

Kenya

PROCUREMENT POLICY AND PROCEDURES

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1. OBJECTIVE

The objective of the procurement policy is to provide fundamental guidance to the business on best practice in conducting procurement for goods and services.

2. PURPOSE

2.1 Establishment of Procurement Governance

The purpose of the procurement policy is to establish procedures for the business for procurement of all goods and services and ensure that all goods and services procured are obtained in cost-effective prices, at the required specifications and quality and are delivered in time. This will be achieved through the following process;

- a) Procuring quality goods and services from reliable and well-established Suppliers
- b) Effective negotiations with the suppliers to obtain quantity discounts;
- c) Locating, evaluating, and developing economical and supply sources for the group through an elaborate vendor prequalification;
- d) Continuous investigations on new suppliers and market prices trend goods and services the business continuously requires;
- e) Procuring prudently by placing emphasis on competition and selection of vendors whose offers confirms to the terms and conditions as well as the technical requirements and specifications stated on purchase requisitions;
- f) Management of stock inventory to provide best service to users;
- g) Minimizing the value of stock held to avoid tying funds unnecessarily;
- h) Providing timely information to user department and the management on procurement status.

2.2 Framework for business to obtain a Local Purchase Order (LPO)

The purpose of this document is to set up a framework for Sanlam Life Kenya to assist business in obtaining a LPO number to procure goods and services. This document will facilitate the procurement process ensuring that the administration department provides the business with a LPO number in a timely manner. This process will also enable management and the finance department to perform the following:

- a) Track the business expenditure and ensure that the business is not exceeding its approved budget.;
- b) Control the acquisition of goods and services;
- c) Ensure that only valid and needed goods and services are being incurred by the business.

This document must be read in conjunction with the Delegation of Authority (DOA) policy document.

3. SCOPE

This part of the Policy and Procedure Manual covers the Procurement function. The procurement function involves the procurement by all business units of Sanlam Life. The procedures outlined in this manual are applicable but not limited to the procurement of:

- a) Goods;
- b) Services;

- c) Works;
- d) Consultancies.

The procurement policy is applicable to all Business units and any other individual who may be given authority to commit the Group's funds by purchasing goods and services for the group.

2.1 Prescriptions

- a) This policy also sets out, but does not prescribe, the delegation of authority relating to the approval of procurement;
- b) This document does not prescribe the delegation of authority relating to the approval of Payment Requests (refer to Payment Request Policy).

2.2 Exclusions

- a) Banking Services, recruitment of employees, casual and temporary workers and graduate training and internship programs etc. are governed by other policies.

4. PROCUREMENT POLICY APPLICATION AND RESPONSIBILITY

4.1 Responsibility

- 4.1.1 The administration department has the responsibility to maintain an open and competitive process for procuring goods and services.
- 4.1.2 Bids, proposals, and quotations from competing vendors will be evaluated by procurement unit after which the contracts will be awarded.
- 4.1.3 Departmental end users where technicality is involved should compare prices between vendors even when the purchase amount does not require a formal bidding process.
- 4.1.4 In an open and competitive purchasing process, it is expected that information pertinent to the bidding process be kept confidential until the conclusion of the process.

4.2 Application

- 4.2.1 The policy regulations shall apply to procurement of all goods and/or services by the Sanlam group.
- 4.2.2 Any deviation from these guidelines for whatever reason must be authorized in writing by the Administration Manager.
- 4.2.3 These policies and any modifications thereof, shall be effective from a date approved by the Executive Committee and communicated by the Chief Human Resource and Administration Officer.
- 4.2.4 All staff involved in the buying process, including managers and supervisors are responsible for reading and understanding these regulations and any amendments made to them.
- 4.2.5 Ignorance of any of these regulations will not be accepted as an excuse for failure to act appropriately upon any matter or comply with the regulations as stated in the policies herein.

4.3 Procurement Policy Update

- 4.3.1 The procurement policy will be reviewed and updated annually, unless a change is triggered through Audit recommendations or reorganization within the group necessitating radical changes in processes, roles, and responsibilities.

