

The image shows the cover of a document. The background is a light gray color with a pattern of overlapping, rounded rectangular outlines in a slightly darker shade of gray. In the top right corner, there is a white triangular shape, suggesting a folded page. On the right side, there is a vertical blue bar with a rounded bottom edge. The title 'PROCUREMENT POLICY AND PROCEDURE' is written in a bold, dark blue, sans-serif font, centered in the upper half of the page.

PROCUREMENT POLICY AND PROCEDURE

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PROCUREMENT POLICY AND PROCEDURE

I. PROCUREMENT

Procurement of goods and services for ABCO must be conducted in an open and competitive environment to ensure that prices paid are fair and reasonable. Purchasing activities are conducted in Procurement Department in main office as well as by procurement officers. Purchasing activities include obligations for proper transaction documentation, fiscal responsibility, ethical behavior, donor requirements, adherence to government regulations, and compliance with ABCO by-laws and policies.

Procurement Department which is led by Procurement Manager of ABCO “Mr. Fahim Masoomi” provides support to the NGO in the selection, acquisition, use and disposal of goods and services by:

- a) Maximizing NGO’s purchasing power by focusing on strategic sourcing and obtaining the best value.
- b) Leveraging its expertise in contract negotiations and supplier management to advantage the NGO.
- c) Streamlining processes and investing in new technologies to provide administrative efficiencies.
- d) Ensuring that purchases are made in accordance with all applicable ABCO bylaws, laws, regulations, codes and ordinances.
- e) Minimizing risk exposure while maintaining flexibility in procurement activity.

II. PROCUREMENT AUTHORITY

The procurement of goods and services is the responsibility of the Procurement Department. The department is consisting of Procurement Manager “Mr. Fahim Masoomi” and Procurement Officers “Mr. Wasiq Roshangar and Mr. Obaidullah Wahidi” As a result, Procurement Department is responsible for assisting ABCO units in the procurement process and for overseeing all procurement activities.

Through further but more limited delegation of authority, authorized department end users may commit funds on behalf of the NGO using a Purchase Order. Department end users are not authorized to sign contracts; only those individuals given such authority “Procurement Manager: Mr. Fahim Masoomi”. ABCO is not bound by and does not recognize as binding any promise or obligation made by an unauthorized person. Those signing external agreements or attempting to bind the NGO by any other means without authority may be subject to legal and disciplinary action up to and including termination.

Only Procurement Department has the authority to negotiate and sign agreements. However, it is the responsibility of the NGO units to:

- ✓ Understand and uphold the NGO's obligations under the agreement.
- ✓ Understand and oversee the supplier's performance, and notify Procurement Department of any significant performance issues.

NGO's units and other departments do not have the authority to change agreements; only Procurement Department may do so, and only after diligent review. Contact Procurement Department to request a change or extension.

ABCO requires special approval for and/or prohibits the purchase of certain goods and services. These restrictions come from various units/departments across the NGO. It is the responsibility of those units to maintain the information in a restricted commodities table and to advise Procurement Department of any unauthorized purchases.

III. PURCHASING WITH DONOR FUNDS

Purchases using donor funds must be made in accordance with Donor Requirements, Cost Principles, and Audit Requirements for Awards.

IV. ETHICAL CONDUCT

Care must be taken to avoid the intent and appearance of unethical practice in relationships, actions and communications. All procurement activities conducted on behalf of ABCO must be in compliance with the standards outlined in national and local laws; ABCO policies; and Procurement policies and procedures. It is the responsibility of each department and staff member of the ABCO to ensure that ABCO does not knowingly enter into any purchase commitment that could result in a conflict of interest.

Units/Departments with questions about a particular situation should contact Procurement Department. Procurement Management is the ultimate decision maker on whether a procurement-related activity has the intent or appearance of unethical practice. Procurement Management may require individuals involved in supplier proposal evaluations or contract activities to sign confidentiality agreements and/or conflict of interest disclosures.

Procurement department is charged with the responsibility of maintaining an open and competitive process for procuring goods and services. Bids and proposals from competing suppliers will be evaluated by Procurement department which will also award contracts. As part of their stewardship responsibilities, departmental end users are encouraged to compare prices between suppliers even when the purchase amount does not require a formal bidding procedure. An open and competitive purchasing environment requires that information pertinent to the bidding process be kept confidential until the conclusion of the process.

a) CONFLICTS OF INTEREST

ABCO is particularly diligent before entering into purchasing contracts with its employees, their family members or any other individual who would be perceived as having a potential conflict. Situations in which a supplier affiliated with an ABCO employee is seeking a contract with the ABCO to provide the same or similar services that the employee provides in his or her position as a ABCO employee require special attention because of the high risk of a conflict. ABCO employees should not make purchasing decisions or otherwise influence the ABCO's decisions to do business with any supplier affiliated with the ABCO employee, a relative of the ABCO employee or any other individual who would be perceived as a potential conflict.

