

Caritas Sri Lanka – **SEDEC**

# PROCUREMENT POLICY



Approved by Board of Directors on 5<sup>th</sup> December 2018



# **Procurement policy of Caritas Sri Lanka – SEDEC.**

Due to the obligation to behave as good stewards of all the resources that has been entrusted to us we are openly accountable for all our work, systematics in evaluating our effectiveness, professional ism in managing our funds and responsibility in our outlays and overheads. Procurement transactions will be a material amount in our programme cost. Below stated guidelines are to be adhered during the procurement transactions to prove our prudent behavior.

## **Proper procurement management should demonstrate the below stated objectives.**

- **Accountability** - Prove what has been done - through effective documentation
- **Clarity** - Increasing the clarity of the systems through using standard operating procedures systems and policies
- **Cost effectiveness** - Through effective evaluation of options and efficient use of resources
- **Transparency** - Clearly identifiable roles and responsibilities delegated authority and approval process

## **In order to achieve such objectives, procurement decisions should be taken considering the following factors where relevant.**

- **Value for money** – If all other matters are equal the option should be the cheapest price.
- **Reliability of the supplier** – Procurement decisions should be taken into consideration the previous reliability records of the supplier
- **Quality of the goods or services provided** - the ability of the supplier to guarantee of the goods and services and or works provided according to the specifications required
- **Timeliness of providing goods or services** – If goods services or work urgently required the relative ability of the supplier to provide timely services should be considered.
- **Ethical concerns** – If some of the other enterprises in which the supplier is involved may be considered as inappropriate (arms and weapons dealings ) or there are other concerns about working practices (economic exploitation of child labor) such matters to be taken in to consideration.
- **Funding from institutional donors** - Always to consider the conditions and regulations lay by the funding institutions. DFID, USAID, ECHO, DEC etc.
- **Rule of origin and nationality** – Detailed guidance should be sought if the terms of the donor contract imply these rules – If ignored it may be an issue.
- **Documentation and filing** – All documents relating to each purchase should be retained and securely held at least for 7 years. Perhaps such period will commence from submitting the final report. Documentation should demonstrate justifying the decision taken with the signatures of appropriate approval levels.

- **Confidentiality** – Information supplied by suppliers or potential suppliers must be treated confidentially and must not be disclose to any other party.

## **Types of procurement**

Procurement includes everything except salaries and related social cost and general office running cost.

1. **Goods and supplies** – These covers the purchases, lease, rent or hire of products such as vehicles, non-food item kits food items machines, equipment , air tickets ,installation and maintenance expenses
2. **Services** – Intellectual and non-intellectual service cost including consultancy services , resource staff , technical assistance for evaluation assessments studies or researches
3. **Work** – Construction activities such as buildings wells roads culverts bridges water supply systems and technical designing drawings architects and technical consultation
4. **Hybrid contracts** – amore than on of above types – e.g. work and goods – depending on the higher value above procurement type can be chosen from above three types.

## **Procurement of Services through EOI.**

Based on the approved TOR for the specific assignment calling of “Expression of Interest” from potential service providers who are capable of undertaking specific work will be the first step. At least one week should be granted for them to express their interest. In case a limited budgetary allocation is available in the term of reference the maximum fee can be disclosed. Considering the capacities and competencies the prospective party will be selected by the competitive bid analysis committee with a technical specialist .The recommended able and willing applicant will be awarded the assignment on a written agreement.

## Caritas Sri Lanka – SEDEC approved Thresholds and relevant rules are as follows.

NO	PURCHASES UP TO Rs. 30,000.00	PURCHASES BETWEEN Rs. 30,001 – Rs. 100,000.00	PURCHASES BETWEEN Rs. 100,001.00 – Rs. 1,000,000.00	PURCHASES OVER Rs. 1,000,001.00
01.	Employee prepares a Purchase Requisition for funds [PRF] containing detail description/justification of the requirement, certified by Head of Unit/ approved by the Director or SEM	Employee prepares Purchase Requisition Form [PRF] in triplicate, containing detail description/justification of the requirement, certified by Head of Unit and approved by the Director or SEM	Employee prepares Purchase Requisition Form [PRF] in triplicate containing detail description/justification of the requirement, certified by the Head of the unit and approved by the Director or SEM	Employee prepares Purchase Requisition Form [PRF] in triplicate containing detail description/justification of the requirement , certified by the Head of the Unit and approved by the Director or SEM
02.	Approved PRF is submitted to Procurement Officer (PO). Purchase Orders must be initiated for purchases over Rs. 10,000/= PO is approved by Director or SEM	Approved PRF is submitted to Procurement Officer (PO).	Approved PRF is submitted to PO	Approved PRF is submitted to PO.
03.	Head of Finance provides cheque/ cash for employee or reimburses amount.	The PO gets at least two quotations, analyses quotations and raises a Purchases Order (PUO) and obtain credit terms.	The PO gets at least three sealed quotations and obtain credit terms.	The PO calls for sealed bids from reputed suppliers through newspaper advertisements calling for tenders.
04.	Employee provides PO, bills receipts and Goods Received Notes (GRN)	Purchase Order is approved by the Director or SEM	Sealed quotations are opened on a specified date and time in the presence of the Procurement Committee (PC)	Sealed tenders will be opened on the specified date and time in the presence of the PC.
05.	If the transaction satisfies the criteria for capital expenditure asset identification number to be granted record in the assets register and update the insurance cover appropriately.	Finance Department will arrange the payment based on relevant documentary evidence ( with the original Invoice) for the process and on Goods/Service received notes	The PO analyses quotations with requesting Head of Unit and submit with reasons to the PC. The PC is empowered to negotiate the quote for best economic package with credit.	The PO analyses tenders together with requesting Head of the Unit and submit with the reasons to the PC. The PC is empowered to negotiate the quote for the best economic package with credit.
06.		If the transaction satisfies the criteria for capital expenditure asset identification number to be granted record in the assets register and update the insurance cover appropriately	PC reviews the evaluation and will select and approves the purchase supplier/s	The PC reviews the evaluation and approves the purchase suppliers.
07.			The PO will raise a PUO and approved by the Director or SEM	The PO will raise a PUO and approved by the Director or SEM
08.			Finance Department will arrange the payment as per the Terms of Payment based on relevant above stated documentary evidence ( with the original Invoice) for the process and on Goods/Service received notes	Finance Department will arrange the payment as per the Terms of Payment. based on above stated relevant documentary evidence ( with the original Invoice) for the process and on Goods/Service received notes
09			If the transaction satisfies the criteria for capital expenditure asset identification number to be granted record in the assets register and update the insurance cover appropriately	If the transaction satisfies the criteria for capital expenditure asset identification number to be granted record in the assets register and update the insurance cover appropriately

