



European Union



Procurement Manual

A comprehensive procurement policy manual - one that lays out these policies and applicable laws is critical to ensuring that procurement, staff, and all stakeholders follow the proper procedures and rules so all will have a clear and consistent understanding of the required regulations. In the absence of such guidance, a lack of consistency in how procurement work is carried out becomes likely. This inconsistency results in loss of the organization/Project/Programme within and outside the procurement organization, and the possibility that procurement actions may appear to be arbitrary and unfair. It is therefore critical for procurement to have a comprehensive procurement manual in place.

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ABBREVIATIONS

CQS- Selection based on Consultants' Qualification

DPR- Detailed Project Report

FBS- Fixed Budget System

ICB- International Competitive Bidding

IFB- Invitation for Bids

IP- Investment Proposal

LCS- Least Cost Selection

MoU -Memorandum of Understanding

NCB- National Competitive Bidding

PMU- Project Management Unit

QCBS- Quality & Cost Based Selection

RFP- Request for Proposal

RFQ- Request for Quotation

SSS- Single Source Selection

OPMU- Overall Project Management unit

DPMU- District Project Management Unit

Important Definitions

About the Programme

“SOOCHNA SEVA” programme is a public schemes information dissemination system that is going to implement in 5 BRGF districts (Guna-MP, Tehri Gharwal-Uttarakhand, Barmer-Rajasthan, Ranchi-Jharkhand, West Champaran-Bihar) of India. The programme seeks to use multi-prolonged approach in order to make the overall process operational with the involvement of citizens. In line with accessibility to public schemes/policies information, it aims to ensure quality and timely delivery of services through Soochna Sevaks to the rural and marginalized communities. This study attempts at understanding and giving recognition to the schemes and services offered to the BPL families in order to strengthen the governance structure at district administration level and below.

This study aimed to identify and set up channels of information and communication on public schemes and information services which will enable to reach the target groups and beneficiaries with government entitlement benefits with minimum hurdles. Soochna Seva programme intends to look at improved governance, administrative responsiveness, and community engagement.

Procurement Policy

The purchase of goods and services is necessary for the smooth operation of the organization. The aim of the internal control system for the supplying of goods and services is to ensure orders are handled by individuals having skills in evaluating what purchases are required from suppliers offering the best deals, to ensure purchases made do not exceed the budget provided and to ensure purchased goods and services conform with the quantity and price specified in the order. The overall purpose of a procurement policy manual should be to:

- Establish the legal authority of the procurement function within the organization
- Simplify, clarify, and reflect the laws governing the procurement under Soochna Seva Programme
- Enable uniform procurement policies throughout the organization
- Build public confidence in public procurement
- Ensure the fair and equitable treatment of everyone who deals with the procurement system

- Provide for increased efficiency, economy, and flexibility in public procurement activities and maximize to the fullest extent the purchasing power of the entity
- Safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse
- Ensure appropriate public access to contracting information
- Foster equal employment opportunities that are in line with legal requirements, in the policies and practices of suppliers and subcontractors wishing to continue the future procurements with the entity

Purpose of the Manual

The manual has been prepared on the basis of 'Digital Empowerment Foundation' procurement guidelines. In case of any clarification, references shall be made to the DEF procurement guidelines and any further revisions thereof to the specified guidelines.

All implementing branch offices, Local partners and their vendors (if any), invariably need to follow the various procedures contemplated in this manual in order to procure 'Works', 'Goods' and 'Consultant Services' for the Project.

The purpose of the provisions contained in this Procurement Manual is-

- to provide guidance about procurement procedures applicable to Sookhna Seva Programme.
- To ensure the transparency of procurement through the application of standard procurement procedures.
- To achieve uniformity of all the procurement procedures of various purchase & hiring of services under the project.
- To achieve economy and efficiency in the procurement of goods, works and services.
- To ensure fair and equal access to the suppliers, consultants and contractors for award of contracts for supply of goods, services or works.

Definition of Procurement

Procurement is a complex function guided by numerous policies and statutes. Procurement is the acquisition of goods, services or works from an outside external source. It is favorable that the goods, services or works are appropriate and that they are procured at the best possible cost to meet the needs of the purchaser in terms of quality and quantity, time, and location.

