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Galli Galli
PROCUREMENT POLICY

REVISED 2079 BS

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PURPOSE OF PROCUREMENT POLICY

The overall purpose of procurement policy is to ensure that Galli Galli gets the highest quality of desired goods and services at the best price possible. Furthermore, the regulations are aimed at streamlining the process of procurement while maintaining adequate controls. These procurement procedures apply to all staff involved in procurement processes and to all types of procurement. Procurement should be done in such a way that the best value of money is achieved ensuring accountability and transparency.

This policy include information on the:

- Simple procurement process
- Specific requirements for determining the number and type of quote sought
- Use of the standard documentation and templates
- Simple procurement plan
- Forming the procurement committee

GENERAL PRINCIPLE

The object of the procurement policy is to advance priorities and objectives by a system of procurement for public authority directed towards:

- Obtaining value in the expenses in money
- Providing for ethical and fair treatment of participants
- Ensuring probity, accountability, and transparency in procurement operations

In applying these principles to simple procurement, public authorities are to ensure that the process level of effort is commensurate with the nature and value of the procurement.

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THE PROCUREMENT COMMITTEE

Galli Galli's procurement committee shall be composed of [The Board-Signatory, The Executive Director, Office Manager, Finance Controller, and Program Representatives/Lead].

The committee shall meet when there is a need to deliberate on issues pertaining to procurement.

Procurement committee is responsible for overseeing all the processes involved in acquiring the goods and services needed for effective operation. A procurement Committee shall be established before any procurement activities are initiated and shall inform the Board-signatory. The Procurement Committee shall consist of at least three people and preferably an odd number. As a conflict of interest, the same committee member may not carry out procurement payment. This means that committee members who are in direct contact with and collecting quotations from suppliers, shall not also issue payment to the suppliers.

The main responsibility of the Procurement Committee is:

- Ensure that a Procurement Plan is drafted and corresponds to the activity plan and the budget
- Ensure that all procurement requirements are planned for at the beginning of the project
- Ensure that Procurement activities are initiated on time
- Ensure that ethical risks are considered and addressed in the procurement process
- Ensure that the procurement fulfills donor requirements
- Ensure that all internal and external experts required for the project are being consulted early in the project phase and committed to provide the input/information/specification needed for the procurement activities
- Ensure the collection of quotation and issues Purchase Orders/contracts • Evaluate quotes/proposals
- Ensure that the best quality and value for money is obtained

It is a requirement to form an independent evaluation committee for evaluation purposes of the evaluation of high value tenders, it is especially important that the committee possesses the necessary technical and administrative expertise to perform the Tender Evaluation.

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Managing the procurement of goods and services effectively consists of establishing and following process steps through the entirety of the procurement lifecycle.

1. Specifying and Planning

Establish the good and service need, set the specification for the good and service itself and conduct planning or forecasting based on existing data and projection for when and how the product is ordered or reordered

2. Identifying and Selecting Suppliers

Identify and select a supplier to meet good and service needs, either from established relationships with approved vendors or preferred suppliers or by researching new suppliers and sending a request for information/proposal/quotation

3. Negotiation and Contracting

Negotiate the best price and terms for the goods and services through competitive bidding from suppliers with their quotes and then direct negotiation to clearly communicate requirements and set expectations. With all terms agreed upon, finalize and sign the supplier contract.

4. Placing the Purchase Order

The purchase order (PO) specifically defines the price, product specification, and all terms and conditions of the goods and services being supplied.

5. Expediting

Expediting the goods and services are necessary. Examining the timeliness of deliveries during this step can reveal underlying issues to address, such a lack of clarity on payment dates, delivery times and competition of work.

6. Receipt and Inspection of Purchase

Review all the orders against the established specifications and quality standards and conduct "a three-way match: of the PO with the invoice and the packing slip/receiving document. If what was delivered does not meet the standards specified, completing a receiving discrepancy report may be part of this step.

7. Invoice Clearing and Payment

Align purchasing and account payable to complete the process of buying the goods after inspection and confirmed document alignment (PO, invoice, packing slip/receiving document)

8. Maintaining Records and Relationships

Retain all proper records in the case of an audit, for tax information, to confirm product warranty and for ease of product re-ordering. Provide data and feedback to the supplier based on key performance indicators to identify for improvement and or needed changes in goods or the supplier contract.

