none"> 1. Purchase Request 2. 3 Quotations 3. Bid analysis 4. Purchase order 5. Gate inward form 6. Goods received form 7. Invoice
1,001 – 5,000	Purchases over \$1000 but less than \$5,000	<ol style="list-style-type: none"> 1. Head of requesting department 2. Head of Procurement function 3. Finance manager 	<ol style="list-style-type: none"> 1. Purchase Request 2. Bid invitation 3. 3 Quotations 4. Bid analysis 5. Contract 6. Purchase order 7. Gate inward form 8. Goods received form 9. Invoice
5,001 – 10,000	Purchases over \$5,000 but less than \$10,000	<ol style="list-style-type: none"> 1. Head of requesting department 2. Head of Procurement function 3. Finance manager 4. CFO 	<ol style="list-style-type: none"> 1. Purchase Request 2. Bid invitation 3. 3 Quotations 4. Bid analysis 5. Contract 6. Purchase order 7. Gate inward form 8. Goods received form 9. Invoice
10,001- 200,000	Purchases over \$10,000 but less than \$200,000	<ol style="list-style-type: none"> 1. Head of requesting department 2. Head of Procurement function 3. Finance manager 4. CFO 5. Director 	<ol style="list-style-type: none"> 1. Purchase Request 2. Bid invitation 3. 3 Quotations 4. Bid analysis 5. Contract 6. Purchase order 7. Gate inward form 8. Goods received form 9. Invoice
Above	Purchases over	<ol style="list-style-type: none"> 1. Head of requesting 	<ol style="list-style-type: none"> 1. Purchase Request



200,000	\$200,000	department	2. Bid invitation
		2. Head of Procurement function	3. 3 Quotations
		3. Finance manager	4. Bid analysis
		4. CFO	5. Contract
		5. Board of directors	6. Purchase order
			7. Gate inward form
			8. Goods received form
			9. Invoice

21.3 Structure and Duties

NCRO has a clear organizational structure delineating and assigning the authority, responsibility and accountability for procurement. NCRO employees assigned such delegated authority for procurement, finance and other relevant functions properly trained. A Contract Committee must be established. The acquisition process followed by the Requestor and the NCRO Procurement Unit has been in compliance with the applicable policy and procedures for procurement of goods and services. The organizational structure, as well as the authority, responsibility and accountability of each function must be documented.

21.4 “Out of pocket” purchases not exceeding \$100

If, due to unforeseen circumstances, personal expenditures directly benefiting the NCRO are made, they may be reimbursed on presentation of a valid field or vendor receipt. Reimbursement will not exceed \$100.

21.5 Petty cash purchases

Petty cash policies and thresholds will be established by directors and finance managers.

Based on a purchase request, obtain petty cash from the finance department and reconcile the purchase against vendor receipt. Standard finance department policies and procedures apply.

21.6 Standing supplier agreements

21.6.1 Purpose

To explain under what circumstances, how and who may institute supplier agreements

21.6.2 Description

Standing supplier agreements are agreements between the NCRO and a supplier whereby the NCRO will purchase specified items from a single primary supplier under specified pricing terms for a defined period of time.

Standing supply agreements can offer a number of advantages to the NCRO.

1. Speeds up the procurement process by eliminating the 3-bid requirement for each and every individual purchase of an item.
2. Places the NCRO in a stronger position to negotiate prices and terms with the supplier.
3. Allows the NCRO to develop standard NCRO specifications with the supplier.
4. Reduces administrative costs.
5. Allow closer control and monitoring of NCRO / supplier relationships.

6. Agreements of any kind must be fully documented and justified.

21.6.3 Responsibilities

Supply agreements differ from authorized vendors in that the supply agreement mechanism may be established for the purchase of capital or non-expendable property and items with individual costs greater than \$500.

Supply agreements may only be established for items or equipment that the NCRO commonly purchases for its activities i.e. agreements may not be established for occasional or ad-hoc purchases.

Supply agreements may be established for multi-year periods but **must be reviewed at least annually** to ensure that they remain advantageous to the NCRO.

21.6.4 Supplier selection

Suppliers must be selected on a fully documented and justified competitive basis.

Qualified suppliers must be invited to submit offers or proposals in response to a limited tender.

Alternatively, where the NCRO has a documented history with a number of suppliers for a specified item(s), selection may be based on analysis of existing data. (This method presumes that prior individual purchases were made competitively)

This method is only valid for the establishment of the initial agreement for an item. Subsequent supplier selection must be based on competitive tenders as outlined above in section.

A file will be opened and maintained for each supply agreement. At a minimum, the following will be held on file;

1. Request for quotation / proposal
2. (Or if appropriate, criteria for review of purchasing records).
3. documented supplier quotation / proposals (or if appropriate, historic records)
4. Analysis of supplier offers.
5. Justification of selected supplier.
6. Contract with terms and conditions.
7. Documented agreement.

21.7 Purchases from authorized vendors

21.7.1 Purpose

To define “authorized vendors”, their establishment and role

To clarify the policies governing the use of such vendors

Note: Within the context of this Section, “Authorized” is synonymous with other similar terms which have been used in the past - 'Preferred'; “Recommended”; 'Approved'.

21.7.2 Description



An authorized vendor is a vendor considered (and documented) by the NCRO to be the primary supplier of a specific item or items, under an agreed price structure for a specified period of time.

Authorized vendors may only be established in-country for materials or services purchased on a regular basis with individual costs of less than \$500.

Typical materials supplied under this mechanism include: office and domestic supplies, fuel, groceries, fittings etc.

The establishment of authorized Vendors allows programs to;

1. Streamline the procurement of supplies purchased on a regular basis.
2. Eliminates the necessity for constant 3-bid processes.
3. Allows closer monitoring of prices and NCRO / vendor relations.

21.7.3 Rationale for establishing authorized vendors

The aggregation of demand increases negotiating power, can improve value for money, reduces the number of supply sources and is crucial to the purchasing success of any organization. Demand is maximized to exert the strongest influence on the marketplace.

The use of authorized vendors enables programs to eliminate constant bid processes for relatively inexpensive items. This results in a considerable saving in time and is one of the avoidable costs of purchasing.

By negotiating through a competitive process, the program will be in a position to include terms and conditions that are favorable to the NCRO rather than to the supplier (which is generally not possible when purchasing small quantities from various suppliers).

Further, meaningful supplier evaluation and monitoring procedures can be implemented. Procurement function will be able to reduce or eliminate the risk of any fraudulent collusion between NCRO staff and vendors.

21.7.4 Supplier selection and documentation

Program and logistic staff must identify the supplies or services that are purchased on a regular or frequent basis.

Specifications or a list of items should be prepared and suitable suppliers located.

A formal sealed bid limited tender process must be undertaken.

Should there be less than three local (in-country) suppliers, prices must be sought from an international source for comparative purposes (despite shipping costs, a bulk import order may be more cost effective than purchase through local suppliers).

Based on offers received, make the supplier selection.

There is no requirement to establish a formal agreement or contract with the supplier. Indeed, due to the nature of the circumstances in which the NCRO generally operates, formal long-term commitments to suppliers are to be avoided.

Documentation supporting the choice of vendor will include,

1. The scope / specifications or list of materials / services solicited.
2. Copies of all invitations to tender that were issued.
3. Copies of all offers that were received.
4. Copy of the bid analysis summary and justification of supplier selection.
5. Document from the director approving the selected supplier that identifies eligible purchases and the maximum validity period of authorized vendor status.

21.8 Market and supplier monitoring

Despite the establishment of authorized suppliers, Procurement function logistics still has a responsibility to check prices in the market on a regular basis. This will allow Procurement function to identify market price changes, new suppliers and to determine whether to subject the items to further competitive bidding ahead of time. Market monitoring should be undertaken informally on an on-going basis and formally every six months at a minimum – more frequently in an active market.

Prices or price structures must be circulated to the finance department. This allows a check between the agreed pricing and actual invoiced pricing.

21.9 Construction contracts

Construction contracts over \$25,000 are subject to contractor selection based on a sealed bid process. This level should be further reduced if there is any need to demonstrate fair and competitive practice on the part of the NCRO.

21.9.1 Contractor pre-qualification

NCRO must develop a “database” of pre-qualified contractors. This will significantly decrease the time involved to effect tender processes and the risk of engaging inappropriate contractors.

NCRO will invite all interested contractors to present themselves and register with the NCRO.

Invitations to register should be published in the official gazette of the area (if applicable), trade publications and / or in widely distributed local newspapers.

All interested parties will be instructed to contact the NCRO, upon which they will be provided with a “questionnaire for contractors” and pre-qualification instructions.

Completed questionnaires will be returned to the NCRO where they will be registered in a database or spreadsheet. The questionnaire and attachments will be reviewed for completeness and an assessment made of the contractors capacity. All documentation received will be filed in a designated binder.

Contractors will be informed of their status by the NCRO in writing. Where contractors fail to meet qualification criteria, the NCRO should if possible / appropriate, indicate the grounds for the decision.