5. CODE OF CONDUCT

5.1 Behavior

- 5.1.1 Being representatives of the group, it is expected that employees will conduct themselves in a professional and ethical manner, maintain high standards of integrity and use good judgment in all the dealings.
- 5.1.2 All employees are expected to be principled in their business interactions and to act in good faith inside and outside the group.
- 5.1.3 The group shall be governed by the code of conduct in performance, behaviour, and actions of all who are engaged in any aspect of procurement including but not limited to - purchasing goods and services, awarding contracts, and the administration and supervision of contracts.

5.2 Conflict of Interest

- 5.2.1 Where apparent or real conflict of interest to a reasonable person would be involved, then in such a circumstance, no employee, officer, or any agent shall participate in such selection, award or administration of a bid or contract supported by the commitment of the group's funds.
- 5.2.2 Such a conflict would arise when the employee, officer, agent, or any member of his or her immediate family, his or her partner or an organization which employs or is about to employ any of the parties indicated herein, has a financial or any other interest in the firm selected for an award.
- 5.2.3 This information must be disclosed to the procurement services management.
- 5.2.4 Where there would be conflict of interest with the business of the organization. Such situations should be declared to the Group in accordance with the code of conduct of the group.

5.3 Competition

- 5.3.1 All procurement transactions shall be conducted in a manner to provide open and free competition, to the maximum extent practical.
- 5.3.2 Non-competitive practices among contractors that may hinder, restrict, or eliminate competition should be avoided at all times.
- 5.3.3 Such practices include but are not limited to:
 - 5.3.3.1 Requiring unnecessary experience and excessive bonding
 - 5.3.3.2 Placing unreasonable requirements on firms for them to qualify to do business
 - 5.3.3.3 None competitive pricing practices between firms or between affiliated companies

5.3.3.4 Specification of a brand name product instead of allowing an equal product to be offered with the description of other relevant requirements of the procurement.

5.3.3.5 Arbitrary actions in the procurement process.

5.4 Accepting Gifts from Vendors

5.4.1 The employees, officers or agents of the group should not accept or solicit money, credits, gifts, services, entertainment, or favours from current or prospecting suppliers on or off the work premises.

5.4.2 Gifts would include gift vouchers, pens, hats, t-shirts, mugs, calendars, bags, key chains, portfolios, supplier provided food, beverages, or entertainment in form of events like sporting, as well as items of greater value. Even if it is seemingly less value, such gratuities can give rise to or appearance of conflict of interest.

5.4.3 Employees should professionally inform vendors, potential vendors and others of this no-gift policy, and the reasons the company has adopted the policy.

5.4.4 Employees will request that vendors respect our company policy and not purchase and deliver any gift for our employees, a department, an office, or the company, at any time, for any reason.

5.4.5 Exemptions from the policy will be the following:

5.4.5.1 Gifts such as t-shirts, pens, trade show bags and all other items that employees obtain, as members of the public, at events such as conferences, training events, seminars, and trade shows, which are offered equally to all members of the public attending the event.

5.4.5.2 Attendance at and food, beverages, and items provided at events, exhibitor trade show floor locations, press events, and parties funded by conference or event sponsors.

5.4.5.3 Cards, thank you notes, certificates, or other written forms of thanks and recognition.

5.4.5.4 Food, beverages, and moderately priced meals or tickets to local events that are supplied by and attended by current customers, partners, and vendors or suppliers in the interest of building positive business relationships.

5.4.5.5 Moderately priced entertainment provided as part of a “working” meeting or session to benefit and advance positive working relationships and company interests. These activities are expected to be reciprocated by our company in turn.

5.4.6 If an employee or department receives a gift the following should be applied:

5.4.6.1 If feasible, the gift should be returned to the vendor.

5.4.6.2 If not feasible to return the gift, the gift must be raffled off to all employees. Proceeds from the raffle will be donated to a children’s home of choice.

