

Purchasing and Procurement

Millennium Promise staff, its consultants, and its management must engage in ethical and responsible business practices at all times and make purchasing decisions based on acquiring the best value available within the adopted budget. It is Millennium Promise’s policy to comply with regulations of donors and any other applicable regulatory entities.

This section details MP’s purchasing and procurement process. An overlying requirement of any purchasing or procurement conducted by or on behalf of MP will be that all goods and services must be purchased at the optimum combination of whole-life cost and quality to meet requirements, i.e., value for money. Ultimately, accountability for compliance with the procedures herein lies with the Operations Manager or Team leader, who is responsible for ensuring that the purchase/procurement is necessary and that it can be met from the budget.

Procurement refers to the purchase of all types of goods and services, including consultants, subcontractors, vendors, materials, supplies and equipment. Procurement of goods and services should be based on the following general principles:

- Procure “mission appropriate” goods and services;
- Procure goods and services in a cost-effective manner and within budget;
- Protect Millennium Promise by adhering to prudent purchasing practices;
- Ensure timely purchase and delivery of requested goods and/or services;
- Strive consistently for knowledge of materials and processes of manufacture, and to establish practical methods of contacting procurement; and
- Subscribe to and work for honesty and truth in purchasing and denounce all forms of waste and abuse.

4.1 Procurement Ethics

As donors entrust funds to MP, it is imperative that MP employees observe the highest standard of ethics throughout the procurement process.

The MP procurement process must allow bidders to compete for MP business on a fair, equal and transparent basis. Staff associated with the procurement process, therefore are responsible for protecting the integrity of the procurement process and maintaining fairness in MP’s treatment of all bidders.

The standard code of conduct for all staff involved in procurement is to safeguard against conflicts of interest that may compromise the integrity and objectivity of MP. This includes:

- Allowing bidders access to technical or financial information before it is publicly available;
- Having a financial interest in the bidder;

- Having personal or professional interest with direct or indirect influence on a bidder's response to a bid solicitation; and
- Disclosing source selection information, directly or indirectly.

Any procurement personnel maintaining a conflict of interest or potential conflict should immediately notify their respective Team Leader or Operations Manager.

The potential damage relating to fraudulent and corrupt practices extends well beyond financial losses. They pose serious threats to the ability of MP to achieve its operational objectives. Moreover, there is a serious risk that the credibility of MP and its partners as a trusted, efficient, and effective partner is at stake. Several areas of risk in procurement, where there is potential for fraud and corruption, include:

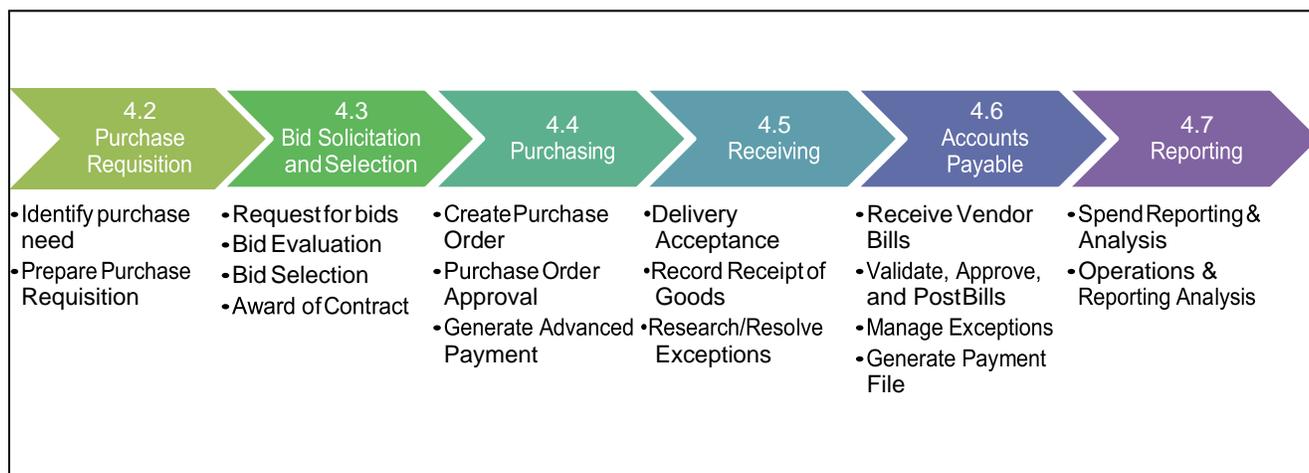
- Gifts and benefits;
- Consistency and continuity of process;
- Communication with vendors;
- Conditions of offer and deadlines;
- Invitation to offer documentation;
- Finalizing contracts;
- Briefing and debriefing sessions;
- Documentation;
- Conflict of Interest;
and Supplier probity

