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# **PROCUREMENT POLICIES AND PROCEDURES MANUAL**

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## **PROCUREMENT POLICY**

### **Purpose**

This Procurement Policy provides guidelines for the acquisition of goods, works, and services in a transparent, fair, and cost-effective manner. It ensures accountability and value for money in all procurement activities.

### **Scope**

This policy applies to all procurement activities undertaken by the organization, including:

- Office supplies and equipment
  - Services (e.g., internet, insurance, consultancy)
  - Works (e.g., repairs, construction)
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### **Guiding Principles**

All procurement shall be guided by the following principles:

- Transparency – Open and clear processes
- Accountability – Proper documentation and approvals
- Fair competition – Equal opportunity for suppliers
- Value for money – Cost-effective purchasing
- Integrity – Ethical conduct and avoidance of conflict of interest

Procurement board will be composed of not less 3 members and should always be an odd number

### **Payments to suppliers and service providers**

Procurement involves acquisition of budgeted equipment, goods or services exceeding **KSH30, 000.00** needed to carry out the program objectives. Any procurement undertaken for any project must be within approved budgets. If the purchase is out of project funds, it must be in compliance with the provisions of the contract with the Funding Agency.

No goods or services which are not covered within the existing budgets shall be procured, unless the purchases had specifically been approved by a minute of the Board. However, if the items or services to

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be procured are within the contingency amount provided by the budget, then the above condition may not apply.

It is the responsibility of the Departmental Heads, those leading projects and program, and the Director, Finance and Administration to ensure that no purchase orders are issued which are not covered within the existing budgets.

### **Purchase requisitions approval**

Procurement can only take place where authorization has been made for the purchases. Purchase requisition and approval form will be filled and authorized as per the set levels of authorization.

### **Selection of suppliers**

Competitive bidding must be obtained from at **least 3 potential suppliers**. An opportunity must be provided to allow for various suppliers of the desired goods or services to give bids for the contract or purchase. This type of open competition is one element of defense against staff conflict of interest in the procurement process. Detailed processes on procurement and other methods of selection of suppliers other than open tendering shall be provided per the need.

### **Ordering of goods and services and payment processing**

After competitive selection of suppliers, a pre-printed purchase order or service order shall be raised in triplicate and this shall be authorized by signatory to LPO/local service order (LSO) as per set limits. The copies shall be distributed as follows: -

- i. Original: to the supplier
- ii. First copy: to be used for processing the payment
- iii. Second copy: Book copy

When goods are delivered, a delivery note shall be issued in duplicate and this shall be signed by the St. Joseph Community Based Organization officer as evidence of receipt for the goods. The officer then raises a Goods Received Voucher (GRV) clearly indicating the quantities of goods received and indicates the order number, and delivery note number where applicable.

GRV shall be distributed as follows:

- i. The original to be sent to Finance Department as a supporting document.
- ii. Second copy to be used for processing the payment.
- iii. Third copy is a book copy to be kept in the store.

The invoices will be received in the finance department. An invoice processing register will be opened. The invoice shall be matched and stapled together with the order, the GRV and the delivery note and a payment voucher written for processing the payment.

Payments for services will also follow the same process where the supplier is identified through procurement process, a service order issued, services rendered and confirmed as rendered by user

department and invoices processed after attaching orders, evidence of satisfactory services and certificates of completion approved where required.

All purchases shall have appropriate documentation which shall include:

- a) Correct budget and line item for purchase with capacity in the budget;
- b) Copy of the approved requisition;
- c) Copy of signed LPO by authorized signatories;
- d) Copy of signed delivery note which should tally with the LPO;
- e) Copy of signed delivery note which should tally with the LPO; and
- f) Copy of Goods Received Note (GRN).

Any purchase which does not have the above documentation shall immediately be brought to the attention of the Finance Officer. The purchase must not be processed for payment until the irregularity has been investigated and resolved in which case written authority to process the payment will be given by the Program Coordinator

The Accounts Clerk/Accountant will prepare the payment voucher and sign it as evidence that the payment is in line with the budget and is correctly allocated that funds are available within budget ceilings and that the supporting documents have been properly checked. The accounts to be debited and credited on the payment will be specified by the Accounts clerk/Accountant on the Voucher. All cheques should be crossed except for petty cash and for imprest taken by staff.

The Accountant will examine the Payment Voucher and its supporting documents and if satisfied, will sign the Payment Voucher.

The authorized signatories to the cheques and payment vouchers will then examine payments and their supporting documents and if satisfied will sign the cheque and the payment vouchers and send the documents to the second and third signatories if any required, for verification and signature.

The number of staff taking or posting the cheque must sign for its receipt, and indicate the date of receipt. This is a safeguard in the event that the cheque is misplaced. No cheque will be released directly from the signatories to other organizations or individuals. The Finance Officer will maintain an outgoing cheques register.

#### **Vendor or suppliers' files**

St. Joseph Community Based Organization will keep a file(s) on major vendors. The file(s) will contain copies of invoices, and any other relevant documentation that show details of purchases including sources, date of purchase, cost.

#### **Payments to consultants**

Consultants will be selected through a competitive process as outlined in section 2.3.3 above. Consultants will be paid as per terms in the consultancy contract subject to withholding of taxes.

The user department for the consultant will ensure that the consultant adheres to the Terms of Reference and delivers in line with the outputs. The user departments will also ensure that the consultant provides staff as per the CVs submitted during the selection process. Payments for the last installment will be made upon an approved consultant report and with a proof of the deliverables and use of the consultant work.

### **Single source procurement policy**

St. Joseph community based organization (CBO) is committed to ensuring that all procurement activities are conducted in a transparent, accountable, and cost-effective manner to support its mission, vision and activities.

Single source procurement shall only be used in exceptional circumstances where competitive procurement is not feasible or practical, and must be properly justified, documented, and approved. Competitive procurement remains the preferred method.

#### **Purpose**

- The purpose of this policy is to:
- Ensure accountability and transparency in procurement
- Provide clear guidance on when single source procurement may be used
- Protect donor funds and organizational resources
- Ensure continuity of critical health services
- Ensure compliance with donor, government, and internal requirements

#### **Circumstances where single source procurement is allowed**

- For emergency situations;
- When only one firm or individual is qualified to fulfill the requirement;
- For the continuation of previous work, or additional work, that cannot be acquired from another firm or individual due to patent, compatibility issues, or exclusive rights;
- The use of this method represents a clear advantage over the use of a competitive method;
- The total cost is within the threshold set for this method of procurement;
- For the procurement of related items that are available only from one source;
- For other situations contemplated in the procurement legal and regulatory framework.

#### **Approval authority**

Single source procurement must be approved as follows:

<b>Amount (KES)</b>	<b>Approval Required</b>
Up to 50,000	Procurement Officer and Program Co-coordinator
50,001 – 200,000	Finance Officer and Program Co-coordinator
200,001 – 500,000	Chairman

Above	500,000	Chairman and management Committee
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**Documentation requirements**

The following documents must be maintained:

- Purchase requisition
- Justification memo
- Supplier quotation
- Approval documents
- Purchase order or contract
- Delivery note
- Invoice
- Payment voucher
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**Conflict of interest**

All staff involved in procurement must:

- Declare any personal interest
- Not participate where conflict exists

Failure to disclose conflict may result in disciplinary action.

Signed by:      Name:      **Br. Titus Walela**

Title:      **Chairman- Management Committee**

Signature: 