- 5.4.6.3 Plants or flowers will be displayed in the lobby, or at another central location where all employees may enjoy their presence.
- 5.4.6.4 Gifts of food that may arrive during the holidays, and at other times of the year when gift giving is traditional, belong to the entire staff even if addressed to a single employee.
- 5.4.6.5 Under no circumstances may an employee take a food gift home; food gifts must be shared with and distributed to all staff, with email notice, during work hours, in central, worksite locations.
- 5.4.7 Human Resources is the arbiter of the gift policy and will ensure consistent employee treatment across the company.
- 5.4.8 Any exceptions to the gift policy may be made only with the permission of the CEO.

5.5 Principles

- 5.5.1 The following principles should be adhered to in the procurement of goods and services:
 - a) **Fairness** – There should be fair competition. All bidders should be treated with fairness and ensure that they are all given the same level of information when preparing quotations and tenders.
 - b) **Cost Effectiveness** - Quotations and tenders should be evaluated on competitive pricing, quality of the products / services and track record of the bidders.
 - c) **Transparency** – Tender documents should provide all the necessary information for facilitation of submission of appropriate and competitive tenders.

6. PROCUREMENT METHODS

The following procedures should be adopted according to the amounts and nature of the procurement of goods or services.

6.1 Small Purchase procurement:

- 6.1.1 This is relatively simple and informal procurement of services, supplies or other items that do not cost more than kshs. 10,000 (Kenya shillings Ten thousand only).
- 6.1.2 Verbal request for quotations or through email will be obtained from any qualified supplier / contractor who has in the recent past, been fair in pricing and quality.
- 6.1.3 For verbal quotations, the responsible officer must make a record of the verbal quotations for review and verification.

6.2 General Procurement

- 6.2.1 After obtaining approval from the authorized officer, written quotations should be sought from at least three suppliers including the successful tenderer in the last procurement exercise.

- 6.2.2 These quotations should be from the suppliers / vendors who meet the requirements.
- 6.2.3 The quotations should be sought from the list of the group supplies who have been shortlisted after successfully going through the prequalification process.
- 6.2.4 The lowest quotation meeting the requirements should be accepted.
- 6.2.5 Any procurement exceeding the amount qualifying for small purchase procurement must go through the General procurement.

6.3 Procurement by non-competitive proposal

- 6.3.1 This is where procurement is from only one source, or after solicitation of several sources, competition is determined inadequate. This method may be used only:
 - a) If the required item is available only from a single source;
 - b) The urgency for the requirement will not permit a delay resulting from competitive solicitation;
 - c) After solicitation of several sources, competition is determined inadequate.
- 6.3.2 In such a case the person initiating the procurement must indicate why they are no alternative suppliers and no need for three quotes.

7. PROCUREMENT GUIDELINES

7.1 Requirements

- 7.1.1 All procurement by the group shall comply with the requirements below:
 - 7.1.1.1 The group shall avoid purchasing unnecessary items.
 - 7.1.1.2 Where necessary, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement.
 - 7.1.1.3 Request for supply of goods and services provide for all the following:
 - a) Clear and accurate description of the technical requirements for the material, product, or service to be procured. In competitive procurements, such description shall not contain features which unduly restrict competition;
 - b) Requirements which must be fulfilled and all other factors to be used in evaluating the proposal submitted in response to solicitations;
 - c) Whenever practicable, a description of technical requirements in terms of functions to be performed or performance required, including minimum acceptable characteristics;
 - d) To the extent practicable and economically feasible, preference for goods, products or services that conserve

natural resources, protect the environment and are energy efficient.

- 7.1.2 The group shall make positive efforts to ensure utilization of small businesses, youth and women enterprises, and minority owned firms.
- 7.1.3 Contracts shall only be made with responsible contractors who possess the ability to successfully perform under the terms and conditions of the proposed procurement.
- 7.1.4 Matters such as contractor integrity, past performance record and financial and technical resources.

7.2 Identifying the need for procurement of a good or service

Once the need for procurement of a good or service has been identified by the business the initiating personal (IP) in the business identifies the service provider and obtains quotes for the good or service required. There are two types of suppliers from which goods and services can be procured.