MP personnel should be alert to potential areas of risk for fraud and corrupt practices in procurement. **These should be immediately reported pursuant to the Whistle-blowing procedures in this FP&P and in the Employee Handbook.**

Fundamental principles for mitigation of the risk of fraud include:

- Reinforcing ethical behavior as directed by MP policies;
- Ensuring adequate procurement planning and capacity to address such issues in the Regional and Cluster-level offices;
- Ensuring separation of duties;
- Acting in a transparent manner during the procurement process;
- Ensuring supervision. Managers must engage in a regular spot check of procurement transactions, including the regular review of the files, specification of goods and terms of references for services. Background checks must be conducted on all suppliers to ensure they are bona fide companies;
- Preparing reports on procurement activities; and
- Reporting instances of fraud and corruption in an immediate and accurate manner.

The diagram below provides an overview of the Purchasing and Procurement process:



The purchasing and procurement process involve a number of different tasks and segregation of tasks across multiple roles is an important control to help protect the integrity and transparency of the process. A simplified illustration of the different roles involved in the purchasing and procurement process is provided in Appendix 8.6. Clusters should identify different individuals to perform these roles to help ensure appropriate segregation.

4.2 Purchase Requisition

The Purchase Requisition Form is used to identify the purchase details which includes, but is not limited to, the description of the goods/services being purchased, technical specification, purpose, estimated cost, activity number (budget line) and delivery method. See Appendix 0 for the Purchase Requisition Form.

A Sector Coordinator should prepare a purchase requisition and provide to the Accountant for a budget check to be performed. The Purchase Requisition should be reviewed by the Finance and Administration Manager and approved by the Team Leader before initiating the solicitations, quotations, proposals, or bids.

4.3 Bid Solicitation and Selection

4.3.1 Procurement & Purchasing Methods

Based on the estimated total expenditure, the following procurement and purchasing methods should be employed:

Threshold (USD)	Purchasing/Procurement Method 1
299 USD	For single purchases, no quotes required for amounts up to 299 USD. If these are repeat purchases, adhere to methods below based on expected total annual expenditure on the item
300 – 4,999 USD	Minimum of 3 quotations ('shopping') required for purchases between 300 USD and 4,999 USD
5,000–9,999 USD	Request for Quotations (RFQ)/Request for Proposals (RFP) for estimated totals between 5,000 USD and 9,999 USD
10,000 – 29,999 USD	Invitation to Bid (ITB) required for estimated total expenditure between 10,000 USD and 29,999 USD - Director of Operations approval required
30,000 – 99,999 USD	Invitation to Bid (ITB) required for estimated total expenditure between 30,000 USD and 99,999 USD - Executive Director no-objection required in addition to Operations Director approval
100,000 USD and above	Invitation to Bid (ITB) required for estimated total expenditure over 100,000 USD MP CEO approval required, in addition to Executive Director no objection and Operations Manager approval

In absence of the designated signatory requirement, the team must seek approval from the higher level

If it is not practicable to use competitive bidding methods to purchase goods, equipment or services, noncompetitive negotiations may be used as an exception to other procurement methods with prior approval. The requestor must provide justification for sole sourcing which must be approved in accordance with the purchasing matrix (see ATTACHMENT C).

