



## VISION INITIATIVE FOR TRANSFORMATION (VITRA)

*"Restoring Hopes & Transforming Communities"*

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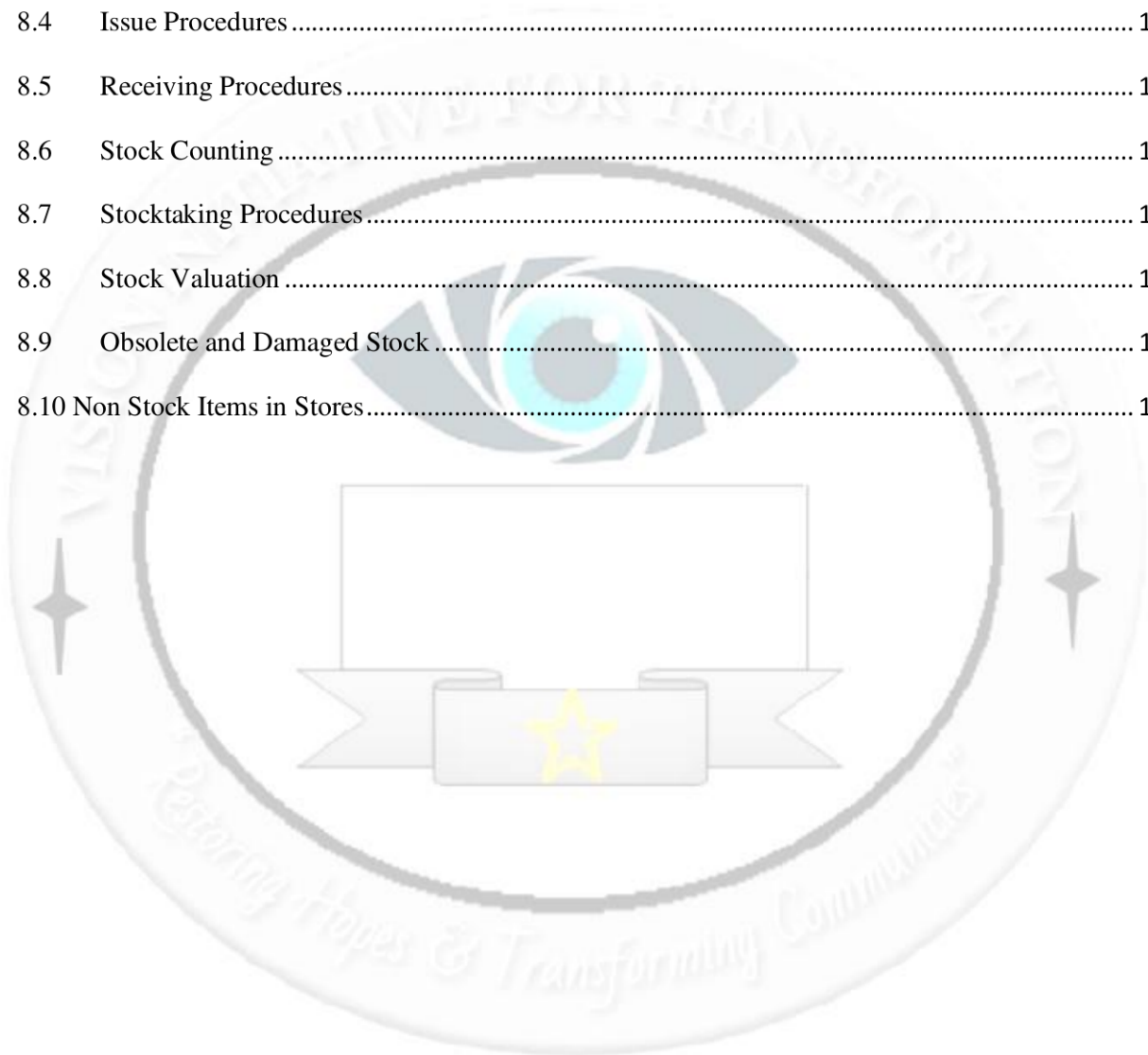
# PROCUREMENT POLICIES AND PROCEDURES MANUAL

2022/2023

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# **1. INTRODUCTION**

Procurement of good and services are the major aspect of procurement record keeping for (Vision Initiative for Transformation (VITRA). It's more secure and convenient to conduct monthly, quarterly and annual procurement analysis through physical quotation analysis identification and verification procedures. Therefore all procurement documents and records should be made ready and available where possible except for physical quotation analysis and verifications.