7.2.1 From a list of preferred suppliers

A preferred supplier is one which is deemed to be the best supplier to procure a good or service based upon the quality of the good or service, price, efficiency of delivery, or the one Sanlam Life has identified it as being a key supplier with the necessary skills and expertise required to enable Sanlam Life to carry on its business and must be recommended for inclusion in our preferred suppliers list by management (Refer 7.3 for the pre-qualification process). The vendor application form must be completed by the supplier and all necessary documentation must be provided to enable the administration department to load it on our procurement system as a preferred supplier. The IP can only request a quote from this supplier for the good or service to be procured once the supplier is loaded on the system. A list of the approved vendors is available on request from the administration department, will be reviewed on a regular basis and the updated list will be provided to all business units. Management must inform the administration department of any supplier that is no longer deemed to be a preferred supplier for removal.

7.2.2 New supplier

Before procuring a good or service from a new supplier, the IP must first ensure that there are no suppliers that can provide the good or service requested from the list of preferred suppliers. He/she must obtain three different quotations from three suppliers, and the supplier with the lowest quote obtained must be used. In the event that the lowest quote is not used, a draft motivation letter to the head of the administration department disclosing why another supplier is being chosen over the one with the lowest quote; the head of the administration department must approve the use of that supplier in writing before the IP can proceed further.

Employees and Executives of Sanlam life shall not extend any favouritism to any supplier for any reason whatsoever; any employee that is found to be favouring a specific supplier will be subject to corrective action.

7.3 Vendor Prequalification process

- 7.3.1 The vendor pre-qualification process is a set of activities that will assess vendors' eligibility to supply Sanlam with goods and services.
- 7.3.2 It is designed to ensure that Sanlam deals with financially stable competent and professional legal entities to supply it with goods and services.
- 7.3.3 Reasons for having this process is to ensure that Sanlam's procurement process provides a fair chance to potential suppliers to compete in supplying the group with goods and services.
- 7.3.4 Administration department requests potential suppliers to fill out a supplier registration form and to provide documents to facilitate the pre-qualification process.
- 7.3.5 Once the relevant documents have been provided, the procurement committee selects and approves the qualified suppliers and their information keyed in to the system.
- 7.3.6 During the last month of the year, all vendors will be evaluated by the procurement committee and any proposal to activate / deactivate a vendor outside this period will be handled through a prequalification committee.

8. PROCUREMENT BY TENDERS

A tendering system will be used when procuring goods and/or services of such nature of contracts. Any contract longer six months will have to go through a tender process.

8.1 Tender Committee

- 8.1.1 The tender committee will consist of the officers from Legal, Finance and Human Resources. The Head of Finance will chair the tender committees and will be the person to convene committee meetings.
- 8.1.2 The Administration Manager will act as secretary to the Committee.
- 8.1.3 Minutes containing deliberations of the Committee will be submitted to the respective BU CEO's and Group Chief Finance Officer for final approval in the award of tenders.

8.2 Tender Box

- 8.2.1 All tenders must be submitted in the prescribed format and in sealed plain envelopes.
- 8.2.2 Tender boxes are provided at the head office and where necessary at other major offices of the Group.
- 8.2.3 Tenders should therefore be submitted in the tender boxes within the stipulated period.

8.3 Tender Register

- 8.3.1 Tenders will be opened in the presence of the tender committee members.
- 8.3.2 All tenders submitted will be recorded in a Tender Register giving name and address of the tendering parties, date, tender amount, and a summary of any supporting documents attached to the bid.

8.4 Tender Contracts

- 8.4.1 For the purpose of reducing administrative costs and efforts associated with duplicating procurement of identical goods, long term contracts should be awarded through a tender process whenever possible.
- 8.4.2 These contracts could range between six months to one year.
- 8.4.3 Specification standards for goods meant to meet the same user needs will be defined.
- 8.4.4 This will enable the Administration manager to consolidate quantities in the procurement plan for purposes of negotiating discounts on bulk purchases and for establishing long term contracts.
- 8.4.5 A cross functional team which should include the input of specialist knowledge should be formed for this purpose.
- 8.4.6 Some of the goods whose specifications can be standardized includes but not limited to the list below:
 - a) Office consumables
 - b) IT equipment, supplies and peripherals, consumables
 - c) Office Equipment
 - d) Travel service providers

8.5 Contract Administration

- 8.5.1 There shall be a maintained system for contract administration for the purpose of ensuring contractor conformity with the terms, conditions, and specifications of the contract and to ensure adequate and timely follow up of all services.
- 8.5.2 Contractors shall be evaluated as to whether they have met the terms, conditions, and specifications.