The database / spreadsheet will include the following information,

1. NCRO contractor ID number
2. company name
3. name of the manager / contact person
4. phone / fax / email coordinates
5. type of services offered (general, plumbing, electrics etc.)
6. company capacity (can undertake small / medium / large contracts)*
7. date of first entry into the register
8. date of last information update
9. NCRO comment on the basis of the collected data

Comments should be informative and accurate:

1. “prior bad experience” (state instance(s))
2. “prior favorable experience” (state instance(s))
3. “recommended by (name) organization(s)”

The pre-qualification process remains open in that there is no limit to the number of contractors who may apply and contractors may update their company information at any time.

The NCRO needs to inform those companies that have not pre-qualified of the fact.

21.9.2 Invitation to tender

Only documented, pre-qualified contractors registered with the NCRO will be invited to tender for projects. A minimum of three contractors must be invited.

Pre-selected contractors will be sent an invitation to tender.

Each contractor will sign receipt of one additional copy of the invitation to tender. This signed copy shall become a part of the NCRO documentation.

All contractors must be presented with the identical tender documentation. Once tender documentation has been received, NCRO staff must avoid contact with the contractors unless it is necessary to visit the site or to answer questions the contractor may have concerning the procedure or contents of the tender documentation.

Contractor queries must be asked and answered in written form. This correspondence must then be sent to all other contractors in the tender.

All tenders must be submitted in sealed envelopes (the only external reference to the contractor must be the NCRO contractor ID number) and upon receipt by the NCRO, be registered in a “received tender” log-book then filed in a secure location.

Tenders received after the closing date may not be taken into consideration and must be returned unopened to the contractor.

Should for any reason, the NCRO decides to prolong the closing date for a contractor, all other contractors must be afforded the same possibility.

Under mitigating circumstances, tenders may be submitted via fax. The fax should be received and sealed, unread, in an envelope. The standard receipt procedure will additionally note that the tender was received via fax. Tender submission via fax is acceptable as an exception not as routine practice.

21.9.3 Tender board

Opening and evaluation of contractor tenders will be performed by a tender board composed of a minimum 3 members. One of the NCRO board members must be qualified in construction projects.

21.9.4 Procedure for tender opening

The invitation to tender will state the time, date and location at which the tender board will open and review contractor bids. All participating contractors are invited to witness the proceedings.

The tender board will keep minutes and produce a report of the proceedings. The board will review the submitted tenders against the requirements of the invitation to tender and for mathematical accuracy. Incomplete tenders will be noted, as will any other relevant additional information submitted by a contractor.

There will be no public comment or discussion by the board during the opening procedure. Unless it is customary in the area of operation, do not publicly announce the value of vendor offers; this is generally contrary to the supplier confidentiality of accepted business ethics.

Before closing the tender opening procedure, contractors must be invited to record any comments they may have concerning the tender and bid opening process.

All tenders will be filed as part of the auditable project documentation.

As acceptable offers will be in compliance with the criteria of the invitation to tender, contractor selection will generally be based on “lowest bid”.

However, the following must also be reviewed and considered.

- time-frame for project completion,
- favorable warranties or payment terms / method,
- materials of superior quality than those specified, at favorable cost,
- Offer of additional works on the project included in the offer.

Analysis of tenders will be documented on a Bid Analysis Worksheet, a supplier selected and that choice justified.

21.9.5 Contracts

Due to the many requirements and associated risks of construction, construction contracts are amongst the more difficult type of contract to draw up.

A typical contract may consist of the following documentation,

1. Letter of award.
2. Contractual agreement.



3. Terms and conditions of the contract.
4. Technical drawings and specifications.
5. Bill of quantities and prices.

The Terms and Conditions of the contract will be very specific.

Many construction contracts will involve advance payments (mobilization fees) and part payments as elements of the job are completed.

If mobilization fees are paid, great care must be taken to protect the NCRO's interests in the event of contractor default.

Mobilization fees must be kept to a minimum, 5 – 25% of the contract value maximum (depending on the up-front expenses that will be incurred by the contractor).

The mobilization fee must be tied to a "start date" beyond which the contractor forfeits a penalty.

Significant contracts (over \$150,000) will require the contractor to issue a performance Bond (based on a percentage of the total contract value) in favor of the NCRO. This can be any irrevocable financial instrument. The bond will be returned to the contractor on certification of final works or warranty period.

Interim payments must be linked to clearly defined inspection criteria rather than paying interim payments in full, it is often advantageous to retain a percentage of each interim payment against the risk of contractor default. If a contractor defaults before completion of works, the NCRO will incur the additional cost of identifying and engaging a new contractor. Withholdings against each interim payment ensures that the NCRO is covered wholly or at least partially against the additional costs of a contractor default.

Final payments are generally made some period of time after completion of works. This period, whether tied to warranties or not, must be clearly defined.

Penalty clauses must be realistic and enforceable.

All construction contracts must be drawn up by qualified individuals and reviewed by local legal counsel. Further, all contracts valued over US\$100,000 will be reviewed by the NCRO director and if a non-standard contract has been employed it will also be reviewed by Board of Directors.

21.10 Sole Source Procurement

A sole source purchase is one where an item can only be purchased from a single source. This situation makes it impossible to obtain competitive bids.

The Bid Analysis must justify why the technical characteristics inherent in the item make it essential to purchase that particular item from that particular vendor and no other.



Written analysis of price or cost is required on all sole source purchases with an aggregate expenditure in excess of \$1,000. Appropriate documentation may include copies of published price lists, advertised pricing in established magazines, journals, and newspapers, and similar indices.

A Bid analysis form documenting some form of price or cost analysis is required on all sole source purchases with an aggregate expenditure in excess of \$1,000. Appropriate documentation may include copies of published price lists or advertised pricing on the Internet or in established magazines, journals, and newspapers.

The Bid analysis will document a clear, concise statement that justifies waiving the competitive bidding process.

The director has the final responsibility in determining whether an item is a proprietary item and may be purchased from a sole source.

21.11 Restricted or special purchases

Certain purchases may be subject to prohibitions, special approvals, limits, and restrictions.

Purchases that may require special consideration,

- Narcotics, medical drugs and supplies.
- Food items.
- Hazardous materials.
- Purchases made with non-NCRO unrestricted funds.
- Purchases from vendors with NCRO supplier agreements.
- Items requiring a government mandated independent inspection.
- Items purchased from government agencies.
- Purchases of used items.
- Purchases for NCRO employees.

NCRO staff that initiate and / or review purchase requests are responsible for noting any restrictions that may apply to a purchase. The need for government registration and licensing for communications equipment, for example Procurement function are responsible for identifying and complying with NCRO or government restrictions that may apply to purchases.

21.12 Lease agreements

No building or equipment leases may be entered into without the written authorization of the director.

The proposed lease agreement should be accompanied by a purchase request and include as a minimum the following:

1. Term of lease.
2. Monthly rental.
3. Responsibility for maintenance.
4. Options for termination of the lease.

In those instances where need has not been previously established and reasons for the proposed lease is not obvious, a memo describing the reasons for the lease should accompany the proposed agreement.

Prior to approving the proposed lease agreement, the director and logistics manager will review the proposed lease to;

1. Ensure that such a contract is allowable under NCRO and donor regulations.
2. Ensure the contract contains clauses, which adequately protect the NCRO.
3. Establish the competitive nature of the purchase.
4. Analyze lease versus buy options.

21.13 Hazardous materials

NCRO employee will request, purchase or handle hazardous material unless the following criteria have been met;

1. The material is essential.
2. The purchase is allowable.
3. The purchase is allowable under all applicable government regulations.
4. A fully qualified individual will supervise all aspects of the acquisition, packing, handling, transportation, storage and distribution of the material.

Board of directors must approve the purchase of hazardous material.

21.14 Unforeseen purchases

No unapproved financial commitment greater than US\$50 against the NCRO may be made by any employee, except under unforeseeable circumstances.

An unforeseen situation is determined to exist when:

1. Such a condition appears imminent, resulting from legitimate reasons, such as mechanical failure.
2. The activities will cease due to lack of supplies, the need for which could not be foreseen through careful planning or preparation (i.e., owing to mechanical failure).
3. NCRO personnel or property is threatened.

Unforeseen purchases may be made only to cover the immediate requirements.

Notice of unforeseen commitments should be made in writing to the director. Proper notice should include,

1. A purchase request.
2. An invoice and delivery note showing the supplier, date of order and pickup / collection, and the name and signature of the person receiving the item.
3. A memo detailing the nature of the situation requiring deviation from the routine procedure, approved by the program manager and director.

21.15 Purchases for NCRO employees

The function of Procurement function is to serve the purchasing needs of the NCRO. Due to accountability and liability considerations it is NCRO policy not to undertake procurement on behalf of employees for personal equipment.



21.15.1 Exceptions

The director must approve exceptions to this procedure in writing.

22. CHANGES TO PURCHASE ORDERS / CONTRACTS

22.1 Purchase request changes

Requests to change an outstanding purchase request concerning quantity, price, or specifications should be made in writing to the Procurement function.

The original authorizing manager or their supervisor must approve the changes.