## **2. PURPOSE, OBJECTIVE AND SCOPE OF MANUAL**

### **1.1 Objective**

The objective of this Procurement policies and procedures Manual is to provide VITRA with guidelines on the standards for procurement management in order to ensure that the organization operates with clarity. This Procurement policy and procedures manual is intended to act as a guide to VITRA's Staff in the operation of the procurement policies and procedures.

### **1.2 Purpose**

The Procurement Policy and Procedures Manual provides a framework that underlines VITRA's aspirations in terms of its values and practices in reference to VITRA's program work and other policy documents such as the Human Resource, and other government statutory regulations.

### **1.3 Use of the Manual**

The manual is intended to be a handbook for easy reference, and interpretation of the Procurement policies and procedures. It will be of use to senior management, Staff, Board and the Council and all the staff who undertake operations involving procurement aspects of VITRA.

### **1.4 Compliance, Review and update of procedures**

The policies and procedures are current and it's expected that regular reviews should be made to ensure update of this manual. The Administrator and Logistic/Procurement Officers will be responsible for the review and update of this manual.

All the policies and procedures in this manual are important and all users are expected to comply with them. In situations where a particular policy or procedure is found not applicable, or inconsistent with other policies, this should be discussed with the senior management and Logistic/Procurement Officer.

### 3. PROCUREMENT OF GOODS AND SERVICES

#### 3.1 General

3.1.1 In purchasing and procurement, the following issues should be noted:

- 1) Procurements are to be effected in a cost efficient manner
- 2) Procurement should be timely and impose only a reasonable demand on staff time
- 3) Procedures should support the integrity of the procurement process in a manner that is demonstrable.
- 4) Procurement requirement not foreseen in the plan and budget should be identified and depending on the approval limit authorised by the relevant manager
- 5) Procurement is made in support of organisation activities. Procurement procedures should not impose a bureaucratic obstacle to the implementation of planned activities.

3.1.2 Procurement considered in these procedures relates to the supply of materials and services and may fall into the following categories:

- ☐ Local – made directly by VITRA
- ☐ International – effected by VITRA through import to the country of operations and following international procurement standards.

3.1.3 Only materials and equipment that cannot be supplied from the stores should be ordered on a purchase order by the Finance and Administration Officer.

3.1.4 Some supplies may be required on a regular basis. In such cases, arrangements should be made with the cheapest price for goods of sufficient quality.

#### 3.2 Procurement Requests

3.2.1 Initiation of procurement requests will be made by the user in need to the Finance and Administration Officer

3.2.2 Procurement requests should give detailed specifications of the items required and include the cost centre and account code to be charged.

- 3.2.3 Procurement requests should be checked to budget before their approval by the Facilitator
- 3.2.4 Approval shall be sought in all circumstances where there's a change in specifications, quantity from the originally approved procurement details from the respective office.

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### **3.3 Quotations/Tenders**

- 3.3.1 At least three quotations should be obtained for purchases over 100,000 South Sudanese Pounds (SSP).
- 3.3.2 In the event that 3 quotations cannot be obtained, reasons should be documented and approval sought before awarding of the tender by the facilitator.
- 3.3.3 Quotations should be as specific as possible to allow for comparison.
- 3.3.4 Quotations will be sought by the Finance and Administrative Officer.
- 3.3.5 For regular supplies, copies of previous quotations will be used in order to minimise the time, but these should not be more than three months old.