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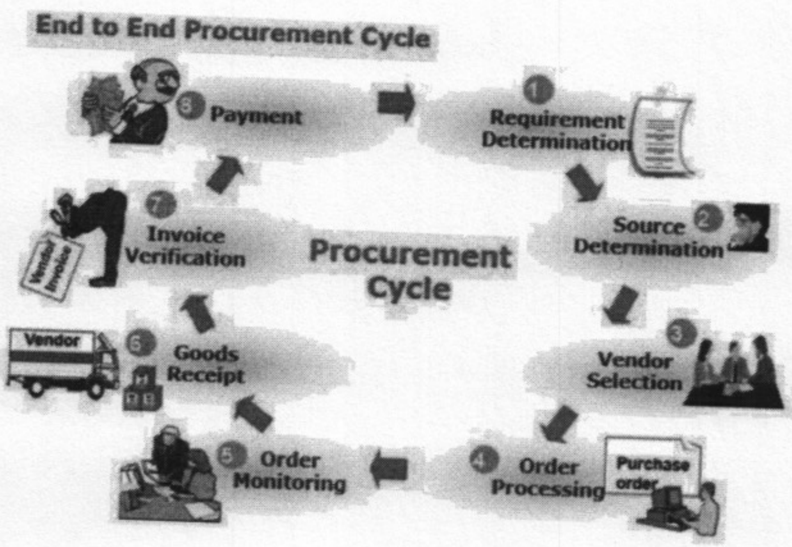
SEGREGATION OF DUTIES

There shall be proper segregation of duties between:

- The person who orders a particular purchase from a vendor
- The person who satisfies that the goods supplied are satisfactory
- The person who accepts goods into store
- The person who authorizes payment.



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PROCUREMENT PLAN

Overall, the main process of the Procurement Plan is to answer the questions of what to buy, when to buy, estimated prices and how to buy. The Procurement Plan shall be drafted as a part of the project planning phase. This is to ensure that all procurement and logistics costs are included in the budget, that resources are grouped into lots, that procurement time constraints are considered in the activity plan, and overall to ensure that a plan for: what to buy, when to buy, and how to buy, is available once project implementation starts. Additionally, the Procurement Plan functions as reporting tools and as a reference tool to procurement- and finance files. The Procurement Plan shall be drafted applying the template provided by Galli Galli.

It is the responsibility of the Procurement Committee to ensure that the Procurement Plan is prepared. Drafting a thorough Procurement Plan during project planning will help ensure smooth and timely procurement implementation, and thus quality in projects.

The Procurement Plan is a dynamic planning tool, which will change during the project period. Make sure to document the process and the development of the Procurement Plan by saving a version of each updated excel sheet.

CONTROL ON PROCUREMENT

The Project Specific finance officer or the senior-most finance staff shall assist the procurement process in conducting periodic checks on procurement activities to ensure that they conform to Galli Galli's policies and procedures.

The finance officer shall assist the procurement officer in conducting periodic checks on procurement activities to ensure that they conform the budget, donor procurement requirements, and Galli Galli's policies and procedures

It is the responsibility of the person who signs the purchase order (PO) to verify that the following has been done whether he/she collects the goods concerned.

I. That the correct quantity has been received and signed.
II. That the quality and price of goods is as agreed.
III. That all goods delivered have been securely and inventory records appropriately updated.
IV. That the delivery note is checked, signed, and forwarded to the financial officer to await the invoice.

Purchase under petty cash must not exceed the maximum amount established and documented in the Financial Policy of Galli Galli.

Procurement staff and all members of the procurement committee will be required to sign "a conflict of interest" document stating that they will not purchase goods or services form a company they have a vested interest in.

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THE PROCUREMENT PROCESS REPORT

Upon receipt of requisitions, the procurement officer will first verify that the requisition is properly approved according to the signing authority. He/she will then enter the requisition details into the procurement report worksheet. After this, he/she will begin the process of sourcing for the goods.

The procurement report worksheet is updated to reflect requisition as they are received. It also includes information on status of each procurement requisition, complete with expected delivery date.

The procurement officer is required to present a monthly financial and narrative report on procurement to the executive director, through the administrative assistant and a copy forwarded to the financial officer.

For products and services that are only provided by a specific vendor, an independent committee can approve and validate the procurement procedure.

REQUISITION FORM

Each specific procurement procedure process shall be initiated by procurement to the designated officer from the requesting department and should show detailed specification and requirements for the item(s) being requested.

The form will show the following:

I. Item required
II. Quantities
III. Delivery Dates and Locations
IV. Accounting information
V. Signature of the preparing person
VI. The department heads

Some donors do prescribe some conditions required to be observed during procurement pertaining to the project they fund. It is the responsibility of the Finance or Procurement Committee to ensure that such donor requirements and restrictions are observed in the procurement of goods and services but within the framework of Galli Galli's procurement guidelines.