Projects routinely require procurements including materials, equipment, consultants, training, and many other goods and services. Project procurement management is the process of purchasing the products necessary for meeting the needs of the project scope.

General Principles

“Soochna Seva” personnel and partners shall always guarantee equal treatment of suppliers and high standards for integrity, transparency, price, performance and quality.

The following key aspects of the procurement process are common donor requirements:

- **Transparency, fairness and fraud prevention** is important so that everyone will know that funds are being honestly spent and accounted for.
- **Equal opportunity** ensures that the suppliers/contractors are provided with equal opportunity.
- **Economy and efficiency** (value for money) means that supplies, services and civil works will be purchased at a reasonable price. This also means that the procurement planning process of Soochna Seva/ Partners is of satisfactory status.
- **Effectiveness** means that the supplies, services and civil works will fulfil project objectives.
- **Certainty of the ability of the supplier/contractor to provide the supplies and services.** This has to be documented so that there is a reasonable assurance that what is promised can be provided.

General Guidelines of Procurement

- All purchases should be planned well in advance & procurement should be based on planning and basic procurement norms e.g. economic order quantity, re-order level, existing stock, lead-time, availability of storage space, site requirement, shelf-life, average consumption pattern, etc. This is important from better rate negotiation, cost control and fund arrangement point of view.
- All expenditure should be within the Budget. In case of non-budgeted expenses, financial approval is mandatory from the European Union Project Manager.
- Soochna Seva Programme Manager shall get in touch with the EU representative to inform about any budget related changes, requirements; in written only.

- Only after a written approval from European Union, any unexpected financial requirements should be approved and processed as per procurement policy.
- Approval Authority of purchase should not be involved in the Purchase/vendor recommendations directly or indirectly. This will also include the cases, where there exists a relationship between an employee & supplier / service provider.
- For project related purchases, financial approval for the total Project Cost should be obtained as per the procedure laid down in the Policy. In other words, cost of a Project should not be broken-up to avoid certain approvals. The purchases for which there exists a specific department, the clearance of the concerned head is mandatory.
- An approved indent shall be valid only for 30 days from the date of financial approval.
- Approvals should be given only on the correct Indent format and it should be ensured that all the cells, including the justification for purchase, are properly filled-in to make the Indent valid.
- Indent raiser, approval authority should clearly mention their names & date of operation on the Indent for the better control of operations.

Scope of Procurement

Table 1: Units responsible for undertaking procurement activities component-wise

Component	Nature of procurement activity to be undertaken	Responsibility
IT equipment: Computer hardware, software and other IT peripherals	<ol style="list-style-type: none"> 1) Quotations from Suppliers 2) Selection of Supplier on QCBS 3) Training for local communities on the technical and operational issues. 	<ol style="list-style-type: none"> 1) Central Procurement Unit 2) OPMU
Infrastructure related purchase: Land, Air conditioners, DG sets, other electrical / electronic equipment, furniture, fire alarms / extinguishers, etc		
Vehicle purchase		
Others: Purchase of office equipment / accessories / services like photocopiers, shredders,		

telephone / mobile instruments		
Services & Work: Event Management, Printing, Consultancy, Photography, Books Publishing, Merchandising etc.		

Purchases & Procurement Process

Cost/Price Analysis

A cost/price analysis will be conducted for each procurement action. The cost analysis shall consist of a review and evaluation of each element of a cost proposal to determine its reasonableness and requirement. The price analysis shall consist of comparing price quotations, market prices, and similar information. If a cost/price analysis is performed away from the Soochna Seva offices (e.g., state employees on behalf of Soochna Seva), then that procurement shall not be initiated until copies of the cost/price analysis has been received by Digital Empowerment Foundation.

Flow chart

The Procurement Processes-

- Sourcing suppliers for approved supplier list
- Review of approved suppliers list
- Purchasing:
 - Public advertising method
 - Invitation to bid / for proposals method
 - Request for quotes
 - Direct purchasing
 - Local shopping
- Receipt and reconciliation of supplier statements
- Thresholds and applicability of processes

Mandatory Process: Any expenditure for the purchase of a single item should have bids/quotations from three (3) suppliers. These bids will be reviewed by the Head of Operations and

Project Managers, the bid award must be specifically approved in advance by the Head of Operations and Chief Executive Officer.