9. SPECIFIC GOODS AND SERVICES PROCUREMENT PROCEDURES

9.1 Stock Items: (Internal Requisition)

- 9.1.1 User forward their items requirement to the Administration department through the internal requisition in the workflow, duly approved by the line manager / departmental manager.
- 9.1.2 The Administration department receives the requisition and issues items to the respective unit / department.

- 9.1.3 The respective unit receives the items and acknowledges receipt by signing the stores issue Voucher.
- 9.1.4 The voucher will also be signed by the officer issuing the goods.
- 9.1.5 If the items are out of stock, the Administration department starts the sourcing process of prequalified suppliers for the intended purchases.
- 9.1.6 For Internal requisitions, the issuance to the departments follows every second and forth working day of the week for proper management. This is except for proved emergency requirements.

9.2 Non-Stock Items (Capital Assets)

- 9.2.1 Capital Assets refer to assets such as computers, phones/iPad, Office equipment, Furniture & Fittings and Motor vehicles which will be capitalised and recorded into the asset register.
- 9.2.2 Office supplies such as staplers, paper punch, digital calculators, sharpeners, staple remover etc are not considered capital items.
- 9.2.3 Capital assets are not perishable goods or consumables.
- 9.2.4 Services such as building/construction, consultancy, and all contracts other than routine service/maintenance contracts will be considered as capital expenditure.
- 9.2.5 Any major electrical, plumbing, or partitioning work will also be considered to be of a capital nature.
- 9.2.6 Purchase of any capital asset must be approved by the Group Chief Finance Officer (GCFO).
- 9.2.7 Where the value of the capital asset is not significant, the GCFO may delegate his approval to the Head of Finance.
- 9.2.8 It must be noted, however, that the GCFO must countersign any purchases of a capital nature that was approved by the Head of Finance.
- 9.2.9 Only then can the goods/services be procured.
- 9.2.10 **Approval Limits:** refer to 10.2.5 of this document.
- 9.2.11 Administration department through the Capital Expenditure (CAPEX) process in the work flow which involves the approval of the Capital Expenditure request.
- 9.2.12 The users forward their requirements to the line manager for approval in the workflow.
- 9.2.13 The capital expenditure form to include:
 - a) Source department;
 - b) Type of Asset to be purchased;
 - c) Description of the Asset;
 - d) Value of the Asset;
 - e) Proposed supplier(s);
 - f) Available budget;
 - g) If no budget, reason for the purchase.

- 9.2.14 The Line manager approves confirming budget availability.
- 9.2.15 If no budget for the Capital, Item, the process moves to the Head of finance / GCFO for approval to incur the expenditure.
- 9.2.16 The request moves to respective department for expert specifications for action.
- 9.2.17 Administration requests for quotes.
- 9.2.18 The selected vendor is confirmed and approved by the Administration Manager.
- 9.2.19 Finance and accounts attaches the account to be spend.
- 9.2.20 Approval by GCFO / Head of Finance for funds commitment
- 9.2.21 LPO is issued (refer 10.3 for process).
- 9.2.22 It is the responsibility of the user to ensure the form is fully approved before it is forwarded to Administration department.
- 9.2.23 Approvals:
 - a) Finance Approval – Confirm Budget Available;
 - b) Technical Approval – Does the Asset meet the required company standards;
 - c) Departmental Approval;
 - d) CEO Approval (for the respective business unit);
- 9.2.23.1 For Cell Phone/ Tablets purchase, reference should be made on the HR guidelines on staff phone/ Tablets benefit.
- 9.2.23.2 For Computer Purchase, reference should be made to the IT computer specifications guidelines.