All requisitions must be signed by the departmental heads or designate, who should ensure that the item(s) are in accordance with the policy. Any person designated to authorize requisitions in acting capacity must have the authority given in writing clearly stating the period authorized.

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SOURCE DETERMINATION

If the required goods or services are not available in the organization, the designated staff will start determining the potential vendors from the vendor list. Competition provides the greatest opportunity to procure goods and services at the best value. Accordingly, those involved in supplier selection have the responsibility to search broadly and completely for viable suppliers. Quotations are to be collected from various sources, from the vendor list available and other external vendors to ensure that the best value of money from the procurement is achieved.

VENDOR SELECTION

Careful selection of vendors should be done to ensure that best possible price, quality and delivery time available within the markets is obtained. A list of suitable vendors (the list of pre-qualified vendors), for each type of goods and services based on letters of introduction and past performance shall be maintained. This will make the process of vendor identification much faster. The vendor list shall be reviewed and updated periodically to ensure that current known factors are taken into consideration. Once the previous year's list of vendors has been updated and approved by the Executive Board, procurement of goods and services can be affected. Vendor selection for inclusion on the list of pre-qualified vendors will take place half-yearly and will be done by the procurement committee.

VENDOR SELECTION CRITERIA

The following set of criteria is essential for deciding on choice of vendors:

I. Price
II. Quality of goods/services. Such a justification must be verifiable
III. Availability of goods/services within the required delivery time
IV. After sale service, including availability of parts/supplies
V. Bidder's previous records of performance and service
VI. Ability of bidder to render satisfactory service in this instance
VII. Financial stability of the vendor
VIII. Availability of bidder's representatives to call upon and consult with
IX. Payment terms
X. Warranty offered
XI. Ability to provide samples
XII. Interview

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USE OF DEALERS AND SOLE SUPPLIERS

In the interest of ensuring quality, reliability and timeliness, the designated officers may establish purchase agreement or contract with main dealers of regularly purchased goods. Where possible due to factors, the Galli Galli will negotiate rates and discounts with the supplier or a method to determine price for invoice justification. These agreements and prices (net of discounts) should be reviewed annually to ensure that they are competitive.

LOCAL PURCHASE ORDER (LPO) WITH VENDORS

The LPO is a contract with vendors that should include all information regarding the goods and services being procured as well as standard terms of delivery, payments and arbitration in case of dispute. If contracts are precise and clear, possibilities of disputes will be reduced and Galli Galli will stand a far greater chance of receiving the goods and services as expected. Upon selection of a vendor, a legally binding contract or work order should be drawn-up for the goods and services in question and signed by both parties prior to procurement. Detailed specification: quantities, unit prices, delivery deadlines, location, and payment schedules must be specified in such contracts.

ORDER FOR RECURRING REQUISITION

Procurement of a recurrent nature, i.e. where the same goods and services may be issued several times a year, one vendor may be selected for a period of up to one year. In some cases, particularly for services, contracts for goods or services can be drawn up once, which may then be referred every time those goods or services are required without requiring separate quotations and contracts on each occasion. In other cases, particularly for regularly purchased goods, vendors can be selected once, but separate contracts drawn-up on each occasion the vendors are used.

ORDER PROCESSING AND ORDER MONITORING

Once the best vendor for the required goods or services is determined, order may be placed with an official Purchase Order (PO) from sent to the vendor along with the letter of award which states the fact that the particular vendor have been selected on the process and that they will be obliged to deliver the goods or service in its best as quoted in the quotation.

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CERTIFYING DELIVERY OF GOODS AND SERVICES- GOODS RECEIVED NOTE

The procurement process cannot be completed without certification that the goods and services procured have been received entirely to Galli Galli satisfaction, in particular, to the satisfaction of the requisition. The procedure for receiving goods and services is therefore important in ensuring that vendors have entirely met their obligations. Once Galli Galli has certified that goods and services have been received to their satisfaction, it has little further resources to complain about a vendor's performance; and payment can be made.

In all cases, the certification of receipts of goods and services is prerequisite to Galli Galli and the following guidelines are essential for that purpose.

I. The designated staff should ensure that goods and services are checked against contracts, waybills, invoice, or delivery notes.
II. Requisition department at the time of delivery will facilitate the receiving and checking of goods and services whereby the receiving person will have to sign the delivery notes or any other documents during delivery.
III. Physical checking should be done by the requisitioning department and not by the designated officer.
IV. In some cases, receiving of goods and physical checking of goods or services may be delegated to other officers who are authorized by the procurement staff. Such might include cases where goods and services are delivered directly to a project field location; or where a specialist's technical certification is required.
V. Any differences between documents done physical checks should be noted and reported to the designated officer for action.