Direct Contracting

Direct contracting is contracting without competition (single source) and may be an appropriate method under the following circumstances:

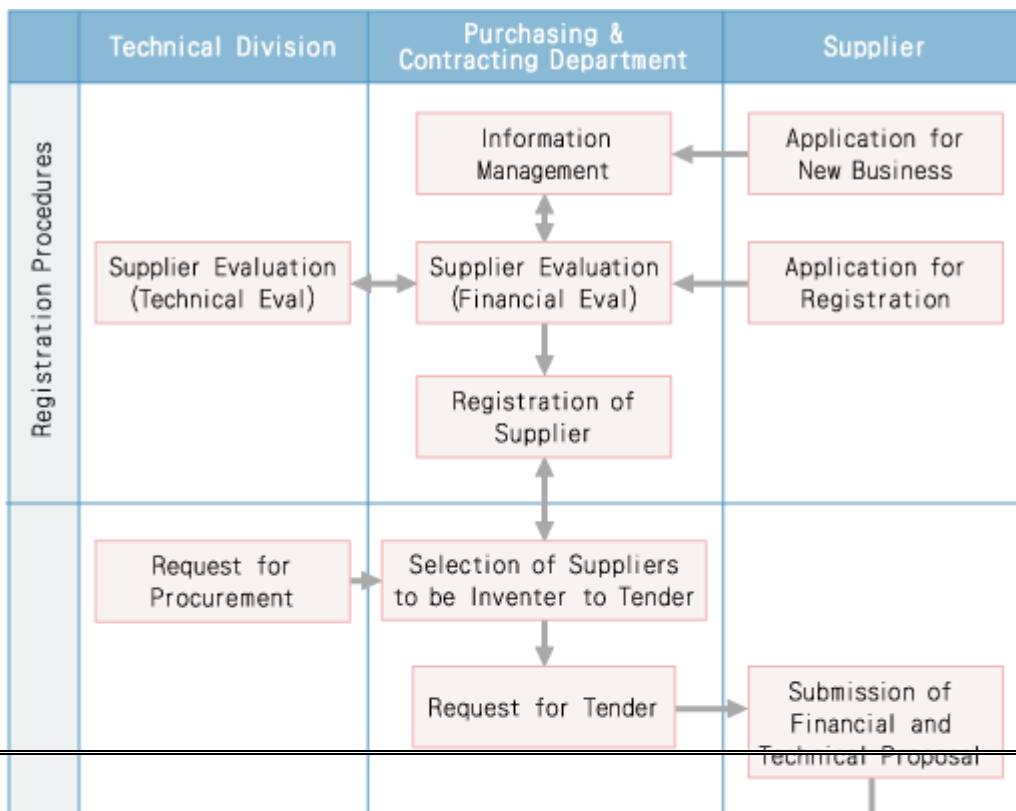
- 1) The required equipment is proprietary and obtainable only from one source.
- 2) An existing contract for goods or works, awarded in accordance with procedures acceptable to the Project, may be extended for additional goods or works of a similar nature. The OPMU shall be satisfied in such cases that no advantage could be obtained by further competition and that the prices on the extended contract are reasonable. Provisions for such an extension, if considered likely in advance, shall be included in the original contract.
- 3) Standardization of equipment or spare parts, to be compatible with existing equipment, may justify additional purchases from the original supplier. For such purchases to be justified, the original equipment shall be suitable, the number of new items shall generally be less than the existing number, the price shall be reasonable, and the advantages of another make or source of equipment shall have been considered and rejected on grounds acceptable to the OPMU.
- 4) The contractor responsible for a process design requires the purchase of critical items from a particular supplier as a condition of a performance guarantee. Any specific requirement in the form of Goods or service to cater the need of implementation during the Project execution.
- 5) In exceptional cases, such as in response to natural disasters