9.3 Travel and Accommodation Services

- 9.3.1 This includes booking of flights, car hire and accommodation.
- 9.3.2 The user forwards their requirements to the administration department through complete travel and accommodation requisition form.
- 9.3.3 The procedure follows the same as in Capital expenditure process refer 9.2.6 to 9.2.23.
- 9.3.4 The form should include details below:
 - a) Name of the passenger;
 - b) Department;
 - c) Reason for travel;
 - d) Proposed travel agent (if a specific agent is preferred outside; the approved service providers);
 - e) Reason for external service provider;
 - f) Type of travel (Road / Air);
 - g) Transfers (to and from airport);
 - h) Preferred make of car (Car Hire);
 - i) Preferred Accommodation (Local);
 - j) Departmental Head Approval;
 - k) CEO's approval (Respective Business Unit).

- 9.3.5 Once the complete document has been submitted to Administration department, the process for bookings is initiated and confirmation will be made to the service providers through LPO and the relevant documents / service provided to the officer.
- 9.3.6 The turnaround time for this process is one working day (from the moment the approved document is presented to Administration department.
- 9.3.7 The process to secure these services will only commence after the completion of the travel and accommodation requisition approval.
- 9.3.8 Unless for very special cases where maximum precaution must be exercised and in which case, the corporate service department would be deemed inadequate to deal with such precautions, all these services must be procured through Administration department.
- 9.3.9 For staff travelling to the same direction within the same time, the department will look at the most convenient, cost effective means of Travel without inconveniencing any of the parties involved.
- 9.3.10 This therefore implies that in such circumstances, the officers travelling will most likely travel using the same means as long as everyone's needs are accommodated.

10. GENERATING A PURCHASE REQUISITION FORM (PRF)

10.1 Purchase Requisition Forms Required Information

- 10.1.1 The Purchase Requisition form - PRF is the document which all goods and services are ordered through expect if the cost of the goods and services are less than 10 000ksh.
- 10.1.2 The PRF is an accountable document and as such, due care must be to each local purchase order created and the following information must be included on the PRF:
- a) Full trading name and address of the supplier
 - b) Date;
 - c) Detailed description of the goods/ services ordered; including make, model and any other specifications;
 - d) Quantity ordered and unit of order;
 - e) Unit Price;
 - f) Total Net Price;
 - g) Any special conditions or negotiated terms including discounts;
 - h) Name and signature of person raising the order;
 - i) Name and Signature of the person checking and confirming the account allocation;
 - j) Name and signature of person authorizing the order and the date;
 - k) The business unit to which the expense/CAPEX needs to be allocated;

- l) The correct general ledger (GL) account to which the expense/CAPEX needs to be allocated is used;
- m) The latest chart of accounts should be used and is available on request from the Finance Department;
- n) In the event that the IP is unsure which account should be used, they must contact the Financial Department for clarification;

10.2 Approval of PRF by Management

- 10.2.1 Once the IP has obtained a quote, he/she must complete the Local Purchase Order Requisition form.
- 10.2.2 The form will be taken to the Finance Department for the Senior Accountant to sign off on the budget availability.
- 10.2.3 For all exceptional items, not in the budget, the request will need special approval by the CEO or GCFO. The requisition will be supported by a strong business case by the Functional Head.
- 10.2.4 All the relevant documentation, required per the PRF must be provided.
- 10.2.5 The IP must sign and date the PRF and submit it for relevant approval according to Delegation of Authorisation as listed below:

Title	Authorisation limit
Line manager(Grade 5)	Shs 50,000
Head of function (Grade 6)	Shs 100,000
Head of Function (Grade 7&8)	Shs 500,000
Finance Mgr	Shs 5 million
CEO &EXCO	Any amount

10.3 Processing of Local Purchase Order (LPO)

- 10.3.1 Once the PRF has been properly completed the IP can now submit the PRR to the administration department for processing. The following steps must be adhered to:
 - a) The IP must ensure that the PRF is physically delivered to the person responsible for procurement in the administration department;
 - b) The administration department will not accept responsibility for any PRF's that have not been submitted to the responsible person for procurement.;
 - c) The IP must register the PRF in the notebook at the Administration Department, ensure that all the necessary fields are completed, sign off the register and ensure that

the person responsible for procurement also signs off the register as proof of receipt of the PRF;