### **3.4 Evaluation of Quotations/Tenders**

- 3.4.1 Effort should be made to ensure that there's segregation of duties between staff seeking quotes and evaluation and approving the proposals. Quotation evaluation procedures should consider the following:
- 1) Quotes are comparable with all specifications and terms detailed.
  - 2) Reputation of suppliers
  - 3) Prices
  - 4) Quality
  - 5) Cost effectiveness



- 3.4.2 Prior to opening of the tender bids, procedures should be established and agreed by the committee and should be strictly adhered to.

### **3.5 Appointment of Suppliers**

- 3.5.1 Once every year VITRA shall appoint suppliers of goods and services of a routine nature. This shall be the responsibility of the purchasing committee. Invitations to tender for the supply of goods shall be made in the national newspapers at the beginning of the year.

- 3.5.2 This shall be comprised of the following:

- ◆ The Head of Institution
- ◆ The Finance and Administrative Officer
- ◆ The Logistics Officer

- 3.5.3 The Finance and Administration Officer shall keep a list of accredited suppliers and this shall be reviewed half yearly by the committee.

- 3.5.4 The evaluation and recommendation of quotes from accredited suppliers will be done by the Finance and Administration Officer.

- 3.5.5 Final approval of quotes will be by the Head of Institution within the approved authorities.

- 3.5.6 Some of the criteria to be followed in assessing a supplier will be:

- ✓ Quality of goods and services
- ✓ Reliability of supply
- ✓ Competitive pricing
- ✓ Corporate standing and reliability

- 3.5.7 The following may also be requested to assist in the assessment:

- ✓ Business registration certificate
- ✓ Evidence of past transactions with reputable organisations
- ✓ Bank reference
- ✓ Details of corporate structure and ownership

3.5.8 A minimum of two suppliers for each category of supply is recommended where practicable. It's always advantageous for suppliers to be manufacturers or direct dealers and not middlemen.

3.5.9 All supplies exceeding POUNDS 100,000 shall be awarded by the purchasing Committee and not individual officer/officers.

## **4. PRICE MONITORING**

- 1) The Finance and Logistic Officer will always endeavour to obtain competitive prices paid for regular purchases and also negotiate discounts on normal list prices.
- 2) The Finance and Logistic Officer will issue a quarterly schedule of latest prices for key purchases.

### **4.1 Purchase Order**

4.1.1 The purchase order should be initiated by the Finance and Administration Officer for all purchases above 50,000 SSP and should be approved by an authorised person within the established authority and approval limits.

4.1.2 The purchase order will be prepared in triplicate. The original copy will be sent to the supplier, duplicate copy will be kept with the documents and the third will be retained in the booklet.

4.1.3 The purchase order should spell clearly the terms of supply and should include the following details:

- 1) Date
- 2) Name of supplier
- 3) Description and specification of items
- 4) Duration of order
- 5) Terms of payment
- 6) Name of supplier



- 7) Name of preparer
- 8) Authorising signature
- 9) Duration of the validity of the order.

## **5. SUPPLY OF GOODS**

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- 5.1.1 On receipt of goods, the Finance and Administration Officer should check the supplier's delivery against the copy of the purchase order.
- 5.1.2 A GRN should be issued by the Finance and Administrative Officer to acknowledge receipt of the delivery.
- 5.1.3 The GRN will be prepared in triplicate. Original copy of which will be given to the supplier, duplicate to be attached to the supporting documentation and the sent to accounts, the third will be retained in the booklet.
- 5.1.4 Technical verification on receipt of technical purchases like computers, printers and other machinery should be sought at the time of receipt of goods.
- 5.1.5 Effort should be made to ensure that guarantees/warranty provisions are enclosed to ensure quality of the goods delivered.

### **5.2 Supply of Services**

- 5.2.1 In case of acquisition of services like meals, accommodation and venue for workshop, repairs with specific garages, etc., and quotes should be sought and agreements made and signed by both parties prior to the acquisition of the service.