22.2 Purchase order changes

If an order has already been placed, Procurement function will discuss the required changes with the supplier.

The NCRO may be liable for any irrecoverable costs incurred by the supplier in changing the original order. Any such additional costs will be referred back to the requesting officer before the changes are confirmed to the supplier.

Under no circumstances will the requesting member of staff contact the supplier directly.

22.3 Purchase order cancellation

Requests for cancellation of an outstanding purchase order will be made in writing to the Procurement function. Requests for cancellation should include;

1. The purchase request number.
2. The reason for the cancellation.

Procurement function will give the supplier an official order cancellation verbally and / or in writing.

If a vendor has begun production or has secured for delivery an article that the vendor is unlikely to sell within the vendor's normal scope of business, or if the vendor has incurred costs in preparation for production, the requesting program may be liable for such costs as the vendor may incur because of this cancellation. These costs might include payment for custom-made parts or products already completed before cancellation or restocking charges incurred for returnable goods.

22.4 Supplier default

Occasions will arise when suppliers default on agreed orders or contracts. Common sense must guide staff member's initial approach to rectifying the problem. For example, where a relatively short delay is caused by other than the supplier's negligence and NCRO activities are not unduly compromised, it is probably in the NCRO's interests to work with the supplier to effect delivery of the item or service. However, where either of the above conditions exists, the order or contract should be cancelled and re-issued to another supplier.

Order cancellation must be as soon as possible. Usually verbally and then confirmed in writing. The letter will state why the supplier is in default and that the order is cancelled at no cost to the NCRO.

For purchases over \$1,000 it is generally acceptable to re-issue the order to the supplier of the next best offer in the original bid or tender process. In an unstable market where prices have changed significantly, a new RFQ must be issued (unless doing so would unduly delay / compromise program interventions).

23. SHIPPING / TRANSPORTATION OF MATERIALS

23.1 Purpose

To indicate the complexity and pitfalls of transportation and transportation documents. This section is not intended to offer in-depth information.

Transportation must be considered when the contract includes delivery of goods or services at the destination. Transportation may involve a significant cost component of the purchase and may affect delivery time. As such, it requires appropriately detailed planning. Once a requisition has been raised, the NCRO Procurement Unit must investigate options for the most acceptable, reliable and economical means of moving the goods or services to the intended destination.

Attention is drawn to the complexity and pitfalls of transport documents and transportation. NCRO formulate local policies and procedures for both domestic and international transportation, taking account of import tax considerations.

In the selection and contracting of freight forwarders, it must be noted that carriers and their agents will conduct their business under limited liability and under agreed conventions and take risk mitigation measures.

The freight forwarder will be instructed to send to funding agency as the consignee the following documents, if applicable:

1. Advance shipping advice by fax or e-mail;
2. Waybill (original and one copy);
3. Commercial invoice (one copy);
4. Packing list;
5. Third-party inspection certificate (if applicable);
6. Insurance certificate (if applicable);
7. Certificate of origin (if required); and
8. Other documents (if required) (e.g. radiation certificate, certificate of analysis).

23.2 Inco terms

An Inco term is the acronym for international commercial terms of delivery. First introduced in 1936 by the international chamber of commerce, the terms give a uniform set of guidelines for the interpretation of buyers and sellers obligations under three main headings,

1. Precise place of delivery.
2. The division of cost.
3. The point at which the (insurance) risk passes from the seller to the buyer.

Inco terms also identify which party is responsible for export documentation under each term.

By stating Inco terms 2000 (the latest revision) the buyer undertakes to observe the rules governing the quoted term and expects the seller to do likewise.

Certain Inco terms are only applicable to particular transport modes.

NCRO procurement staff must not use Inco terms unless they are fully conversant with the meaning and ramifications of the quoted term.

If there is any room for doubt or interpretation, procurement officers must issue Purchase Orders with clear and concise instructions concerning packing, insurance and cost division and not rely on interpreting the Inco terms.

23.3 Documentation

All carriers and their agents conduct their business under limited liability and under agreed conventions. The only occasion when carriers or agents liability becomes unlimited is when TOTAL negligence on their part can be proven.

23.4 Road / Rail transport

Goods are shipped by road or rail on waybills or rail consignment notes.

23.5 Freight forwarders

All freight forwarders trade under limited liability, usually under standard terms and conditions as set down by their national freight forwarding associations.

23.6 Commercial invoice

Customs services of the importing country may require documentation providing proof of price paid. The commercial invoice is a bookkeeping document issued by the seller detailing to goods sold and the agreed price to be paid. In the absence of a format determined by the country of import, the normal particulars are;

1. The names and addresses of the seller and the buyer.
2. The dates of the order and the invoice.
3. Designation of the goods and identification marks (shipping marks, number of packages, volume, and customs tariff number).
4. Price and currency in which billed.

23.7 Certificate of origin

The customs administration of the exporting country, an official body such as a chamber of commerce or an unofficial body acceptable to both parties can issue.

23.8 Gift certificate

Generated by the NCRO, the Gift certificate is typed on NCRO letterhead and can be instead of, or in addition to the commercial invoice and certificate of origin.

The gift certificate states that the goods are a donation from the NCRO and details the nature of the goods, quantity, weight, value and country of origin.

The Gift Certificate must also state that the gift involves no currency transaction between the country of supply and the country of destination.

24. POST ORDER PROCEDURE, FOLLOW UP AND EXPEDITING

Expedition entails follow-up of the status of progress of the Order through the logistics chain, and is most effectively done in advance of delivery rather than chasing late consignments. This requires maintaining a record of expected shipments and arrivals to track orders and keep the final destination informed of progress.

NCRO employees responsible for the expedition of Purchase Orders and/or the management of service contracts must review all active files at least on a weekly basis, or as frequently as required. It is also important in this context to monitor each shipment stage: ship's arrival, discharge, storage, customs clearance, and loading and transportation to final destination.

The NCRO Procurement Unit must facilitate reasonable requests for support and assistance from vendors to enable them to meet their contractual obligations.

The NCRO Procurement Unit will accept the actual delivery of services only for those service contracts relating to its own function (where it is also the Requestor); since it is the Requestor who is in the position to effectively monitor the progress of services requested.

Visits to the vendor to monitor on-going performance of Purchase Orders and service contracts may be appropriate, using performance evaluation forms and quality control checklists. The evaluation and appraisal of vendor performance must be carried out on a continuous basis. The NCRO Procurement Unit must document any findings/reviews/inspections and ensure that one copy is included in the file and another copy in the vendor database. The information is required to provide feedback into the vendor selection system and to assist in the resolution of any dispute arising from a Contract.

The following procedures must be observed in case of delayed delivery:

1. Examine the delivery status of all Contracts which have been confirmed with vendors and for which delivery has been delayed beyond the contractual delivery date;
2. Check with the Requestor for eventual receipt for those contracts singled out by this review. If not received, check whether the delayed goods or services are still required;
3. Contact the vendor for a realistic delivery date if the delayed goods or services are still needed, and follow-up on prompt expedition;
4. In case the vendor states that the goods (and documents) have been shipped or the services delivered, 1) obtain the shipping date and shipping information; 2) ask the vendor to investigate and advise on current status; and 3) trace the consignment through receiving agents or, in case of services, obtain proof of satisfactory delivery.

25. INVOICE MATCHING

Before payment is made to a supplier, the NCRO (Procurement function and finance) must ensure that the items delivered are exactly those in quantity and quality as those ordered and that the supplier is billing the NCRO for the agreed amount.



The process of “invoice matching” facilitates this.

The suppliers’ invoice details must “match”,

1. The NCRO purchase order.
2. The NCRO delivery report

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26. VENDOR PAYMENT

26.1 Payment documentation

Finance requires a complete set of procurement documentation to support payments that they make or facilitate to vendors. This documentation will be inspected by internal and external auditors and also forms part of the “check and balances” of the procurement process.

All documentation must be fully and accurately completed, cross-referenced and verifiable.

Receipts that have been paid by Procurement function must be marked “paid”. This is to protect against receipts being submitted multiple times for payment.

Under most circumstances finance will require original documentation. Procurement function must therefore generate a copy set for their records. If for any reason original documents are not available, certified copies may be submitted. Copies should bear the note “verified true copy” and be stamped and signed by the logistics coordinator or similar authority.

Withholding of taxes will be deducted from vendors according to local laws.

Prompt payment, in accordance with contract terms, is a critical aspect of any commercial relationship with a vendor.

Invoices from vendors will be examined, verified and certified independently by the NCRO Finance Unit. Such examination will include supplementary documentation covering:

1. Unit and total prices;
2. Quantities specified in the contract;
3. Previous payments;
4. Deductions;
5. Signed Receiving Report (for goods) or Handover Report (for services);
6. Copies of payment vouchers and invoices, reported and referenced to all assets acquired with funding agency funds;
7. Other obligations specified in the contract (e.g. installation, training, etc.).