- d) Only properly approved purchase requisitions forms will trigger the procurement process;
- e) Incomplete or inaccurate PRF's submitted to the administration department will be returned to the IP disclosing the reason the PRF has been returned; when a revised PFR is submitted, the original PRF must also be attached to the submission;
- f) The administration department will process the PRF in the system to generate a the LPO with a sequenced number;
- g) Once the LPO is generated and approved by the Head of the administration department it will then send it to the supplier;
- h) The turnaround time for the administration department to generate a LPO will be 24 hours;
- i) All PRF's must be submitted to the administration department before 12:00; any PFR's submitted after this time will be deemed to have been submitted the next day;
- j) It is the responsibility of the IP to follow up and obtain the LPO number.;

10.3.2 Monthly, the procurement team will provide the Head of the administration department with a list of all LPO's that have been on the system for 45 days or more and are still outstanding.

10.3.3 The head must confirm within 4 business days that these goods or services requested are still needed, failing which, the administration department will cancel the LPO.

10.3.4 The business must go through this process again in the event that a LPO is cancelled and the good or service still needs to be procured.

10.3.5 If a good or service is no longer required, and as a result the LPO issued needs to be cancelled, the head of administration must be notified by management, in writing, of the cancellation disclosing the reason for cancellation. The head will notify management once the LPO has been cancelled.

10.4 Delivery of Goods

10.4.1 Once the LPO has been approved and forwarded to the supplier, the goods and/or services must be delivered within the stipulated period.

10.4.2 All goods and service must be delivered to the required standards (quantity and quality) and as per the specifications given on the LPO.

- 10.4.3 Once the goods and/or services are delivered, a delivery note must be signed to indicate that the goods are as per the specifications on the LPO.
- 10.4.4 If they are not, then under no circumstance should a delivery note be signed.
- 10.4.5 The Administration Assistant or the Administration Manager accompanied by an accounts officer dealing with accounts payables should take delivery of goods and certify that they are as per required standards.

10.5 Supplier Invoices

- 10.5.1 Once goods and services have been delivered and accepted the supplier can then prepare their invoice for payment.
- 10.5.2 Once an invoice is received, the Admin. Assistant must attach all supporting documents covering all the processes above and forward the same to the Accounts Payable Department for processing.
- 10.5.3 The invoice should have the following documents attached and in the order indicated:
 - a) Delivery Note;
 - b) Local Purchase Order;
 - c) Supporting Quotations;

10.6 Payments to suppliers

- 10.6.1 The payment process begins with the presentation of the invoice to the procurement department.
- 10.6.2 The invoice is attached with all approved and relevant documentation.
- 10.6.3 Once the documents have been conformed to be complete, they are delivered to finance for payment.
- 10.6.4 Refer the Payments process policy and procedure document for a detailed payment process.

11. STORAGE AND INVENTORY CONTROL OF CONSUMABLES

11.1 Storage

- 11.1.1 The Company will maintain a store for keeping stationery, office supplies and other such equipment.
- 11.1.2 The store must be a secure place that is under lock and key and with limited access.
- 11.1.3 The authorized personnel are the Store Keeper, the Administration Assistant, and the Administration Manager. T
- 11.1.4 he stores may only be accessed during official working hours.
- 11.1.5 Access to the stores on weekends and outside working hours must be obtained from the Administration Manager.

11.1.6 The store will be open every second and fourth working day of the week between 14.00 and 16.30 pm.

11.2 Quarterly Stores Returns

11.2.1 The Administration Assistant in conjunction with the administration Manager must make quarterly returns in the prescribed format.

11.2.2 The returns will indicate all purchases made over the quarter, the balances at the close of the quarter and the respective reorder levels.

11.3 Re-Order Levels

11.3.1 These must be generated by the system for each item normally purchased by the Group and kept in the stores.

11.3.2 The re-order level will indicate the minimum stocks that should be maintained at the store for an item at any given time.

11.3.3 This ensures that the Stores does not run out of supplies and is able to service orders from customers without delay.

11.3.4 The reorder levels must be agreed on with the administration manager.