ABCO employees must promptly disclose in writing all actual or potential conflicts to a designated ABCO official as actual or potential conflicts arise or are identified. Similarly, the designated official must disclose in writing all actual or potential conflicts to Procurement Services Management. If found to be significant, the conflicts must be eliminated or managed. ABCO employees who are unsure whether a conflict exists are encouraged to contact Procurement Department for help in determining whether disclosure is appropriate.

b) GRATUITIES FROM SUPPLIERS

ABCO employees should neither solicit nor accept money, loans, credits, entertainment, favors, services or gifts from current or prospective suppliers. Such gratuities, even if of seemingly low value, can give rise to a conflict of interest or the appearance of a conflict of interest. In particular, ABCO employees should never accept gratuities from a current or prospective supplier that has submitted or may submit a bid for a ABCO contract for which a bid solicitation is being contemplated, developed or is actively accepting bids. If it is deemed necessary to visit a supplier site for a demonstration, the ABCO pays all related expenses.

c) CONFIDENTIALITY

ABCO employees must handle confidential or proprietary information with due care and proper consideration of ethical and legal ramifications and governmental regulations. ABCO employees may not tell outside parties the prices, terms, or conditions quoted by other suppliers. Procurement Department must pre-approve all communications with outside parties regarding potential or anticipated procurement-affiliated relationships.

V. PURCHASING THAT REFLECTS THE NGO'S VALUES

Diversity, social responsibility and environmental sustainability are central to the ABCO's mission. The ABCO is committed to providing business opportunities to suppliers who help the ABCO honour these values.

VI. FINANCIAL CONTROLS

Financial controls provide reasonable assurance of the effectiveness and efficiency of operations, compliance with laws and regulations, and reliability of financial reporting. Procurement internal controls focus on ordering, approving, receiving, and reconciling. Each ABCO unit/department should have the appropriate policies and procedures in place to provide for adequate controls in each of these steps within the procurement process and must separate among two or more people the duties of these steps; whenever possible, there should be no direct reporting relationship among these individuals.

VII. INFORMATION TECHNOLOGY SECURITY AND PRIVACY

All ABCO acquisitions of information technology or data goods and services are required to have a security addendum as part of their contract; and, where required, undergo a privacy and security assessment to ensure compliance with the ABCO's security program and governmental regulations.

VIII. PROCURE-TO-PAY PROCESS

All purchases of goods and services must be done in an open and competitive environment to ensure that the prices that ABCO pays are fair and reasonable. Below is an outline of the appropriate steps to take each time a purchase is made. While Procurement Services' involvement is required for some of these steps, its staff can assist with any and all steps. Note that purchases of \$10,000 or more must also follow the competitive bid process, as described in the Competitive Bid Process section below.

A) DETERMINE NEEDS

The first step in the purchasing process is to determine the need. The specifications, performance standards and/or scope of work should be outlined. These items should be general in nature to allow for sufficient competition in meeting them; they should neither reference nor be written specific to a particular brand, model or company.

B) IDENTIFY POTENTIAL SOURCES

ABCO requires and encourages competition among suppliers in providing goods and services to ABCO. Competition provides the greatest opportunity for ABCO to procure goods and services at the best value. Accordingly, those involved in supplier selection have the responsibility to search broadly and completely for viable suppliers. Sources for the goods or services should be considered in the following order:

1) Internal Service Provider

An Internal Service Provider is an NGO unit that provides goods and/or services to another NGO unit. Related costs are billed to the receiving unit using an approved recharge rate.

2) Supplier with a Strategic Contract

Strategic Contracts are contracts with suppliers that have been through a competitive process and the terms have been secured at the best value and are available to authorized users' ABCO-wide. These suppliers provide goods and services with favorable terms for pricing, delivery and other factors and thus are the preferred source for purchasing goods or services from external entities. Procurement Department should be contacted before placing large-quantity orders off of Strategic Contracts, as the orders may be eligible for additional discounts.

3) Other Supplier

When neither of the aforementioned sources offers the goods or services that the unit needs, Procurement Department should be contacted to identify other suppliers. Procurement Department may establish a department-level contract if there is a purchasing need unique to a specific unit and either 1) the unit will be making repetitive purchases of a good and/or service from the same supplier over a period of time or 2) a contract is necessary to adequately define the goods and/or services to be provided.

C) COLLECT QUOTES AND SELECT BEST VALUE

It is generally good practice to price transactions and collect quotes from a variety of sources before selecting one. The lowest price may not always be the best value; Units should consider the total cost of ownership, which includes the purchase price, transportation, handling, inspection, quality, rework, maintenance, disposal and other associated costs. Units should purchase from responsible sources possessing the ability to perform successfully under the terms and conditions of ABCO with consideration given to such matters as supplier integrity, compliance with public policy, record of past performance, and financial and technical resources. For purchases under \$10,000, department end users should obtain pricing from the supplier before creating a Purchase Order. Purchases of \$10,000 or more must follow the competitive bid process, as described in the Competitive Bid Process section below.