4.3.2 Establishment of the Procurement Committee

In order to examine and evaluate bids, a Cluster must appoint a Procurement Committee specific to the bid to be evaluated. Based on the requirements of the specific bid, the Committee shall consist of three to five members and the members shall vary depending on the nature, complexity and value of the procurement activity. The Procurement Committee shall be appointed by the Team Leader and shall provide objective and independent advice and evaluation. It is anticipated that the Procurement Committee would consist of the following:

- Team Leader, as determined necessary by him/herself
- Senior Sector Coordinator, to be the Chair in the absence of the Team Leader
- Additional Sector Coordinator or Technicians
- Sector Coordinator relevant to the technical evaluation, Regional Sector Coordinators as necessary or External Experts (as determined necessary/see below)

Each Cluster should send to MP NY Finance Department a list of the members of its Procurement Committee and update these offices if any changes occur.

In particularly complex procurement cases, an external expert may be included to assist in the evaluation process as one of the team members. In these cases, it is important to identify the need for an expert early in the process (i.e., during the planning stage) in order to avoid unnecessary delays and

to ensure that proper funds are budgeted. The Cluster/Country leader may solicit input from Coordinators/Directors as it sees necessary for procurements conducted at the Cluster/Country level (i.e. under 30,000 USD). Members of the Procurement Function should not be part of the Procurement Committee or directly participate in the evaluation of bids, i.e. these professionals cannot score bids received or provide recommendations for bidder selection. Procurement professionals should support the process only.

The work of the evaluation team is strictly confidential and information about submissions or proposals shall not be publicly revealed. Procurement Committee members must be instructed to immediately indicate if they are in a potential conflict of interest situation with one of the suppliers (e.g., owing shares in the supplier's company, familiar relationship with suppliers, etc.).

4.3.3 Evaluation of Technical Proposals

Bid evaluation scores are determined for each bid according to the scoring criteria, weightings, and any other related information as to why a bidder should be selected.

- The assessment must be made on the basis of the terms of the tender proposal and may refer to the following aspects: The qualifications, experience, reputation, professional competence and managerial experience of bidder - and the personnel who will be directly involved in the execution of the tender,
- The effectiveness of the proposals/bids submitted by the bidder as to compliance with the requirements of the tender,
- The potential economic development that the proposal/bid brings, including domestic investment or other business activity, employment promotion, transfer of technology development management, operational capabilities and scientific and commercial opportunities provided by the bidder to the cluster in particular.

4.3.4 Evaluation of Financial Proposals

For evaluation purposes, the cost should be in local currency unless otherwise specified in the tender notice and reflect all other reimbursable expenses such as travel, translation, printing reports or any other overhead expenses.

4.3.5 Award of Contracts

The Cluster or Country Procurement Manager prepares a Bids Evaluation Report that will be co-signed by the members Procurement Committee. This provides the background of bids received and the vendor selection criteria used. In case a contract is awarded to other than the lowest cost bidder, the Procurement Committee will document reasons for their choice to be included in the Bids Evaluation Report. The recommendations in the Bids Evaluation Report should be reviewed by the Finance and Administration Manager and approved by the Team Leader. Therefore, the Finance and Administration Manager and the Team Leader should not be part of the Evaluators and should only support the process.

4.4 Purchasing

Purchases of all types (goods and services) over the value of 100 USD or local currency equivalent require the completion of a Purchase Order Form. See Appendix 8.3.2. (Purchases less than 100 USD should follow the procedures for Petty Cash in Section 5.3).

The purchase order is prepared at the country Level by Procurement Manager. For purposes of these Financial Policies and Procedures, the purchasing module in QuickBooks has not been set up and therefore manual Purchase Orders will be used.

Depending on the total value of the request, various approvals may be required. Please refer to the *Approval and Signing Authority Matrix* at **Attachments C (Cluster)** for required signatures.