SOS SAHEL SUDAN

Procurement Policy

Revised January, 2022

1. Procurement policy

The purpose of this policy is to establish principles, responsibilities, authority, ethical standards and internal controls applicable for the procurement of goods and services on behalf of SOS Sahel organisation.

1.2 Best value for Money principle

An overriding principle in procurement is value for money. In order to determine best value for money the following factors should be considered

- Cost related factors. This is not only the initial purchase price. Other cost considerations for example are support, upgrading, storage, maintenance, associated consumables (e.g. Printer cartridges), disposal costs, project resale value, financing costs.

- Non-cost related factors. These are factors related to the needs and requirements of the organization. Examples are technical specification, quality, delivery timeline, competence of supplier support staff, reliability of the product, and financial stability of the supplier.

- Market research. Identifying suitable and appropriate vendors, the market dynamic and product availability

- Ethical sourcing. Are we procuring items in a way which is consistent with our own policies and those of donors providing funds with their own ethical restrictions?

- Risk factors. Any risk that may impact negatively on the outcome of procurement. For example the financial viability and capacity of the vendor, legal exposure and liability, geo political circumstances, price stability and dependency

Whilst best value for money should be assessed as objectively as possible, professional judgement will be required, as more complex needs rarely have one clearly correct solution.

The value for money principle is applicable throughout the acquisition process, from planning; identify vendors, soliciting, evaluation, and supplier choice to contract management.

1.3 Responsibilities

Responsibilities for procurement are assigned to budget holders. Admin staff in Country office and sub office is responsible in facilitating the purchasing process, but the budget holder is responsible for their own budget management.

1.3.1 Authority

Authority limits are outlined in next Schedule of Authorised Signatories. There are two types of Authority:

1) Commitment of expenditure – creating a future obligation involving procurement.

2) Payment authorisation – as a counter signatory

Authority can be delegated in advance if the required line manager is unavailable and no equivalent staff member with identical or higher authority is available. Delegation of authority must be communicated in writing or by email to staff in departments that need to know

AUTHORIZATION SCHEDULES

1.1 Purpose

To establish and document the levels and type of authority accorded to designated SOS Sahel managers.

1.2 Authorization Schedules

SOS Sahel Authorization Schedule defines the levels of authorization for financial commitments that may be entered into on behalf of SOS Sahel by SOS Sahel personnel. This schedule covers both asset and non-asset expenditure.

An approved Signature List, documenting manager's names, titles, authority levels and sample signatures, must support authorization Schedules.

1.2.1 The Standard SOS Sahel Authorization Schedule (Appendix 1)

Amount	Requester	Reviewer	Verifier	Authorized staff	Way of purchase
Up to – $999	Project Officer/ Area Manager	Finance Officer / Manager	Budget holder /Project Manager	Budget holder, Area Manager	As per SOS Sahel policies or donor contractual obligations
$1000 and above	Project Officer/ Area Manager	Finance Officer / Manager	Budget holder, Project Manager	General Director	As per SOS Sahel policies or donor contractual obligations

1.2.2 Solicitation process (Getting quotes / Inviting tenders):

This process would be entered into after the budget authority review and authorised signatory sign off of the requisition

Figures shown below are expressed in USD. The local currency equivalent value should be applied based on the exchange rate as advised by the Finance office when applying these ranges.

Procurement type (values shown are per transaction or per the value of the contract being tendered)	Process	Comments
Minor everyday costs (less than **USD100**)	Use petty cash requisition process	Minimise the use of cash where possible. For regular procurement items such as taxis, stationery we should set up contracts that involve invoicing rather than paying by cash.
Below **USD150**	One quotations required	Where SOS Sahel pay by non-cash means (bank card, cheque etc) Aim to use suppliers on the preferred supplier list (PSL).
Greater than or equal to **USD150** and less than or equal to **USD300**	Two independent quotation should be requested.	Ideally quotes should be obtained from suppliers on the preferred supplier list (PSL). The reason for choosing the preferred quote should be documented
Above **USD300**, less than or equal to **USD3,000**	Three independent quotations should be requested	Ideally quotes should be obtained from suppliers on the preferred supplier list (PSL). The reason for choosing the preferred quote should be documented