During the humanitarian actions these threshold will be decided to increase on case by case basis. These thresholds will be revised annually based on the purchasing power of LKR.

Procurement plans must be prepared with the beginning of the project activities based on the approved budgetary allocations.

### **Artificial splitting of contract is not allowed.**

The estimated value of the contract or purchase must not be determined with a view of evading required threshold for the total approved budgetary allocation.

### **Waiver for the above guidelines will be possible to obtaining prior approval from the National Director in writing based on proving any of the following facts.**

- Goods/Service are available ONLY from this supplier (sole source)
- Technical reasons
- Specialization of goods/services
- Comparatively advantageous due to transport costs.
- Immediate necessities in humanitarian actions.

## **Roles & Responsibilities in Procurement & Purchasing**

### **Procurement Committee (PC)**

The PC will ensure the following:

- Be present when sealed quotations & tenders are opened
- Verify authenticity of quotations and tenders
- Review, analyse quotations and tenders
- Selects and approves the supplier and service provider

The Procurement Committee (PC) will consist of the following staff members:

- Project Manager
- Technical Staff Person
- Finance Manager
- Senior Executive Manager or Director

### **Procurement Officer (PO):**

The PO will arrange for all the quotations and will check the technical specifications. He will carry out the purchasing according to the directions of the Procurement Committee. Suppliers must be of quality repute and have bank accounts. He will also be responsible for the quality and timely delivery and issue a Goods Received Note and obtain the signature of the recipient. He should submit all the relevant documents i.e; Memos, PO, Invoices / GRN's to the Finance Department for Payment.

### **Finance Department**


The Finance Department should check to ensure all the documents i.e PO, Memos/invoices/ GRN's approvals are in place before the payment is made to the Supplier directly. Cash payments –up to Rs 5,000/= will be made directly to recipient of services and acknowledgment's obtained. Issue of Cash Cheques in favour of third parties is not permissible. Any deviation on the work procedure has to be approved by the Director or SEM.

### **For purchases done by the National Centre on behalf of the Diocesan Centres:**

A Purchase Requisition Form approved by the Director should be sent by the Diocesan Centre to the Director of the National Centre with a copy to the Procurement Officer (PO) of the National Centre. The PO will carry out the purchases according to the steps mentioned above.

Amended and approved by the Board of Management on 5<sup>th</sup> December 2018.

  
Fr. Mahendra Gunathileke  
**National Director**  
Caritas Sri Lanka – SEDEC

  
Rt. Rev. Dr. Joseph Vianney Fernando  
**Chairman**  
Caritas Sri Lanka – SEDEC

## **GUIDELINES FOR PROCUMENT OFFICER**

Please maintain a register to facilitate, expedite and to keep a track record of the requests made and purchase thereof. The register should at least have the following columns:

- 1 Request No : Each request made should be numbered in serial order and filed in serial order. Check authority of the request.
- 2 Date : Enter the date of the request form
- 3 Request from : Give a code for each division e.g. I.H.D. Unit and name/designation
- 4 Details of items Requested : Enter in detail the items requested; If the list is too large give reference and file separately
- 5 Quotations called on and from whom : Enter date and names of suppliers' details
- 6 Quotations received on and from whom : Enter date and names of suppliers' details Details of suppliers who have not responded and reasons, if any
- 7 Decision to purchase from whom and date : Give a serial number for the selection sheet and file a copy in serial order
- 8 Date and no. of the Purchase Order : Original to be handed over to the supplier second copy: Attach to the payment voucher Book copy to be kept for your records enter the number and date in the column.
- 9 Goods Received Note : Enter the number of the GRN and the date. The GRN should be signed by the recipient/Head of Division. A copy of the GRN to be attached to the payment voucher and cross reference be given to the Purchase Order Number
- 10 Payment requested on : Enter the date on which the vouchers were handed over to the accounts. Also, note the invoice number and date of the invoice
- 11 Cheque no. of the Payment : Enter the cheque no. and date of the cheque and R/N or Cash Memo

If possible please maintain separate registers for each Diocese and indicate the Sub Office

**Senior Finance Manager**