The flow and time-line of the Purchase Indent (indent) will be as under:

Stage	Owner	Roles & Responsibilities	Approval required for	Maximum time allotted (Day)
1	Initiator	<ul style="list-style-type: none"> • Fill up the indent completely or Request mail • Obtain HOD's approval 	All indents or request mails	1

2	Head of the department / Immediate Superior	<ul style="list-style-type: none"> Assess the operational & financial necessity Recommend the preferred Brand & Technicalities (if any) 	All indents or request mails	2
3	Administration	<ul style="list-style-type: none"> Check whether the item required is available in stock or not. 	All indents or request mails	1
4.	Sr. Executive – HR & Admin	<ul style="list-style-type: none"> Monitor the movement of the indent & the issuance of PO Follow-up with the supplier for timely delivery & billing and follow-up with Accounts for payment. 	All indents or request mails	1
5	Immediate Superior / Head –Operations	<ul style="list-style-type: none"> Assess the justification for expenditure and approve (if required). 	All indents or request mails	1
6	CEO	<ul style="list-style-type: none"> Assess the justification for expenditure and provide Final Approval. 	All indents or request mails	1

Flow chart explaining Tender (Procurement process flow)



Purchase File

The purchase file shall contain all the documents pertaining to each transaction. For each procurement action, the Administrative Assistant shall maintain a procurement file with the following information:

- a) Copy of proposition from OPMU/DPMU,
- b) Technical specifications of the requirement
- c) cost/price analysis that was the basis for the award cost or price;
- d) Copy of Request for Proposal
- e) Copy of all the quotations received from suppliers
- f) copies of all bids and offers;
- g) as applicable, a written justification as to why sole source or minimum competition was used;
- h) written explanation as to why the winning contractor was selected;
- i) signed copy of the procurement instrument (e.g., contract or purchase order);
- j) all amendments to the procurement instrument;
- k) all purchase specifications including delivery requirements; and
- l) upon completion of the contract, written comments regarding the quality of the vendor's services and guidance and recommendations regarding potential future work

Formal Solicitation Process

A formal solicitation must be conducted for each procurement greater than (or equal to) INR 100,000. It is mandatory for Procurement Department to manage & follow the formal solicitation process and accordingly maintain the records for all the procurements.

- a) Suppliers' List: Prepare and maintain an up-to-date list of qualified and capable individuals and contractors throughout India. The suppliers' list is maintained in the head office and will be updated on a frequent and regular basis as additional firms submit qualifications and expressions of interest.
- b) Prepare Request for Proposals (RFPs): Upon approval by the Board of Directors, the Project Director shall prepare RFPs in consultation with the Project Manager. Each RFP will contain the following information:

- brief statement of purpose or intent
 - clear statement of the products or services required in sufficient detail to allow the preparation of a responsive bid
 - clear statement that the contracting agency will be Digital Empowerment Foundation;
 - date and time by which proposals must be returned;
 - statement that all procurements, a copy of which will be provided on request;
 - if applicable, statement that public and quasi-public agencies will be allowed to submit bids in competition with private firms;
 - evaluation criteria; and
 - any other information which it may be necessary or desirable to provide
- c) **Review Proposals:** All proposals will be reviewed by the Project Director, the Project Manager, the Procurement head or other appropriate individuals using standard evaluation criteria, such as price, quality, delivery terms, contractor integrity, financial and technical resources, accessibility to other necessary resources, and record of past performance. Any reviewer who has been an employee of any of the organizations submitting proposals, or who is directly related by blood or marriage to a senior employee of any organizations submitting proposals, shall notify the Project Director of this, and, at the discretion of the Project Director, may be excluded from participation in the review process.
- d) **Distribute RFPs:** Send RFPs by mail, electronic mail, or hand delivery to all firms on the suppliers' list. RFPs will also be sent to any other firms, non-profit organizations, or public agencies which express an interest in submitting a proposal; show evidence of sufficient qualifications and experience to submit a serious proposal.