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- 5.2.2 The signing of the agreements is subject to normal authority levels,

### **5.3 Payment for Goods and Services**

5.3.1 On receipt of supplier's invoice this will be checked against the purchase order. The invoice, Purchase Order, Delivery Note and the GRN will be attached together on which basis a payment voucher will be prepared by accounts.

5.3.2 Payments should only be made if the invoice agrees with the actual goods received as per the GRN and any differences from the LPO or delivery Note are satisfactorily explained.

5.3.3 Payment to suppliers should be strictly after delivery of goods or services. Advance payments to suppliers should only be made on the basis of written agreements and should not exceed 25% of the contract amount. Advances in excess of 25% should be approved by the Facilitator.

## **6. CONTRACTS WITH THIRD PARTIES**

### **6.1 General**

These guidelines should be followed in all cases where contracts are drawn up on behalf of FACE. The guidelines deal with the principles and do not attempt to draw up a standard contract because of the varied nature of contracts and the need for flexibility. It seeks to set up minimum standards that a contract drawn on behalf of VITRA should meet.

The contracts referred to here include but not limited to construction works, training and workshops, supply of various goods that are not subject to purchase order procedures, research/feasibility studies, reviews and other consultancy services.

For contracts related to programme consultancies, refer to the Appendix A of the Human Resource Manual.

### **6.2 Parties to Contracts**

The names and addresses of the parties to the contract should be clearly stated.

### **6.3 Responsibilities**

The responsibilities set up under the contract should be specific and unambiguous. Specifications and/or drawings and costs if any should be attached and referred to in the main body of the contract as appropriate. A time frame for completion should be specified.

## **6.4 Liabilities**

The contract should contain a clause that any accidents or injuries sustained by the contractor or his staff or a third party directly as a result of the contractor carrying out the contract shall be the contractor's liability. The contractor should indemnify Head of Institution in this respect if it became necessary.

## **6.5 Completion**

Satisfactory completion of constructional work will be determined by a consultant where one is appointed, or the Facilitator. In other instances, the budget holder will determine satisfactory work.

## **6.6 Terms of Payment**

The terms of payment must be stated in the contracts. A clause to the effect that taxes are the responsibility of the contractor shall be incorporated. In contracts where satisfactory completion can only be judged after the passage of time, some of the contract price (retention) must be held back as a guarantee against faulty workmanship and to pay for making good any defects. This is especially important in construction/building contracts.

This retention should normally not be less than 10% of the contract sum. For construction work the retention period should not be less than six months. Other short-term contracts as for consultancy and training, retention monies may not be held, and once the final report has been received and accepted by the signatory to the contract, any outstanding balance should be paid.

It's conventional to make advance payments to contractors for work to begin. This amount will be negotiated with the contractor but should exceed 25% of the contract sum. The contract must specifically state that the final payment will only be made on successful completion of the contract.

## **7. REDRESS**

The contract must specify the time limit for completion. For the purpose of unforeseen circumstances, allowance should be made for extension of the period.

### **7.1 Rights to Terminate**

Notices of termination should be in writing. Termination will occur if the contractor fails to observe his responsibilities.

## 7.2 Approval

The contract must be signed by the contractor and approved by VITRA's senior management official

## 8. STOCK

### 8.1 General

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- 8.1.1 Stock represents those items that are purchased but not immediately used until they are required.
- 8.1.2 All stock must be well controlled physically by the use of secure and appropriate storage facilities and proper systems of documentation. Stores should be kept tidy in orderly manner to ease stock counts and identification.
- 8.1.3 Optimum stock levels should be set which ensure that requirements are met without unnecessarily tying up excessive resources of VITRA.
- 8.1.4 Goods in transit should be recorded on a separate stock card.

### 8.2 Documentation

#### 8.2.1 Stock cards

- 1) A stock card (bin card) must be maintained for each stock item and there must be proper systems and documentation to control requisitions issues and receipts of stock.
- 2) A register should be opened to record all stocks in transit.
- 3) Stock cards should be updated on a daily basis to ensure that they reflect the physical stock held.