D) PLACE THE ORDER

If ordering from an Internal Service Provider, ABCO unit providing the good or service should be receiving a request form to place the order. If not ordering from an Internal Service Provider, authorized ABCO employees may order goods or services using a Purchase Order. Because Purchase Orders offer ABCO the best legal and financial protections, they are the preferred method for ordering goods and services.

The Purchase Order is the mechanism that places the order with the supplier and provides a method for payment of the invoice; goods and services should not be obtained prior to the supplier receiving the Purchase Order. For information about how to request a Purchase Order, visit the Procurement Services website. The order quantities, pricing and payment schedule on the Purchase Order should be established in the same way as the supplier will invoice.

E) INVOICING AND PAYMENT

Finance Department is responsible for processing the payment of goods and services to suppliers in compliance with ABCO policies and standard processes, external regulations and legal requirements. It is standard process for suppliers to send invoices directly to Finance Department. Suppliers that send invoices to ABCO units may experience delays in payment. If an ABCO unit receives an invoice, it should be scanned immediately and a copy of that invoice should be emailed to Finance Department.

When an ABCO unit and procurement department approves a payment, it is attesting that it received the good or service, where applicable; that the payment amount is correct; that the payment should be made; and that the payment is business appropriate.

F) RECONCILE STATEMENTS

ABCO units must reconcile their Statements of Activity and Request form on a timely basis to:

- 1) Verify the business appropriateness of each transaction.
- 2) Confirm that all purchases were allowable and within budget and spending limits.
- 3) Ensure proper reporting of payments to suppliers.
- 4) Resolve any errors as soon as possible.
- 5) Check that proper credits have been made.
- 6) Ensure that the appropriate buying method was used.

As part of this process, the statement should be matched to the Purchase Order and packing slip or other documentation that documents the transaction.

G) MAINTAIN RECORDS

ABCO units/departments must maintain records for all transactions.

IX. COMPETITIVE BID PROCESS

ABCO require that all transactions \$10,000 and greater be competitively bid. Competitive bidding is the process that allows ABCO to properly survey the marketplace and secure goods and services at fair and reasonable prices. It helps ensure that ABCO receives goods and services of the best value while also satisfying donors and ABCO requirements. Procurement Department is the authorized organization to conduct the competitive bid process. For transactions less than \$10,000, units may request Procurement Department to conduct a competitive bid process.

ABCO will apply Open Bid Procurement Protocols. ABCO will apply its robust procurement procedures through: a) Online bid advertisement b) Invitation of Local Market Suppliers.

a) Online bid advertisement

ABCO will advertise the procurement of items associated with implementation online in form of a RFQ to receive offers from qualified bidders. ABCO will advertise the RFQ through ACBAR “www.acbar.org” and on its own website “www.afghanbureau.org”.

b) Invitation of Local Market Suppliers

ABCO uses this procurement procedure for the purpose of receiving competitive offers from those qualified bidders who do not have access to internet or knowledge of online bidding platforms. ABCO’s procurement officers will distribute the RFQ in local language to the local vendors. These vendors can fill the RFQ forms by hand writing and submit hardcopies of their bids. This way we can invite local vendors who are eligible of delivering the required items, and a much more competitive bid will be secured.

The terms and conditions, exact location of delivery, and detailed requirements of the items along with bid opening date and location will be mentioned in the RFQ. Bids will be opened in presence of all the bidders. Donor will be informed of the bid opening date and location. Donor representatives may attend and monitor the procedure. Bid opening may take place in the main office or field office of ABCO at the project location, so that local vendors/bidders will be able to attend the event. Bid opening will be carried out by the procurement manager of the project accompanied by the project manager. Bidding documents will be received in closed envelopes protected by a stamp and signature of the bidders. Bids will be opened on bid opening day in front of all bidders. Offered prices and terms will be read aloud to all bidders. Online bids will be received by emails, executive director of the NGO will be the only person with access to the email address.. Bids received by emails will be read on bid opening days. Terms of RFQ will be in a manner that could be evaluated on the same day of bid opening. Hence, winner of the bid will be announced on bid opening day. Verification of bidder documents and other such items will be validated later. In case of any false information was submitted by the bidder, second lowest price meeting the RFQ requirements will be awarded the contract. Finally, lowest price meeting the requirements of the project will be announced the winner of the bid. Results of the bidding will be also published on the NGO’s website “www.afghanbureau.org”.

X. SUPPLIER MAINTENANCE

Suppliers and ABCO's procurement department may request the creation, update or inactivation of a supplier record, and the procurement department will work with them to determine whether such a change is appropriate.

XI. BEST PRACTICES

ABCO continually strives to improve its practices to ensure the integrity and effectiveness of its procurement processes. ABCO's procurement policies and practices are audited by Audit and Risk Management Committee of ABCO, which expects all procurement department to engage in competitive and modern business practices. ABCO regularly exchanges information about best procurement practices with other NGOs and entities as part of its ongoing effort to improve its practices.

TRANSACTION MATRIX / PURCHASE CYCLE