Examination and verification of invoices will be performed expeditiously in order to assure timely payment within the timeframe agreed. This verification will confirm that the goods or services invoiced have been authorized as actually received in conformity with the contract. Any deficiencies or discrepancies will be referred to the NCRO Procurement Unit. If progress payment was agreed upon in the contract, progress has to be certified by the Requestor of the goods or services.

The NCRO Finance Unit will certify the invoice for payment. Only the amount stated on this certified invoice, taking into account given discounts, will be paid. Cash discounts taken or lost must be reported accordingly. Lost discounts must be justified in a note, to be added to the Procurement File.



Several payment options exist depending upon the agreement reached between the NCRO and vendors. Whatever the payment conditions, they must always be clearly detailed in the contract. The principal options are:

1. Bank transfer directly from the NCRO's account. This is preferable because the NCRO has control throughout the payment process.
2. Check drawn from the NCRO's account and handed over directly to the vendor.
3. Letter of credit. This is least preferable option since it is costly and time-consuming.

27. PRACTICAL IMPLEMENTATION OF PROCUREMENT PROCEDURES

Determine the expected overall volume of procurement split by local and international availability. Identify the number and experience of procurement staff (actual or budgeted).

Analysis of this information will allow either a revision of the staffing requirement or will influence the degree to which Procurement function will provide procurement support to NCRO. Remember that large volumes of small local purchases undertaken centrally require a heavy commitment of staff and often transportation.

Research customs facilities, formalities and contacts, and freight forwarding agencies meet with donor representatives to ascertain their role in procurement, if any.

26.1 Documented procedures

Formally document the Procurement procedures staff is to observe.

These will cover authorization schedules, where to find the relevant forms, how to complete forms, where to submit completed forms etc.

Policies and procedures must be circulated to all managers and in place at the outset of activities.

All procurement actions must be fully and transparently documented. This means that each procurement must be supported with a fully cross-referenced "stand alone" file with the complete and accurate documentation. Well-designed procurement forms will mirror each step of the procurement process and, if used correctly, allow effective management of procurement activities.

Complete and adequate documentation also forms the basis for accountability of the supplier, and will be required if any disputes arise or if any claims are made. All supporting documents must be kept for a period of six years for audit purposes. Documents must be filed by contract number and tender document number.

26.2 Lines of reporting / communications

Clearly establish lines of reporting and communications through the development of an organizational chart.

26.3 Procurement staff training

In most cases, staff is unlikely to be familiar with generic procurement procedures and will certainly not be aware of NCRO specific requirements.

Formal training sessions must be undertaken as early as possible so that the office can function until “on the job” training can bring staff knowledge up to required levels.

26.4 Authorized vendors

Identify and institute Authorized Vendors as early as possible. This will avoid a great deal of expense in time and human resources. Until time is available for a full investigation of the local market, initial validity periods for Authorized Vendor status need not be long (three weeks or a month).

26.5 General

Remember that a good procurement system is a balance between rapid order fulfillment and sound, transparent procedures. If at any point, Logistics find that they have one at the expense of the other – the system must be reviewed and accordingly revised.

An accessible filing and documentation management system must be put in place as soon as operations start.

28. REDUCING PROCUREMENT COSTS

Logistics must continually seek methods of controlling or reducing procurement costs. Below are some techniques that may assist in effecting this;

28.1 Planning

This is probably the single most effective tool for controlling procurement costs. It allows time for full product and supplier sourcing and avoids (generally expensive) “panic” purchasing. This will involve equally program and logistic staff.

28.2 Use of competition

Having vendors compete for the NCRO’s business, will generally result in reduced prices or improved payment terms, product quality or service support.

28.3 Increased volume

Working through the Authorized Vendor mechanism or by consolidating purchases into bulk orders, increase purchase volumes to gain supplier discounts.

28.4 Use advantages to negotiate

For example, use the suppliers' financial year to the NCRO's benefit (many developed country suppliers will cut discounts to increase sales toward to end of their financial year).

29. IMPREST ACCOUNTS

29.1 Purpose

To introduce the purpose and management of imprested funds

29.2 Introduction

In general, all Procurement function requirements for cash will be met through standard finance department procedures. However, circumstances may arise whereby Procurement function requires cash funds to efficiently handle small or unplanned transactions.

The imprested account offers advantages over cash advances or petty cash accounts in that they are easier to control and monitor.

29.3 Generally accepted principles of imprest fund accounting and control

A fund is deemed to be operated on an imprest basis when:

1. Its amount is fixed, and may not be changed without written approval from a designated authority.
2. The fund is replenished to the extent of expenses made since the last replenishment, when the fund falls below a pre-established level (for example 20% of the amount). This is to allow the fund to operate while the replenishment is being processed. Note: "expenses made", not "payments made", because cash advances are not replenished.
3. The total cash on hand, un-replenished expenses (supported by receipts/vouchers), and un-liquidated cash advances (supported by cash advance slips), are always equal to the fund amount, and
4. Expenses are recorded upon replenishment, not when payments are made.

29.4 Policy

Requests for the creation of, or increase to, an imprest account should be made in writing to the director and finance manager.

The request should state the;

1. Justification of need.
2. Amount requested.
3. Name of custodian or proposed custodian.

Imprest funds will be maintained in a safe location and kept under lock while not in use.



The finance manager will establish specific procedures as necessary for the initial creation, record keeping, supporting documentation and the replenishment of an imprest fund. Such funds may be used to expedite the handling of logistics business by providing cash to make small purchases. In the event of misuse of the imprest fund, the finance manager may withdraw the fund from logistics.

The level of the fund can be considered to be at a reasonable level when it can operate without replenishment for 1 - 2 weeks. It is considered excessive when it can operate for one month or longer without replenishment.

Finance department and the director will consider the following,

1. A reasonable fund level.
2. A reasonable single disbursement limit.
3. The limit for single advances.

Imprest funds will not be used to circumvent standard procurement or finance procedures, nor will they be used as a substitute for planning.

Imprest funds may not be used to facilitate check cashing or loans.

Authorized signatory lists should be prepared for each fund. These lists should be disseminated to the staff for their guidance.

Imprest cash funds must be counted weekly by the custodian, and twice a month by an employee with supervisory/oversight functions.

Random cash counts should be performed at least quarterly (but not predictably) by a person who does not maintain custody or have access to the cash.

The custodian is responsible to see that the fund at all times equals the original amount, which may be represented either by cash, petty cash vouchers, or invoices which add to that amount.

29.5 FIXED ASSETS DISPOSAL PROCEDURE:

Fixed Assets that are not being used, or beyond repair, are disposed. Assets cannot be disposed or removed from a department's inventory without a properly executed PDR signed by the department head. Departments should keep a copy of the form for their inventory records.

The administrative head of each department or unit has the responsibility of:

1. Verifying the receipt of all new Fixed Asset property assigned/purchased by their respective departments.
2. Making certain that such property is recorded in an official inventory form and that its movement is tracked by PDR until disposal.
4. Safeguarding the possession of all property within the department



5. All property tagged and/or costing are assigned an inventory number and recorded on the master property inventory records

29.6 Physical verification of assets

Departments perform a physical verification of the assets listed at least once a year and notify the Fixed Asset Helpdesk of any changes required. Such amendments may be submitted at any time.

29.7 Tagging inventory system

NCRO tagging system is a manual process that uses actual tags to track of products. Each item has a Numbering tag that is removed when it is dispose up.

29.8 Asset management procedures.

1. Establishes a fixed asset management program within Finance & Administration (F&A) to coordinate the development and dissemination of fixed asset policies and procedures and to facilitate all of the necessary activities to establish asset accountability.
2. Manages the assets assigned to F&A.
3. Provides central administration and support for a standardized Fixed Asset Management System (FAMS) capable of producing consolidated management reports.
4. Assists in meeting the administration's custodianship responsibilities.
5. Issues a manual containing fixed asset accounting and management procedures and revises the manual as necessary.
6. Establishes within the department a disposal operation to assist departments in the removal, redistribution of surplus assets.

29.9 Data backup is regularly and placed in a safe outside NCRO premises

30.FIELD OFFICE MODIFICATIONS TO STANDARD PROCEDURES

All modifications to the standard policies and procedures must represent a necessity or advantage in the NCRO operation. All modifications must respect the spirit of this document as well as the minimum mandatory requirements set out herein.

Modifications to any NCRO policies and procedures must be documented. Logistic managers should understand that auditors (internal and external) make their inspections against the documented policies and procedures of that office. In the absence of local policies, offices will be inspected against the NCRO standard policies.

The simplest method of documenting modifications is to identify the particular standard policy or procedure and to indicate the modification that has been effected. It is unnecessary to completely reproduce the generic document in a local format.