Procurement type (values shown are per transaction or per the value of the contract being tendered)	Process	Comments
Above **USD3,000** and below or equal to **USD30,000**	Invitation to tender (also known as a negotiated procedure or request for proposal) should be initiated	See notes below this table
Above **USD30,000**	Open tender	See notes below this table
In emergency or humanitarian relief situations	Invitation to tender can be entered into for procurement up to a value of **USD100,000**	Emergency or humanitarian relief situations must be define as such by an independent Internationally recognised body.
Fixed term Contract (that was entered into after undertaking an invitation to tender or open tender)	No additional quotes required	The chosen vendor would have been assessed compared to other potential vendors as part of the tendering process.
Capital items (buying assets with a value greater than or equal to USD300)	If funded from SOS Sahel sources, apply the rules above If funded from project sources, refer to the donor contract for any special conditions	

2   Budget holders and concerned staff are requested to seek authorization for amounts exceeding their limits of authorization for both signing contracts with amounts above their limits and for paying money of similar amounts. Adherence to the policy makes life easier

*Support department Authorized signatures are only valid for their own department requests.

*Finance Officers can authorize disbursements as co-signature only.

*The CD may approve Purchase Requests of any amount.

3   INITIATING A PURCHASE

3.1.1 Purpose:

To outline who may initiate a request to purchase materials or services and their responsibilities in the process.

3.1.2 Who may Request a Purchase?

Any SOS Sahel staff member may initiate a Purchase Request.

NOTE that no purchase will be made until the request has undergone all the approvals.

3.1.3 How to Initiate a Purchase

Purchases are initiated by submitting a completed Purchase Request Form to Logistics.

Requesting Officers have a responsibility to;

> ➤ Furnish Logistics with all the information and specifications necessary to make a correct purchase.
> ➤ Ensure that Purchase Requests include full budget and account information.
> ➤ To state an estimated price for the request (based on prior knowledge, a quotation or a budgeted amount).
> ➤ Ensure that Purchase Requests are fully reviewed and approved by the relevant managers.

Before any request can be actioned, it must undergo the following process.

> ➤ Requirement and Technical review by the Project (or suitably qualified) Manager.
> ➤ Financial review by the Finance Manager / Officer.
> ➤ Approval by the Project manager or the next level of approval authority depending on the estimated value of the commitment. NOTE that a PR can't be approved if there is no estimated price.

The responsibility is on the staff member initiating the Purchase Request to generate a PR that has all the required information and has been reviewed and approved.

A complete and approved PR constitutes the authority for Logistics to begin the procurement process. Therefore, incomplete PR's will be returned to the initiating staff member.

4   APPROVAL AUTHORITY

4.1   Purpose

To outline responsibilities and procedures regarding signature authority for Purchase Requests.

4.2   Responsibilities and Procedures

Throughout the procurement procedures, clear demarcations of authority and responsibility must be maintained. It is a requirement of SOS Sahel, our donors that all personnel be fully familiar with their role within the procedures as well as the limits of their responsibilities and authority.

A complete PR will bear four signatures documenting the following process of review and approval.

Request (1st signature).

All purchases must be requested by a member of SOS Sahel staff (or implementing partner agency if applicable).

Requirement and Technical review (2nd signature).

The relevant program manager or coordinator, regardless of the estimated cost of the request, makes this review. The review is to verify that the requested item(s) are:

- A necessary purchase to meet program goals.
- Technically appropriate for the intended use.
- Not already available in SOS Sahel stock.
- Allowable under grant terms.

Finance review (3rd signature).

The Finance department will review the request to ensure the following:

- Costs for the intended purchase have been allocated to the correct budget(s).
- Funds are available to cover the cost of the intended purchase, (Checking project BVA)

Approval (Final signature)

All requests must be approved by an SOS Sahel manager with the level of authority that corresponds to the estimated cost of the intended purchase.

The approving manager will ensure that:

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

NOTE that 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 Country Director is not a valid document though the CD has the authority to approve purchases up to $100,000. All four signatures must be present.