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#### 8.2.2 The stock cards should have the following:

- 1) Name of item
- 2) Stock card number
- 3) Reference number to GRN or SRN
- 4) Balance of stock held
- 5) Re order level

6) Purchase price.

#### 8.2.3 Store Requisition Note (SRN):

- ✓ All requisitions of stock should be made on a store requisition note which should be in duplicate.
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- ✓ The SRN must be authorised prior to being received in store. There should not be anything removed from the stores without having an authorised SRN.

#### 8.2.4 SRN should have the following detail:

- ✓ Date of delivery.
- ✓ Name of deliverer of goods.
- ✓ Quantities, units and specifications.
- ✓ Signature of store keeper acknowledging receipt of goods

### 8.3 Monthly Stores Report

8.3.1 A stores report should be prepared by the storekeeper on a monthly basis. The purpose of this report would be to inform management of stock levels to enhance decision-making.

#### 8.3.2 The stores report should have the following details:

- ✓ Stock balances at the end of the month
- ✓ Stock movements during the month
- ✓ Re-Order levels

### 8.4 Issue Procedures

8.4.1 Stock should only be issued from stores against an authorised store requisition note.

8.4.2 Recipients should acknowledge receipts of items by signing on SRN/IDN.

### 8.5 Receiving Procedures

8.5.1 The storekeeper should raise a GRN for every receipt of goods in stores.

8.5.2 When goods are received from the suppliers, the delivery note should be checked against the purchase order and the physical details of the delivery.



8.5.3 Where goods require standard technical certification, the storekeeper should obtain it from either the end user or a technical person.

8.5.4 The GRN should be signed by the person receiving the goods.

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## **8.6 Stock Counting**

8.6.1 Physical stock counts should be carried out twice a year for all items in the stores. This should be carried out at the month ends of June and December.

8.6.2 Spot checks should be carried out by the Head of Institution on a monthly basis. All such counts should be evidenced by initialling the stock card to show agreement with the quantity shown.

## **8.7 Stocktaking Procedures**

- 1) The Finance & Administration Officer will be in charge of stock take and should ensure that all the stock taking instructions are adhered to.
- 2) The storekeeper should be present to assist in identification of records and stock items but should not be involved in the physical count.
- 3) Store and stocks must be neatly arranged prior to stock take.
- 4) Stock cards should be completely updated prior to stock take.
- 5) Stock count sheets should be used during stocktaking and must be pre-numbered.
- 6) Stock counts sheets must be signed by the counters
- 7) All items of stock should be identified and condition recorded on the stock sheet.
- 8) No stock must be issued during stocktaking. Exceptions to this should be clearly documented and given prior approval.
- 9) A report should be prepared by the stock taking team detailing the physical and record balances of stock.
- 10) Variances should be explained by the storekeeper and incorporated in the report.
- 11) The Head of Institution should review and sign the report and investigate the variances.



## 8.8 Stock Valuation

8.8.1 At the year-end, stock expensed off on purchase but remaining in stock must be valued and recorded as a note to the balance sheet.

8.8.2 Valuation of stocks will be done centrally using the lower of the Net Realisable Value or Cost Price.

8.8.3 Items bought in bulk and those for more than one cost centre should be charged on stock (balance sheet) on purchase. These should include the following items: -

## 8.9 Obsolete and Damaged Stock

8.9.1 During the periodic stock counts should be inspected to determine whether there are in good condition.

8.9.2 Any stock identified as non-moving, obsolete or damaged should be considered for writing off.

8.9.3 Obsolete or damaged stock should be disposed off, after authorisation by the Head of Institution in consultation with board.

## 8.10 Non Stock Items in Stores

8.9.4 Separate registers should be maintained for those items held in the stores that are not stocks (i.e. would not be entered onto stock card). This would include used items and loan items.

8.9.5 A separate register should be maintained for goods in transit.

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