31.Procurement File

The NCRO Procurement Unit must maintain a file for each procurement. A typical "standalone" Procurement File would contain the following, in this order, separated by dividers for easy reference:

1. Requisition

2. Company names and contact persons for vendors solicited;
3. Copy of the request for written offer (RFQ, ITB or RFP);
4. Original offers or proposals from responsive vendors, including all related correspondence;
5. Evaluation of offers or proposals or approved waiver giving justification for vendor selection and award price,
6. Tabulation of offers;
7. Justification for lack of competition, in case less than the specified number of bids were received;
8. NCRO Contracts Committee minutes and decision, if appropriate (depending on value of contract);
9. Copy of the Purchase Order or service contract including orders for inspection and insurance, if applicable;
10. Expedition documents;
11. Customs clearance documents (in case of international procurement);
12. Copy of the Receiving Report (for goods) or Handover Report (for services);
13. Copy of the vendor invoice;
14. Payment vouchers/receipts;
15. Other documents and correspondence related to the Contract;

The NCRO Procurement Unit must document any anomalies or deviations from policy or procedures in a purchase with a signed explanatory “note to the file”. Full supporting documentation must be maintained to respond to future questions from reviewers or auditors.

32. DEFINITIONS

32.1 Advance payment:

Payment made before goods or services are delivered. Advance payments may only be made in exceptional circumstances.

32.2 Competitive bidding:

Process of bidding to be employed by NCRO Procurement unit in compliance with the NCRO Procurement Policy, for all procurements where the value is above USD 5,000 or equivalent. Under a competitive bidding process contracts are awarded only after the invitation for, and the assessment of, at least three competitive quotations or bids (the number depends on the estimated value of the contract and its complexity). Any exceptions from competitive bidding procedures, such as sourcing from a sole supplier, must be justified in writing.

32.3 Contract:

Legally-binding agreement between two or more competent persons/parties to perform or not to perform a specific act(s). It generally takes the form of a written agreement made up of an offer by one party and the acceptance of the offer by another party. A procurement contract is legally binding for each party, and contains what has been agreed (including terms and conditions) between buyer and seller, serving

as proof of their obligations. A legally-binding agreement is generally in the form of a Purchase Order, Contract or Framework Agreement.

32.4 Emergency:

Unexpected situation that is so compelling that, if not addressed immediately, it would endanger life, property or adversely affect essential operations. The emergency situation is such that it precludes requisitioning through normal supply channels, use of normal contracting methods and obtaining advanced approvals normally required to respond to the situation. Examples include a sudden unexpected influx of refugees, or a fire or flood in a refugee camp. However, an urgent need due to delay by those responsible or failure to plan adequately does not qualify as an emergency.

32.5 Formal bidding process:

The Invitation to Bid (ITB) and Request for Proposal (RFP) are formal bidding processes with defined requirements and clear parameters for contract award. They must be used for tenders of USD 5,000 or more. (In contrast: the request for quotation (RFQ) is not a formal bidding process, but rather a tender process which can be used for lower value procurement where the requirement is clear and specific.)

32.6 Framework Agreement:

Agreement between supplier and Partner which sets out terms and conditions under which specific purchases (or ‘call-offs’) can be made throughout the term of the agreement. Under this type of agreement, the supplier is obliged to provide when requested, but the Requestor is not obliged to request.

32.7 Goods/Service Contract:

Legally binding document for the procurement of goods or services, generally taking the form of a Purchase Order or Framework Agreement.

32.8 DAP

Delivered-at-place (DAP) is an international trade term used to describe a deal in which a seller agrees to pay all costs and suffer any potential losses of moving goods sold to a specific location. In DAP agreements, the buyer is responsible for paying import duties and any applicable taxes, including clearance and local taxes, once the shipment has arrived at the specified destination.

32.9 Implementing Partnership Management Service (IPMS):

Organizational unit within UNHCR responsible for the coordination of policies and procedures, oversight and support related to implementing partnerships. The Service can be contacted through email: epartner@unhcr.org.

32.10 Inco terms:

International Commercial Terms – standard trade terms defined by the International Chamber of Commerce, used internationally to specify the obligations for delivering goods in international

contracts. The official publication, as periodically updated, may be consulted for the full meaning of each term.

EXW	Ex Works (named place of delivery)
FCA	Free Carrier (named place of delivery)
CPT	Carriage Paid To (named place of destination)
CIP	Carriage and Insurance Paid To (named place of destination)
DAT	Delivered at Terminal (named terminal at port or place of destination)
DAP	Delivered at Place (named place of destination)
DDP	Delivered Duty Paid (named place of destination)
FAS	Free Alongside Ship (named port of shipment)
FOB	Free On Board (named port of shipment)
CFR	Cost and Freight (named port of destination)
CIF	Cost, Insurance and Freight (named port of destination)

32.11 International procurement:

Procurement of goods or services from outside of the country of operation where the supply requirement is located.

32.12 Invitation to Bid (ITB):

Solicitation document for procurement of goods or services with standard and firm specifications, in which the requirements for formal competitive bidding are specified.

32.13 Local procurement:

Procurement of goods or services from within the country of operation where the supply requirement is located.

32.14 Partner:

Entity to which funding agency has entrusted the implementation of protection and assistance specified in a signed document, along with the assumption of full responsibility and accountability for the effective use of resources and the delivery of outputs as set forth in such document. The entity could be a governmental, intergovernmental or non-governmental body, United Nations organization; or another non-profit organization.

32.15 NCRO Committee on Contracts:

Organizational body within the NCRO for the approval of contracts for goods and services, above a prescribed threshold value. The Committee ensures that the acquisition process followed by the Requestor and the NCRO Procurement Unit has been in compliance with policy and procedures.



32.16 NCRO Finance Unit:

Organizational unit within the NCRO designated with delegated responsibility for financial management.

32.17 NCRO Procurement Unit:

Organizational unit within the NCRO designated with delegated responsibility for procurement.

32.18 Pre-Qualification for Procurement (PQP):

Status assessed by Funding agencies to determine that a Partner's procurement policies and procedures are compliant with those of funding agency.

32.19 Procurement File:

A typical "stand-alone" file which contains all relevant documents for each procurement.

32.20 Procurement Management and Contracting Service (PMCS):

Organizational unit within UNHCR responsible for procurement and supply of goods and services and for granting Pre-qualification for Procurement status.

32.21 Procurement process:

Process which includes specification of requirements, sourcing, evaluation of offers/proposals, contract award, inspection, delivery, installation and commissioning resulting with the provision of goods and/or services.

32.22 Project Partnership Agreement (PPA):

Signed document of a mutual agreement between funding agency and a Partner, whereby funding agency entrusts resources to the Partner for the implementation of programmes and projects. The Partner assumes the full responsibility and accountability

32.23 Request for Proposal (RFP):

Solicitation document designed to obtain proposals for goods and services to satisfy a requirement that cannot be described in a quantitative or qualitative manner. An RFP leads to the selection of the proposal that offers the best value in accordance with the pre-defined evaluation criteria. Where appropriate, the RFP will indicate that negotiation may be undertaken in respect of the preferred proposal.

32.24 Request for Quotation (RFQ):

Solicitation document designed to obtain proposals for goods and services that describes the requirements both quantitatively and qualitatively. An RFQ requests prices and commercial terms from vendors, for goods and/or services that meet neutral specifications and are usually readily available on the market.



33.3 Annex-III (Purchase Request Form)



New Consultancy and Relief Organization
NCRO
PURCHASE REQUEST FORM

P.R. No :

Date:

Sr.No.	Particulars	Qty	Rate	Amount

Prepared By:..... Checked By:..... Approved By:.....



33.4 Annex-IV (ITB)

31.4.1 Invitation to Bid



New Consultancy and Relief Organization

NCRO
Invitation to Bid
(ITB)

To:

Address:.....

Contacts:.....

INVITATION OF BID/QUOTATION REQUEST NO:.....

For supply of

PROJECT: No.

د نوی مشورتی او مرستندویه موسسه په اړه / ABOUT NCRO

1. INTRODUCTION

NCRO WAS ESTABLISHED IN 1993 WITH A VIEW TO SERVING THE NEEDY AFGHANS, PARTICULARLY AFGHAN RETURNEES FROM NEIGHBORING COUNTRIES AND INTERNALLY DISPLACED PERSONS IDPS DUE TO NATURAL DISASTERS OR INTERNAL CONFLICTS IN AFGHANISTAN. NCRO IS A FULLY VOLUNTARY ORGANIZATION AND PROVIDES SERVICES TO THE AFOREMENTIONED CATEGORIES OF PEOPLE, IRRESPECTIVE OF GENDER, RACE, LANGUAGE OR GEOGRAPHICAL LOCATIONS. NCRO ASSISTANCE IS ALWAYS FREE AND WITHIN THE RULES AND REGULATIONS OF THE COUNTRY. IT NEVER SEEKS COMPENSATION OR REIMBURSEMENT FROM ITS BENEFICIARIES. NCRO IS REGISTERED AS A NONGOVERNMENTAL ORGANIZATION, WITH THE GOVERNMENT (MINISTRY OF ECONOMY).



NEW CONSULTANCY AND RELIEF ORGANIZATION CALLED HEREINAFTER “THE BUYER“, WOULD LIKE TO INVITE SUITABLY QUALIFIED AND CAPABLE SUPPLIERS TO PROVIDE THE FOLLOWING MATERIALS.