4.3 Exceptions

Some programs, especially at startup, may not have the staffing levels to provide three reviews / approve signatures. In this case, the CD or Operation Manager will place a memo on file noting the programs reduced staffing level and stating the revised signature requirements. With justification, Requests must AT A MINIMUM be Requested and Approved by two separate authorized individuals. However, note that the technical and financial reviews must still be undertaken.

5. Acquisition process (Planning to procure)

The administrative processes involved are documented in the next section 'Purchase Order Process' Section

5.1 Purchase Order Process:

There are 3 main controls in this process prior to ordering from the vendor:

1) Budget authority review

2) Appropriate party signature to requisition (Appendix 1 Authorised signatories)

3) Buyer following procurement policy thresholds (Sec 1.2.1 Authorization Schedule)

Budget authority review

Procurement should not be authorised unless there is a budget for that expenditure AND the budget for that item has not been exceeded. Small variances would be allowable to the budget (As approved by the Donor)

Specific attention should be made if the funding source for that expenditure is restricted and if the donor has special rules regarding the procurement of certain items. Example: USAID funded expenditure for international flights normally requires pre-approval by the donor and flights can only (typically) be booked with US flight carriers or code shared airlines.

Appropriate party signature to requisition

Subject to the budget authority review being completed, the requisition needs to be authorised by the budget holder. If the requisition being approved exceeds the budget holder's authority then the requisition must be counter signed by a member of staff with sufficient authority.

Note that a requisition can't be subdivided to reduce the value of an overall **transaction** within the budget holder's authority:

A transaction is the total value of an order or contract. In an example where a number of items are being procured together, although not necessarily at the same time, then the total value of those items will be considered as the value of transaction. The substance of a transaction will apply over the form of the transaction.

Example: A contract budget allows for the purchase of 20 laptops within a short space of time at a unit value of £400 and a total value of £8,000. The transaction value would be £8,000. This would require unit / programme manager (or above) sign off. A budget holder with authority up to £5,000 per transaction could split the transaction into two orders of £4,000 to bypass the sign off required for a £8,000 transaction. Splitting a transaction in this way is not acceptable. The split transaction could be deemed ineligible for reimbursement from a donor because we have not followed our own internal controls

The below flowchart outlines a simple procurement process:

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┌──────────────────┐          ◇ Budget            ┌──────────────────────┐
│ Initiator creates│ ──────▶ ◇  authority  ◇ ────▶│ Appropriate parties  │
│   requisition    │          ◇ reviews           │ sign requisition and │
└──────────────────┘                              │     forward to       │
                                                  │     Purchasing       │
                                                  └──────────────────────┘
                                                            │
                                                            ▼
                                                  ┌──────────────────────┐
                                                  │   Buyer reviews      │
                                                  │    requisition       │
                                                  └──────────────────────┘
                                                            │
                                                            ▼
┌──────────────────┐      ⬡ Notify          ┌──────────────────────┐
│ Vendor delivers  │ ◀── ⬡ vendor and ⬡ ◀──│   Buyer follows      │
│ goods to the     │      ⬡  place           │ procurement policy   │
│   Initiator      │      ⬡ Purchase         │   thresholds to      │
└──────────────────┘      ⬡  Order           │ identify vendor and  │
         │                                   │  creates purchase    │
         ▼                                   └──────────────────────┘
┌──────────────────┐
│  Vendor submits  │
│   invoice to     │
│ Accounts payable │
└──────────────────┘
         │
         ▼
┌──────────────────┐      ┌──────────────┐      ┌──────────────────┐
│ Accounts payable │ ───▶ │ Accounts     │ ───▶ │ Purchase order is│
│ match receipt of │      │ payable      │      │    closed. All   │
│ goods to purchase│      │ pays invoice │      │ documentation is │
│ order and invoice│      └──────────────┘      │      filed       │
└──────────────────┘                            └──────────────────┘
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6. Documentation and SOS Sahel Procurement Forms

Throughout the following document, "Logistics" refers to the support cell or departments of the Country Office

6.1 Purpose

To clarify why formal documentation is required and what full documentation consists of.