Contract Formation and Finalization

- a) **Contractor Selection:** The Project Director in consultation with the Project Manager and Procurement Head will be responsible for selecting a contractor. Written documentation of the review process, including all ranking sheets, and the basis for contractor selection shall be prepared by the Project Director and maintained in the head office. If the recommendation does not represent a consensus, then any minority positions shall be recorded.
- b) **Contracting:** Once the selection has been made, the Project Director will negotiate a contract with the selected organization. The contract will be signed by a duly authorized officer or representative of the contracting organization and by the Chairman and Treasurer of the Consortium. Prior to forwarding the procurement instrument for signature, the Project Director

shall verify that funds are available to cover the costs of the procurement, and review the reasonableness of the payment provisions. The Human Resource Head is responsible for obtaining the appropriate signatures and forwarding a final, original, signed copy to the contracting organization.

- c) **Monitoring Performance:** The Human Resource Head shall be responsible for monitoring the implementation of the procurement instrument and shall ensure the fulfillment of all written requirements. The HR Head shall provide the Project Manager with sufficient advance notice about the date and hour of each delivery of goods, and shall prepare all the necessary conditions for receiving a delivery. Upon delivery, the Project Manager shall check the type and amount of delivered goods or services by noting them on the back of the delivery form. If a delivery is not in compliance with the terms of the procurement instrument, unless it is within normal commercial practices and there is no evidence of violation of any policies, then the HR Head shall be advised. The Project Director, in conjunction with the HR Head, is responsible for taking appropriate corrective action.

Approval and Authorization

Approval or authorization should be sought from the following person(s) before inviting suppliers to submit quotations and/or selecting suppliers for seeking quotations:

Value of the Materials or Services to be Procured	Procurement authorized by	Tender approved by

Payment Procedures

- Payment to be made strictly as per Purchase Order
- Procurement Head to send request to Admin department head and Finance / Accounts Department detailing the payment commitment at least 2 days in advance.
- The Admin department to follow-up with the suppliers for early submission of bills. On receipt of the bills, they should scrutinize the bill based upon the terms of the PO, take their Head's approval and send the bills to Finance department for payment at least 2 days in advance.

- Finance department to book the expense, prepare the Cheque, get the same audited and send to the Admin department within due date or 2 days after the receipt of the bill, whichever is later.
- Admin department to obtain money receipt from the supplier and send the same back to Finance department.
- the responsibility of coordinating with suppliers for obtaining the quotes & bills, and the responsibility of coordinating with accounts for releasing the payment shall lie with the Procurement/Admin department.

Other Cases:

- Travel: For any regular requirements in the organizations related to travel, no Bidding/quotation process is required if the Vendor has been selected from the Verified list of Vendors.
- Urgent Procurement: If there is a urgent requirement of any of the listed items under Heading 'Scope of Procurement', Procurement can be done on the basis of single quotation only, up-to a limit of 1,00,000 INR.
- Specific Requirement on Projects: In case of any project related specific requirement, includes but not limited to any equipment, software, customized items, Data/information etc., Procurement can be done on the negotiation basis with one or more vendors of its choice. In this case copyrights of the service will be governed by the rules of the Vendor.

Central Buying Procedures:

Organization is bound to follow the central buying procedures for all the procurements in New Delhi office.

For the procurement on the various branch offices, the procurement procedure of 3 quotations needs to be followed by the Centre Coordinator of the branch office, provided they have an approval from Head of Operations and Project Manager is required in advance. In that case, quotations needs to be collected from the state in which Branch office is located, forwarded to the Head office for further procedure. All the collected quotations and original bills need to be submitted to the New Delhi office within 20 days of procurement.

Ethics and Code of Conduct

The manual provides guidance in regards to ethics and code of conduct for everyone involved in the procurement process, as well as remedies for violation of the policy. This guidance should include:

Conflicts of interest:

A conflict of interest situation arises when the “private interests” of the staff compete or conflict with the interests of the organization. “Private interests” mean both the financial and personal interests of the staff or those of their connections including:

- family and other relations;
- personal friends;
- the clubs and societies to which they belong; and
- any person to whom they owe a favor or are obligated in any way

Soochna Seva requires full and open disclosure when dealing with procurement. As such, Soochna Seva employees and members of the Board of Directors must avoid strictly any conflict of interest or the appearance of a conflict of interest. Employees and the Board of Directors must at all times provide full disclosure of their actions or relationships with prospective vendors, contractors, or consultants. If there is the slightest doubt as to the propriety of a procurement action, then the Executive Director should be contacted immediately.