THE OFFICE OF NEW CONSULTANCY AND RELIEF ORGANIZATION (NCRO) INVITES YOUR FIRM/COMPANY TO MAKE A FIRM OFFER FOR THE FOLLOWING SERVICES SHOWN BELOW.

OFFERS MUST ONLY BE ADDRESSED TO THE SECRETARY OF THE HEAD OF THE OFFICE AND SENT TO ADDRESS APPEARING AT THE BOTTOM OF THIS INVITATION. OFFERS THAT ARE OTHERWISE ADDRESSED AND / OR SENT OR COPIED TO OTHER INDIVIDUALS WILL BE MARKED INVALID AND NOT CONSIDERED FOR EVALUATION.

CLOSING DATE:

2. REQUIREMENTS:

THE OFFICE OF NEW CONSULTANCY AND RELIEF ORGANIZATION (NCRO) INVITES YOUR COMPANY/FIRM TO MAKE FIRM OFFER FOR THE FOLLOWING ITEM (S):

No	Descriptions	Quantity	Unit
1			
2			
3			
4			
5			

3. LOCATIONS:

THE GOODS/MATERIAL WILL BE TRANSPORTED TO THE FOLLOWING VILLAGES.

NO	DESCRIPTION	LOCATION			QUANTITY		REMARKS
		PROVINCE	DISTRICT	VILLAGE	QUANTITY	UNIT	
		TOTAL					

4. SPICIFICATIONS:

YOU MUST CLEARLY CONSIDER THE FOLLOWING SPICIFICATION IN YOUR OFFER:



1.
2.
3.

5. DELIVERY SCHEDULE AND CONDITIONS:

THE ABOVE MENTIONED MATERIALS ARE REQUIRED WITHIN 5 DAYS AFTER SIGNING OF CONTRACT. IN CASE OF EXCEEDING THE DELIVERY TIME MORE THAN 7 DAYS, NCRO HAS THE RIGHT TO CANCEL THE CONTRACT WITHOUT ANY OBLIGATION OF COMPENSATION TOWARDS THE SUPPLIER. THE SUPPLIER HAS TO BE DELIVER ALL THE MATERIAL TO THE PROJECT SITE IN DISTRICTs OF PROVINCE .

THE SUPPLIES MUST BE FREE FROM OBJECTIONABLE MATTER AND ANY SUBSTANCES THAT WOULD REPRESENT A HAZARD TO HEALTH.

6. ORDERING PARTY

NEW CONSULTANCY AND RELIEF ORGANIZATION
ADRESS:

MR.
TEL / FAX:
EMAIL:

7. CONSIGNEE

NEW CONSULTANCY AND RELIEF ORGANIZATION

8. PAYMENT CONDITIONS

NO ADVANCE PAYMENT! CASH AGAINST DOCUMENTS (CAD). PAYMENT WILL BE MADE IN ONE INSTALLMENT BY BANK TRANSFER LATEST WITHIN 5 DAYS AFTER THE SHIPMENTS/SERVICE HAVE BEEN DELIVERED OR DONE SUCCESSFULLY TO DESTINATION AND COMMERCIAL INVOICE (OR ANY OTHER DOCUMENTS REQUESTED BY NCRO) HAS BEEN PRESENTED.

9. TAX

ACCORDING TO THE AFGHAN NEW INCOME TAX LAW, NCRO IS OBLIGED TO DEDUCT 2% WHT IF THE TOTAL PRICE OF CONTRACT IS =500,000/=AFN OR MORE IN FISCAL YEAR AND THE SUPPLIER HOLDS VALID BUSINESS LICENSE OBTAINED FROM GOVERNMENT OF AFGHANISTAN AND TN NUMBER AS WELL. IF THE TOTAL AMOUNT OF CONTRACT IS =500,000/=AFN OR MORE AND SUPPLIER DOESN'T HAVE VALID BUSINESS LICENCE IN THAT CASE 7% WHT OF THE TOTAL AMOUNT WILL BE DEDUCTED AND TRANSFER TO THE GOVERNMENT OF AFGHANISTAN.

10. PENALTIES

DELIVERY SCHEDULE WILL BE NEGOTIATED AND FIXED IN CONTRACT. IN THE EVENT OF DELAY IN DELIVERY CAUSED OTHER THAN BY FORCE MAJEURE NCRO IS ENTITLED TO IMPOSE A CONTRACTUAL PENALTY AMOUNTING UP TO A MAXIMUM OF 2/1000 OF THE AGREED PURCHASE PRICE FOR EVERY WORKING DAY (INCLUDING PACKING AND FREIGHT COSTS). THE CONTRACTUAL PENALTY MAY BE INVOKED BY NCRO UP TO THE TIME AT WHICH THE PURCHASE PRICE IS PAID, EVEN IF THIS RIGHT WAS NOT RESERVED UPON ACCEPTANCE OF THE GOODS. OTHER CLAIMS FOR DAMAGES SHALL NOT BE PREJUDICED HEREBY. HOWEVER, THE CONTRACTUAL PENALTY SHALL BE DEDUCTED FROM SUCH CLAIMS FOR DAMAGES. IN CASE THE QUALITY IS NOT IN LINE WITH SPECIFICATIONS INITIALLY AGREED BY BOTH SIDES, THE SELLER MUST INFORM NCRO AS SOON AS POSSIBLE. GOODS NOT MEETING AGREED QUALITY CAN BE REJECTED BY NCRO, BUT IF NCRO ACCEPT THESE GOODS A DEDUCTION FROM THE CONTRACT SUM AND A PENALTY WILL BE NEGOTIATED.

IN CASE OF EXCEEDING THE DELIVERY TIME MORE THAN 10 DAYS, NCRO HAS THE RIGHT TO CANCEL THE CONTRACT WITHOUT ANY OBLIGATION OF COMPENSATION TOWARDS THE SUPPLIER.

11. INSPECTION

CONSIGNMENT WILL BE INSPECTED FOR QUALITY AND QUANTITY BY NCRO AT THE FINAL DESTINATION. ANY ADDITIONAL INSPECTION SHALL BE ON ACCOUNT OF THE SELLER. GOODS NOT MEETING THE AGREED QUALITY AND QUANTITY WILL BE REJECTED. IN CASE GOODS ARE REJECTED, THE SELLER WILL CONTRACTUALLY BE OBLIGED TO PAY ALREADY INCURRED.

12. DOCUMENTS

FOLLOWING DOCUMENTS MUST BE SUBMITTED TOGETHER WITH THE BID:

- ALL RELEVANT TECHNICAL LEAFLETS AND SPECIFICATIONS OF MATERIALS
- PRE-QUALIFICATION FOR SUPPLIER
- COPY OF BUSINESS LICENSE REGISTRATION FORM
- COMPANY PROFILE

FOLLOWING DOCUMENTS WILL BE REQUESTED FROM THE SUPPLIER AFTER FIRM ORDER:

- ORIGINAL COMMERCIAL INVOICE (ADDRESSED TO NCRO OFFICE)
- PERFORMA INVOICE (ADDRESSED TO CONSIGNEE,, FGHANISTAN)
- DELIVERY NOTE
- EXPENSES FOR COMMERCIAL COURIER TO BE COVERED BY THE SUPPLIER

13. OFFER:

YOUR OFFER MUST CLEARLY STATE AND INCLUDE THE FOLLOWING:



1. FIRM PRICE FOR ONE UNIT GOODS AND ONE TRIP OF TRUCK HAVING CAPACITY OF 10 METRIC TONS/TRIP.
2. PRICE MUST BE SHOWN WITH TAX/VAT. THE TAX OF GOODS AND SERVICES PURCHASED BY NCRO **WILL BE DEDUCTING FROM YOUR PAYMENTS AND WILL BE TRANSFERRED TO GOVERNMENT OF AFGHANISTAN.**
3. PRICE SHOULD BE NET AFTER DEDUCTION OF DISCOUNTS
4. CONFIRM DELIVERY DATE
5. VALIDITY OF OFFER (WE PROFFERED LONGER VALIDITY AT LEAST MORE THAN ONE MONTH)
6. PLACE OF MANUFACTURE AND COUNTRY OF ORIGIN
7. TERMS OF PAYMENT, THE PAYMENT WILL BE MADE BASE ON REQUEST OF SUPPLIER AND PRESENT THE RECEIPT OF GOODS & INVENTORY RECORD OF PROJECT STORE. NO ADVANCE MANY WILL BE PAID. THE PERCENTAGE OF PAYMENT WILL BE MADE BASE ON RECORDED & QUANTITY SHOWN IN THE GOODS RECEIPT NOTE.
8. THE GOODS WILL BE INSPECTED IN THE PROJECT SITE BY QUALITY CONTROL TEAM OF NCRO (IF NECESSARY)

YOUR PRICES MUST BE QUOTED/OFFERED IN DOLLAR BUT INCASE OFFERED IN AFGHANI THE COMPARISON AND CALCULATION OF OFFER WILL BE DONE ON THE OFFICIAL EXCHANGE RATE.