INVOICE VERIFICATION AND PAYMENT-PROCESSING PROCEDURE

The recipient department is responsible for preparing payment requisitions which then it forwards to designated procurement staff for checking and certifying. The document is then sent to the finance department for further checking and necessary approval and authority to pay.

Three-way matching will be used before making. Three documents; the Purchase Order, Goods Received Note and the Original Invoice must match. Make sure that invoice received is with the same details of the vendors and goods or services as on quotation or bid (in relevant cases). If any discrepancies are found, it must be resolved before payment is made.

All payments must be made in accordance with the contractual terms between the vendors and Galli Galli and in reference to the financial policies.

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PROCUREMENT THRESHOLD

Budget-holders can place orders for goods or services within their budget areas, subject only to cash-flow restraints. All orders must be authorized by the budget holder, except for specific areas or expenditures where written procedures have been agreed.

I. For procurement of goods and services up to **NRs. 50,000** can be purchased through approval of the office Supervisor and Project Specific finance Officer or The senior-most finance staff.

II. One quotation is required to be obtained from the vendor for procurement from **NRs. 50,001 to NRs. 1,00,000**

III. Three quotations from different vendors are required to be obtained for procurement of goods and services from **NRs. 1,00,001 to NRs. 10,00,000**

IV. For procurement from **NRs. 10,00,001 to 20,00,000** five quotations from different vendors are required to be obtained.

V. Formal tendering process is required for all the procurements from **NRs 2000001 and above.** Open call for bid is required to be advertised through national newspaper and online procurement media if required for collecting the Expression of Interest (EOI) from various suppliers for procurement above **NRs. 20,00,001 and above.**

PROCEDURE FOR TENDER

The designated officer with the whole procurement committee needs to develop tender and evaluation criteria according to the nature of goods or services required. Once this is done, it is mandatory to publish and open the tender to the public for the Expression of Interest (EOI) through national newspaper and online procurement media if required.

The bid must be sealed and stamped with relevant documents. If the tender does not meet the criteria and all mandatory requirements, reject the bid immediately. Assessing the tender to determine the compliance with terms and conditions is a mandatory step. Once the final bid summary is ready, 10% of the total cost is required for deposition by the bidder to sign the contract.

The procedure requires a public advertisement of a Tender Notice in national newspaper and online procurement media if required with a bid flow of at least 21 days. A Tender shall provide eligible suppliers/candidates within the country of operation with the same business opportunities.

A specified Tender Dossier shall be drafted and forwarded to interested suppliers/candidates who then have the opportunity to make a tender request. After the deadline of receiving tenders, the tender shall be opened and announced. Evaluation of the tenders is fulfilled by the members of the Procurement Committee on the basis of a

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clearly predefined Competitive Bid Analysis (CBA). The outcome of each member's evaluation is compared and the best compliant tender is awarded the Contract. It is mandatory to publish the Award Notice in a national newspaper and online procurement media if required. Letters to all unsuccessful suppliers/candidates (regret letter) shall be submitted.

Tender Procurement File should include the below documents:

- Tender Notice
- Received tenders
- Tender Receipt Form
- Tender opening minutes (incl. Checklist, list of participants, Tender Opening Form)
- Evaluation Grid
- Award Notice
- Contract / Agreement
- Proof of receipt

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CONFLICT OF INTEREST

A Conflict of interest occurs whenever a person deviates from his/her impartial and objective exercise of his/her professional functions and on the contrary misuse the professional position for private financial or organizational gain, or for the gain of any third party (family, friends, colleagues, etc.). If conflicts of interest are not identified and managed well, they may evolve into corruption which shall be always avoided.

The Contracting Authority shall be alert to individual or organizational conflicts of interest and shall avoid getting into situations in which they may have a private interest that could influence their professional performance. It is expected to show good judgment, and if a conflict of interest arises, it shall be disclosed to the superior authority and appropriate action shall be taken. If in doubt whether a conflict of interest exists, please contact a superior.

The Contracting Authority shall also be alert to conflicts of interest and/or non-competitive practices by contractors.

Procurement staff and all members of the procurement committee will be required to sign a 'conflict of interest' document stating that they will not purchase goods or services from a company they have a vested interest in. If any case, goods, or services are purchased from a related party, will be required to disclose it to management before taking further the procurement process.