- a) Employees:** Soochna Seva employees shall not engage in conduct resulting in a real, potential, or apparent conflict of interest. A conflict of interest may arise when any action by a Soochna Seva employee, whether isolated, recurring, or continuous, is to the direct financial advantage of this employee, of their spouse, parent, or child. Employees shall not participate in the selection, final choice, or management of a contract, covered by donor funds, if a real, potential, or apparent conflict of interest would be involved. Such a conflict of interest would arise when any employee or any member of their family, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm/organization selected for a final contract. They must at all times provide full disclosure of their actions or relationships with perspective vendors, contractors, or consultants. If any family member is to be employed or contracted, then prior approval from the Board of Directors is required.
- b)** Soochna Seva employees shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, sub-recipients, parties of project contractors, or entities regulated by its member states. As appropriate, either the Executive Director or the Board of Directors will be responsible for determining the disciplinary action that will be imposed for any conflict of interest violations.
- c) Members of the Board of Directors:** The Board of Directors shall not engage in conduct resulting in a real, potential, or apparent conflict of interest. A potential conflict of interest may arise when action by a Board member, whether isolated, recurring, or continuous, is to the direct financial advantage of this individual, or their spouse, parent, or child. As appropriate, the Board

of Directors will be responsible for determining the disciplinary action that will be imposed for any code of conduct violations.

Procurement Policy Violation Procedures

This includes the Process required to handle the employees who violate the procurement policies or code of ethics is as follows:

1. The administration department will monitor and audit purchases on an ongoing basis to identify findings and possible violations.
2. The department will request specific documentation from the employee, supervisor under Soochna Seva to determine if a policy or procedure violation has occurred.
3. Written notifications of any findings are issued to Soochna Seva Team where discrepancies are found with regard to applicable purchasing policies and procedures.
4. A copy of the notification is provided to the employee, the employee's immediate supervisor and/or department head, and project manager (as applicable).
5. Soochna Seva Team will investigate the situation and complete the Unauthorized Purchase Form explaining the circumstances. The responses denoted on the form must address items such as, but not limited to:
 - The unit and person or persons responsible, funds availability, reason for delays and commitments made.
 - The reasons why proper procurement policies and procedures were not followed and why the violation occurred.
 - A description of the terms of the commitment, when it arose, when performance ended, how the pricing was negotiated and evaluated, affirmation that the pricing was fair and reasonable, and hard copies of any relevant correspondence, documents, invoices, e-mails, etc., if available, that define the terms of the commitment.
 - What corrective action is planned or has been taken to improve internal controls and prevent a recurrence by the department/unit and the employees involved.
6. Any action required as described in the notification letter should be handled by the employee, the supervisor, and the department on a priority basis.

7. Soochna Seva Team, upon completing their investigation will forward their completed Unauthorized Purchase Form, attaching any and all supporting documentation, to the Country Director and Project Director of the Programme for review.

8. Depending on the frequency and severity of the violation, a reduction in procurement privileges, temporary suspension of electronic requisition accounts, or a permanent withdrawal of procurement privileges for an employee or a department could occur.

If procurement privileges are suspended for the infraction(s), and provided no fraud or theft is involved, reinstatement of procurement privileges and electronic requisition accounts can be made after 30 days, at the request of the faculty/staff/administrator's supervisor, with the approval of the Director and Project Manager.

Fraud and Prevention Policy under this project shall also be used for the detailed procedure set, in case of any fraud in this project.

Dispute & Settlement:

In the event of any dispute, controversy or claim arising out of or relating to any contract, or the breach, termination or invalidity thereof (a "dispute"), the Parties will use their best efforts to settle promptly such dispute through direct negotiation. Any dispute that is not settled within Thirty (30) days from the date either Party has notified the other Party of the nature of the dispute, then it will be registered and further governed under the Jurisdiction of the New Delhi Court only.