14. INFORMATION FOR BIDDERS:

1. NCRO DOES NOT MAKE ANY ADVANCE PAYMENT.
2. PAYMENT WILL BE PROMPTLY EFFECTED UPON SATISFACTORY SUPPLY OF GOODS AND SATISFACTIONS OF ALL RELEVANT DOCUMENTS IN ORIGINAL (INVOICES AND MANIFEST, ETC).
3. NCRO RESERVES THE RIGHT TO ACCEPT THE WHOLE OR PART OF YOUR OFFER. NCRO IS NOT OBLIGED TO ACCEPT THE LOWEST OFFER.
4. NCRO DOES NOT ACCEPT ANY CHANGES IN THE TERMS OF THE CONTRACT ONCE THE PURCHASE ORDER/SERVICE AGREEMENT ISSUED AND SIGNED BY BOTH PARTIES
5. INFORMATION PROVIDED BY THE BIDDER WILL CONSTITUTE THE BASIS FOR ANY EVENTUAL AWARD OF CONTRACT.

15. GENERAL INFORMATION:

LIQUIDATED DAMAGES:

LATE DELIVERY, OR DISPATCH OUTSIDE THE AGREED SHIPPING, SHALL BE SUBJECT, WITHOUT NOTICE, TO AN ASSESSMENT OF LIQUIDATED DAMAGES EQUIVALENT TO 0.1% OF THE CONTRACT VALUE PER DAY OR PART THEREOF. THE ASSESSMENT WILL NOT EXCEED 10% OF THE CONTRACT VALUE. NCRO HAS THE RIGHT TO DEDUCT THIS AMOUNT FROM THE SUPPLIER'S OUTSTANDING INVOICES, IF ANY. THIS REMEDY IS WITHOUT PREJUDICE TO ANY OTHERS THAT MAY BE AVAILABLE TO NCRO, INCLUDING CANCELLATION, FOR THE SUPPLIERS' NON-PERFORMANCE, BREACH OR VIOLATION OF ANY TERM OR CONDITION OF THE PURCHASE ORDER.

GUARANTEE AGAINST ANTI-PERSONNEL MINES:

ANTI-PERSONNEL MINES HAVE KILLED OR MAIMED TENS OF THOUSANDS OF REFUGEES. A HIGH PROPORTION OF THESE INNOCENT VICTIMS ARE WOMEN AND CHILDREN. ANTI-PERSONNEL MINES ARE MENACE TO MILLIONS OF INNOCENT CIVILIANS AND POSE A SERIOUS OBSTACLE TO THE RETURN OF MANY REFUGEES WORLDWIDE.

NCRO SUPPORTS A BAN ON ANTI-PERSONNEL MINES. IN ADDITION, NCRO HAS PLEDGED TO BOYCOTT COMPANIES THAT MANUFACTURE OR SELL MINES OR MINE COMPONENTS, EITHER DIRECTLY OR THROUGH SUBSIDIARIES. NCRO WILL NOT KNOWINGLY BUY ANY SERVICES OR PRODUCT FROM SUCH A COMPANY.

A CONTRACT CLAUSE CONFIRMING THIS WILL BE INCLUDED IN EVERY PURCHASE ORDER/SERVICE AGREEMENT.

16.ENVIRONMENTAL POLICY:

NCRO'S POLICY IS TO PURCHASE PRODUCTS AND SERVICES WHICH HAVE THE LEAST NEGATIVE IMPACT ON THE ENVIRONMENT.

ENVIRONMENTAL CONSIDERATIONS COVERING MANUFACTURE, TRANSPORT, PACKAGING, USE AND DISPOSAL OF GOODS FORM PART OF NCRO'S EVALUATION AND SELECTION CRITERIA.

17.VALIDITY:

YOUR OFFER SHOULD REMAIN **VALID** FOR ACCEPTANCE UNTILLS

Day/Month/Year DURING WHICH PERIOD AN AGREEMENT / CONTRACT, IF PLACED, WILL BE ACCEPTED BY YOU.

18.ENQUIRIES:

PLEASE DIRECT ANY ENQUIRES CONCERNING THIS INVITATION TO:
RESPONSIBLE PERSON:



TEL / FAX:

E-MAIL:

AT THE NCRO OFFICE,, AFGHANISTAN

19. SELECTION CRITERIA

WHEN ANALYSING THE OFFERS, NCRO WILL TAKE INTO ACCOUNT THE FOLLOWING CRITERIA:

- PRIORITY FOR PRICE, BASED ON A PER LINE COST BASIS.
- PRIORITY FOR QUALITY (SUBSTANTIATED THROUGH SAMPLES)
- PRIORITY EXPERIENCE (INCLUDING EXPERIENCE WITH NGOS)
- SPECIFICATION OF THE ABOVE MENTIONED MATERIALS AND STAMP OF EVERY PAGE OF TENDER.
- HAVING SAMPLE OF EACH ITEM FROM BIDDER DURING THE BID EVALUATION.
- PRICING, SELECTION OF VENDOR WILL BE BASED ON A PER LINE COST BASIS.
- LEAD AND DELIVERY TIME, WARRANTY AND SUPPLIER INFORMATION.
- SUPPLIER POST EXPERIENCE FOR SUPPLY OF SIMILAR ITEMS.

20. CODE OF CONDUCT

"NCRO ORGANIZES ITS PROCUREMENT PRACTICES IN A FAIR AND TRANSPARENT MANNER AND OBEYS THE GUIDELINES FOR THE USE OF PUBLIC FUNDS. CONTRACTORS AND SUPPLIERS MUST BINDINGLY CONFIRM THAT THEY REJECT CORRUPT BEHAVIOR ACCORDING TO THE DEFINITION OUTLINED IN THE GUIDELINE (NCRO POLICIES) AND HAVE NEVER BEEN LEGALLY CONVICTED OF FRAUD OR CORRUPTION. IN THE CASE THAT BRIBES HAVE BEEN OFFERED OR PAID WITHIN THE PERIOD OF CONTRACT, THE RIGHT TO END THE CONTRACT SHOULD BE RESERVED AS WELL AS THE RIGHT TO EXCLUDE THE CONTRACTOR FROM ANY FURTHER PROCUREMENT PROCEDURES WITH NCRO IN AFGHANISTAN.

IN ORDER TO EFFECTIVELY PREVENT CORRUPTION AND AVOID ANY SEMBLANCE OF CORRUPT BEHAVIOR, NCRO HAS DEVELOPED GUIDELINES FOR THE FIGHT AGAINST CORRUPTION WHICH HAVE TO BE FOLLOWED BY THE EMPLOYEES OF THE ORGANIZATION AS WELL AS THE CONTRACTUAL PARTNERS (SUPPLIERS, SERVICE PROVIDERS, ETC.).

THE CONTRACTUAL PARTNERS SUBMITTING THE BIDS/SIGNING THE CONTRACT OBLIGE THEMSELVES TO FOLLOW THE GUIDELINES (PREVENTION OF CONFLICT OF INTEREST AND CORRUPTION) AND TO COMMUNICATE THESE GUIDELINES STRONGLY TO OTHER CONTRACTUAL PARTNERS. (SUPPLIERS, SERVICE PROVIDERS, ETC.). EMPLOYEES AND CONTRACTUAL PARTNERS ARE ENCOURAGED TO REPORT VIOLATIONS AND CONCERNS AS EARLY AS POSSIBLE. FOR THIS PURPOSE, SECURE, EASILY-ACCESSIBLE AND TRUSTWORTHY CHANNELS OF INFORMATION WILL BE ESTABLISHED.

21. TRANSMISSION OF OFFERS

ALL OFFERS MUST BE RECEIVED IN SEALED NO LATER THAN **12.00 HRS.** AFGHAN TIME ON, .., .., **20..** ADDRESSED AS FOLLOWS:



(ON TOP OF THE ENVELOPE)

QUOTATION REQUEST NO: *(Location/Sector-No-Day, Month, Year)*

MR.

TEL / FAX:

EMAIL:

ADRESS:

OFFERS RECEIVED AFTER THE CLOSING DATE OR OTHERWISE ADDRESSED WILL BE MARKED INVALID.

THANK YOU AND REGARDS,

NCRO PROCUREMENT MANAGER

SIGHN & STAMP:



31.4.2 Quotation Form or BoQ

NEW CONSULTANCY AND RELIEF ORGANIZATION
NCRO

PROJECT:

SUPPLIER:
CONTACT PERSON:.....
ADDRESS AND CONTACTS:.....

BoQ

Table with 6 columns: No, Items, Unit, Quantity, Cost/Unit (\$ US), Total Cost (\$ US). Row 1: 1, Cement, Bags, 2500. Row 2: Total cost \$ US. Section: G.T in Words:

- (1) Country of origin (please be specific by giving the country Name) (.....)
(2) Price/Bide Validity: (a) 1 Month (b) 3 Months (c) 4 Months (d) 6 Months-
Note: Supplier with long validity will have added advantage.
(4) Delivery Capacity (can deliver):.....
(a) Total delivery:
(b) Weekly delivery capacity as mentioned above set per week: (.....)
(5) Acceptance of NCRO Term & Conditions of Purchase :(.....)

Suppliers or His Representative Name:.....
Signature and Stamp:.....