BEST QUALITY AND VALUE OF MONEY

Value of Money The effective, efficient, and economic use of resources, which requires an evaluation of relevant costs and benefits along with an assessment of risk, non price attributes, and/or total cost of ownership as appropriate		
EFFICIENCY	**QUALITY**	**FLEXIBILITY**
• Decreased transaction costs • Increased skills • Improved Procurement planning • Support and encouragement of the procurement system.	• Improved Galli Galli 's Process • Contracts with clear performance criteria • Good Governance • Improve procurement planning • Prompt resolution of complaints	• Prompt resolution of complaints • Open competitive bidding • Decentralization • Procurement arrangements • Policy-based decision • Improved procurement planning • Bids with weighted proposal criteria

Galli Galli procurement reforms intend to ensure Value of Money by improving flexibility, quality and efficiency throughout the procurement cycle. Value of Money is part of a holistic procurement structure with three support pillars; efficiency, quality, and flexibility. The two key principles of transparency and fairness weave across the elements of the structure.

The award of contracts regardless of the Procurement Procedure shall always conform to the principle of best quality and value for money and ensure that Procurement Procedure are open to the broadest degree of competition.

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ANTI-CORRUPTION

Corruption is defined as the misuse of entrusted power for private gain. Corruption occurs on various levels and in different forms. What always characterizes corrupt practices is that they involve conflicts of interest and negatively influence impartiality and objectivity in e.g., the selection of process or in the contract of execution. The abuse of power, extortion, fraud, embezzlement, and bribery is always prohibited (and in most countries illegal).

Staff shall not give or receive any gifts, services or favors that may influence the exercise of their professional function and performance. In order to respect tradition and conventional hospitality, minor gifts or small-scale hospitality may be accepted if the intention is professional. Receiving minor gifts shall never influence staff's good judgment and shall be shared with colleagues in order to create transparency and prevent partial gifts. Cash gifts are never to be accepted. As the value of acceptable gifts varies across countries, receiving or giving minor gifts is always a matter of context, good judgment, and professionalism. Whenever in doubt contact a superior.

Unacceptable gifts are defined as substantial hospitality, such as accommodation and holidays are never acceptable. Staff shall not engage in corrupt practices. To prevent corruption and misuse of finances, it is important that procurement and payment may never be undertaken by the same person.

Staff shall reject any bid, or terminate any contract, put forward by corrupt actors. Staff shall follow the Anti-Fraud and Corruption Policy and are obliged to report all corrupt incidents to a Complaint Mechanism of Galli Galli. Platforms and contractors have to live up to the Anti-Fraud and Corruption Policy. It is the responsibility of the Galli Galli to inform the platforms and other relevant stakeholders about this policy.

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EVALUATION CRITERIA FOR SERVICE CONTRACTS

The evaluation of service contracts should be based on two criteria- technical and financial. The REP (Request for proposal) prepared should also instruct the candidates of the technical and financial criteria, which the Procurement Committee will use for the evaluation of the proposals. The TOR should also detail the selection criteria with awarding points based on which technical evaluation is done. Furthermore, it informs the candidates of the weights assigned to the technical and financial scores.

It is important to note that these are suggested criteria and it is the responsibility of the procurement committee to modify these to match the requirements of the contract in question. To assist the evaluation process, please define unambiguous and measurable evaluation criteria. The technical score is a sum of the points each candidate has obtained for each technical criterion.

Examples of technical evaluation criteria could be; the candidate's experience in the filed of assignment, the candidate's general academic qualification and specific experience in the region of the assignment, the adequacy of the proposed methodology and the work plan responding to the TOR, candidate's availability and the required time to perform the services.

The financial evaluation criteria are as the formula Sf= 100 x Fm/F where (Sf is the financial score of a proposal; Fm is the lowest price; and F is the price of the proposal under evaluation).

The candidate is selected whoever gets the highest score. The overall score is calculated per proposal using the formula: (St x 80%) + (St x 20%) = overall score where (St being the technical score and Sf the financial score).

Please be advised that the assigned weights of 80% and 20% are flexible and the procurement committee shall adapt the weight to the specific needs with respect to the budget available (weight of financial proposal) and the technical and quality requirements (weight of technical proposal). Please take note that assigning a high weight to the financial proposal will indicate that price is the most important factor of the two, and the overall score will favor the cheapest price. If the highest weight assigned to the technical proposal the emphasis is on the quality and technical requirement. This will require a robust budget as there tends to be a link between quality and price.

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Annex-1

Galli Galli

Sanepa, Lalitpur

REQUISITION FORM

S.N.	ITEM REQUIRED	QUANTITIES	SPECIFICATION NOTES

Delivery Date:

Location(s):

Any Accounting information/Note:

Signature

Prepared by:
Designation:
Date:

Signature

Verified by:
Head of the Department

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