6.1.1 Documentation

All procurement activities must be fully and transparently documented. This is the only means that SOS Sahel has of managing its procurement process and demonstrating to donors that funds are being responsibly committed. 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 peculiarity or deviation from policy or procedure in a purchase must be documented with a signed (at minimum, Area Coordinator / Project Manager) explanatory "note to the file". Full supporting documentation will answer any question that an auditor or external examiner may raise, without the necessity or referring to Logistic or Finance staff.

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

6.1.2 Forms

Purchase Request
Request for Quotation
Invitation to Tender
Bid Analysis Summary
Purchase Order
Contract
Supplier Invoices
SOS Sahel Delivery Report

6.1.3 Purchase Request

Purpose

The Purchase Request (PR) is important mechanism used by SOS Sahel to document;

- ❑ The nature of required materials or services.
- ❑ The financial codes covering the purchase.
- ❑ The maximum commitment for the purchase.
- ❑ The review and approval process.

The completed and approved PR is the authorization for Logistics to initiate the purchasing process

Format

Should be produced in bloc form, ideally "auto copy", sequentially numbered and each set comprising an original with two copies.

The original should go to Logistics, the first copy goes to Finance and the second copy is retained by the requesting officer for reference.

6.1.4   Invitation to Tender

Purpose

A formal invitation to vendors to submit an offer based on the requirements, specifications, terms and conditions detailed in the invitation.

Format

A cover letter on SOS Sahel letterhead with attachments detailing the parameters of the invitation and standard SOS Sahel terms and conditions.

6.1.5   Bid Analysis Summary (BAS)

Purpose

The Bid Analysis is the document used to summarize and compare supplier offers. It also documents and details justification of the selection of a given supplier.

Format

Due to the varied nature of bids and the information they generate, the Bid Analysis Summary is best generated as a Word document.

The summary will give at a minimum,

- Supplier name and contact details.
- Price offered.
- Delivery time.
- Any notes or comments on the offer.
- Selection and justification of supplier.
- Approved signatories.

6.1.6   Letter Declining Unsuccessful Tenders

Purpose

To inform a supplier that their bid has been unsuccessful in a particular tender

It is courteous and good business practice to outline in general terms why the bid failed.

Format

Letter format on SOS Sahel headed paper.

6.1.7   Purchase Order

Purpose

The Purchase Order is the document confirming all details of a purchase to be made from a supplier and once accepted by the supplier, represents a legal commitment between SOS Sahel and the supplier.

Format

a) Produced in bloc form, ideally "auto copy", sequentially numbered and each set comprising an original with one copy. This is for completion by hand.

The original should go to the supplier; the copy is retained by Logistics for reference and payment purposes.

b) Computer generated. Preferred, as presentation is professional and legible

Serial numbers must either be computer generated or allocated sequentially from a master list.

6.1.8   Contract

Purpose

Is to document the nature, terms and conditions of a transaction as agreed to by both parties,As with the PO (which also constitutes a contract), a contract represents a legal commitment between SOS Sahel and the supplier.

A contract is used

- When a simple PO does not physically facilitate full documentation of the agreement.
- When non-standard SOS Sahel terms and conditions are agreed to.
- For in-country purchases with a value greater than 2,000 US dollars.

Format

Printed letter format in as many "original" and copies as are required for SOS Sahel and supplier purposes. At a minimum, each party will hold an original document.

6.1.9   Supplier Invoices

Purpose

An invoice is the vendors' document against which payment is made for a given sale.

The invoice must detail the nature of goods / services supplied terms and method of payment and the amount demanded.

SOS Sahel only makes payments to a vendor against a verifiable invoice.

Format

Invoices vary widely in presentation and format. Of importance are the suppliers' name and address, content as outlined above and a verifiable signature and company stamp.

6.1.10 SOS Sahel Delivery Report

Purpose

To document and confirm receipt of materials from a vendor

To assign a tracking number to supplier documentation

Format

Should be produced in bloc form, ideally "auto copy", sequentially numbered and each set comprising an original with two copies

The original should go to Finance (supporting the payment request), the first copy is retained by Logistics and the second copy is passed to the vendor or vendors' representative.