31.4.3 Vendors Pre- Qualification

د خریداری او لوجستیک شعبه لپاره / For procurement and logistic department

نومرنی صفات د رسونکی (برابرونکی) // Pre-Qualification of Suppliers

Name of Company	د شرکت نوم
Legal Form	قانونی بڼه
Postal Address	پوستی پته
Physical Address	د شرکت پته / ادرس
Mobile Number	گرځنده شمیره
Fax Number	فیکس شمیره
E-Mail	برېښنا لیک پته
Website	انټرنیټ پاڼه
Name of General Manager	د عمومي منیجر نوم
Contact Person(s) Sales & Marketing	اړیکه نیونکی شخص په خرڅلاو او خرڅلاو ځای کی
Contact Person (s) Freight/Shipping	اړیکه نیونکی شخص په انتقال او لېږدولو کی
Range of Products offered	د وړاندیز شوو محصولاتو لړی
Others	نور

31.4.4 Vendors Declarations

Page 2, Pre-Qualification Sheet for Suppliers / Pre-qualification د موادو تیارونکی لپاره د

We herewith _____ (Company name) declare:

- a) We are not bankrupt or being wound up, we are not having our affairs administered by the courts, have not entered into an arrangement with creditors, have not suspended business activities, are not the subject of proceedings concerning those matters, or are not in any analogous situation arising from a similar procedure provided for in national legislation or regulations,
چی زموږ شرکت تاوان هم ندی کړی او نه منحل شوی او نه په قضا کی کی کوم جرم لرو. د creditors سره هم کومه معامله نلرو، په سوداگریزو معاملو کی هم کوم تاوان نلرو، او نه دپته ورته حالت چی د ملی قانون او اصولو له مخی را پورته کیږی سره کوم تراوو نلرو.
- b) We have not been convicted of an offence concerning our professional conduct by a judgement which has the force of res judicata,
په خپل مسلکی اداره کی کوم قانونی جرم نلرو چی د قرارداد د دفسخه کیدو باعث وگرخی
- c) We have not been guilty of grave professional misconduct proven by any means which the contracting authority can justify,
موږه کوم داسی لویه مسلکی بداخلاقی نده کړی چی قرارداد کونکی د هغه د حق څخه دفاع وکړی.
- d) We have fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which we are established or with those of the country of the contracting authority or those of the country where the contract is to be performed,
موږ ټول د دولت حقوق چی د مالی پوری اړه لری د دولت د مقرراتو مطابق اداکړی دی.
- e) We have not been subject of a judgement which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Communities financial interests,
موږ هیڅ داسی عمل ندی اجراکړی چی د عدلی تعقیب لاندی راشو لکه دوکه، رشوت اویا بل کوم غیر قانونی عمل چی د ټولنی د تاوان سبب شوی وی. او یا کوم مجرمانه تنظیم سره تراوو لری
- f) Following another procurement procedure or grant award procedure financed by the Community budget, we have not been declared to be in a serious breach of contract for failure to comply with their contractual obligations,
داتصدیق کووچه د ټولنی یا دخلکو سره دخرخلو په نورو معاملو کی دقرارد داصولو او منل شوو مقرراتو به سرته رسولو کی پاتی نه یو راغلی
- g) We are not guilty of serious misrepresentation in supplying the information required by the contracting authorities as a condition of participation in a tender procedure or contract,
موږ تصدیق کوو چه موږداسی بد نوم نلرو چه به داوطلبی کی دبرخه اخستوڅخه، اوقرارد دشرایطو منلوڅخه ورسته دشوی ترون څخه مو سرغړونه کړی وی.
- h) We have not been declared to be in serious breach of contract for failure to comply with obligations in connection with another contract with the same contracting authority or another contract financed with Community funds,
موږ تصدیق کوو چه ددی څخه مخکی داوسنی او یا کوم بل قرارداد کونکی سره، دقرارد اصولو به سرته رسولو کی ورسته نه یوپاتی او هیڅکله مو دقرارداد منل شوی مقرارت ندی مات کړی.
- i) We are not in a situation of being excluded from Community funds due to ethical aspects,
موږ دخپل اخلاقی جلند له مخی په داسی حالت کی نه یو چی د اجتماعی فنډ د استعمال څخه بی برخی پاتی شوو.
- j) We will guarantee the European Commission, the European Anti-Fraud Office and the Court of Auditors, appropriate right of access to our financial and accounting documents for the purposes of checks and audits,
موږ دا تضمین ورکو اروپایی کمیشن ته او د هغی د ټکی ضد څانگی او د Auditors څانگی ته چی زموږ ټول مالی او حسابی اسناد وگوری، چیک بی کړی او Audit بی کړی.
- k) We do respect basic social rights and condemn exploitation of child labour.
موږ د ټولو اساسی ټولنیزو حقوقو احترام کوو او د ماشومانو څخه د کار اخیستنی غندنه کوو
- l) We confirm that we accept NCRO term & conditions of Purchase

Name :

Position :

Signature:.....Stamp:



33.5 Annex-V (Bid/Tender Offer Form)



New Consultancy and Relief Organization

NCRO

Bid/Tender Offer form

Supplier: -

Contact person:

Address and Contacts:

No	Items	Quantity	Unit	Cost/Unit	Total Cost (US\$)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
Total (US \$)					

Transportation of Goods, Material and delivery locations



No	Project Description	Village	Sub- Village	No. of Trip	Unit Cost \$	Total Budget US\$
1						
2						
3						
4						
5						
6						
7						
8						
Sub-Total						

- (1) Country of origin (please be specific by giving the country Name)
- (2) Price/Bide Validity: (a) 2 Months (b) 3 Months (c) 4 Months (d) 6 Months-
- (3) Note: Supplier with long validity will have added advantage.
- (4) Delivery Capacity (can deliver):
 - (a) Total delivery:
 - (b) Weekly delivery capacity as mentioned above units per week
- (5) Acceptance of NCRO Term & Conditions of Purchase:
 (Please confirm that you accept NCRA term & conditions of Purchase)

Suppliers or His Representative Name:.....

Signature:..... Stamp:



33.6

Annex-VII (Bid Tabulation)

**New Consultancy and Relief Organization
NCRO**

PROJECT :			BID TABULATION						QUOTATION REQUEST: CLOSING DATE: NO. OF SUPPLIER REQUESTED: NO. OF RESPONSES:					
			BUDGET (USD):											
PA No:														
OVER/UNDER BUDGET:														
Name of Suppliers			A		B		C		D		E		F	
Quotation Reference:			1		2		3		4		5		6	
Currency Offer: US\$														
DESCRIPTION OF ITEMS	Quantity	Unit	Cost/Unit	Total Cost	Cost/Unit	Total Cost	Cost/Unit	Total Cost	Cost/Unit	Total Cost	Cost/Unit	Total Cost	Cost/Unit	Total Cost
TOTAL USD														
Freight /Transportation Charges														
Shipping Terms														
Country of Origin														
Weight Estimated														
Volume estimated														
Total lead Time														
Validity Date														
Terms of payments														
Meets required Specification														
									Name	Signature				
Recommended Vender/Co.									A					
Reason:									B					
Currency of Offer: US\$									C					
Comments:									Approved By					
									Prepared By:					



**New Consultancy and Relief Organization
NCRO
PURCHASE ORDER**

Invoice:

Purchase Order No:

Fax:

Date Issued:

To:

Ship To:

Good Thru	Ship Via	Account No.	Terms

Quantity	Unit	Item/Description	Unit Cost	Amount
			Total	

Authorized Signature: _____

33.9 Annex- X (Goods Received Form)



**New Consultancy and Relief Organization
NCRO
GOODS RECEIVED FORM**

Project:
Date of receipts:.....
Supplier:.....

Sr.No.	Particulars	Qty	Delivery order Ref	PO Ref	Broken Item	Item For Return	Remaining Total

Received By:
Name:
Signature:.....

Inspected By:
Name:
Signature:.....

Approved By:
Name:
Signature:.....

33.10 Annex-XI (Sample Signature List)



**New Consultancy and Relief Organization
NCRO
SAMPLE SIGNATURE LIST**

Sr.No.	Name	Signature
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

33.11 Annex-XII Goods Quality Control Form



New Consultancy and Relief Organization
NCRO
 Goods Quality Control Form

Project:
Location:
Date:
Supplier:

No	Description/ Details	Unit	Quantity	Condition as per Specification		Remark
				Yes	No	
1						
2						
3						
4						
5						
6						
7						
8						

Quality Control Team

Name:
Signature:.....

Name:
Signature:.....

Name:
Signature:.....



33.12 Annex-XIII (Purchase Requisition)



New Consultancy and Relief Organization
NCRO
Purchase Requisition

Requested by:

Date:

Priority: Normal () Low () High ()

Vender Name:

Phone No:

VENDER INFORMATION

Company:

Address:.....

SPECIAL INSTRUCTIONS:

.....
.....

Table with 5 columns: Qty, Description, Unit, Cost, Total. The last row is labeled 'Total'.

Approved Signature:.....