

BISAP's Procurement Policy



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1. Introduction and Purpose

1.1 Scope and Application - Compulsory Activity

This policy applies to procurement of goods, contracts, products, works, projects, advisory / consulting and services, regardless of source of funding. All staff involved in procurement or authorizing of goods and services must comply.

Programme Head & Account Department is expected to use good business judgment, common sense, intelligent decision making and exercise caution when making purchases. Areas not covered, must be referred, and no manager can adopt a different role, methodology or deviate from policy due to local restriction or unusual sets of circumstances without specific written approval from BISAP's Founder Chief Executive.

1.2 Policy Overview, Purpose and General Principles

As BISAP has considerable reputation, social, institutional, social and community influence. At the heart of our policy are our values, charitable ethos and ethics. Compliance to BISAP code of conduct is compulsory by all employees, volunteers, associates, contractor's, consultants and associate partners. They must protect BISAP's good name, perform their duties, act appropriately in their dealings and not compromise BISAP's position of trust, honesty and integrity.

The policy ensures control of expense and cost effective procurement, but also provides a level of strategic freedom and local initiative through divisional choice within a devolved budgetary system.

The objectives are:

1.2.1. Fulfill our mission: To enable BISAP to deliver maximum resources to front line programmes.

1.2.2. Value for Money: To reduce and control BISAP cost base through decentralized decision making underpinned by a strong centralized support service.

1.2.3. Corporate Social responsibility and ethical trading: To adhere to appropriate legislation Government regulations and BISAP policies and environmental values.

1.2.4. Demonstrate effectiveness: To track and record activity in a clear and transparent manner to prove to funders, donors and partners, we have achieved due diligence and designated outcomes.

1.3 Best Value to BISAP at All Times

Procurement principles are designed to obtain best value for BISAP in our programme procurement and purchase. Best value is far more than cheapest price; it balances product/service quality, longstanding relationship, best fit with BISAP needs and long term value. Employees are expected to act in the best interests of BISAP at all times. Any gains from procurement and purchase must benefit BISAP. No personal benefit (beyond the use of the service itself) to an individual is expected.

1.4 Consolidation of Contractors and Suppliers

BISAP will consolidate services/goods and contract providers to reduce the number of orders, invoices, and administration, as well as attract greater discount. We will create a limited set of experts and advisors who understand BISAP culture giving them in-house expertise, reducing the time taken to familiarize themselves with BISAP ethos and operating methodology and thus reduce the time to complete the contract.

Selection will be based upon merit, compliance with specifications, terms and conditions, delivery and fulfillment, quality, and capacity to perform adequately. Competitive bidding will be used to drive pricing down from rival bidders. Suppliers will be regularly re-evaluated by the BISAP's Procurement Team.

1.5 Request to Change Policy and Local Exceptions

Attempt has been taken to ensure compliance and conformance to specific Country requirements. BISAP country policy should incorporate and respect country specific rule, legislation and regulation statutory laws and regulatory environments. BISAP's Founder Chief Executive must familiarize themselves with local legal issues, interpret BISAP policies and place them in the context of the local operating environment.

Any areas not covered by policy, including areas of conflict or district country preference stated by a donor or beneficiary, must be advised to the Procurement Team to approve any regional amendments. This must be done prior to taking any unilateral action contrary to policy. The same applies to procedures with a detrimental effect on operational or organizational objectives.

2. Objectives and Role of Global Procurement Team When to Involve Procurement and Facilities

Reporting directly to the Finance Manager, the Country Procurement and Facilities Management has multiple functions, including support, advise, compliance, research, planning, reporting, assessment and market place evaluations. Where purchasing is straightforward and common sense he/she will act as a guide and resource support to establish proper process. In more complex situations, or where value and scale are great, he/she will lead the process, have a prominent role or take joint responsibility.

BISAP's team responsibility to undertake the initial evaluation, analysis and justification of the purchasing project or activity, including the estimated cost, review of cost benefits, justification of revenue or capital expenditure and impacts on operations resourcing. However, they may seek advice and estimated figures/contract cost to help build the business case for presentation and authority.

Each project has a logical point of engagement with the procurement team; it can only be defined within operational context. Once authority is received and the expenditure approved, it is for the BISAP management team to identify that point and liaise at the earliest possible stage in the decision making

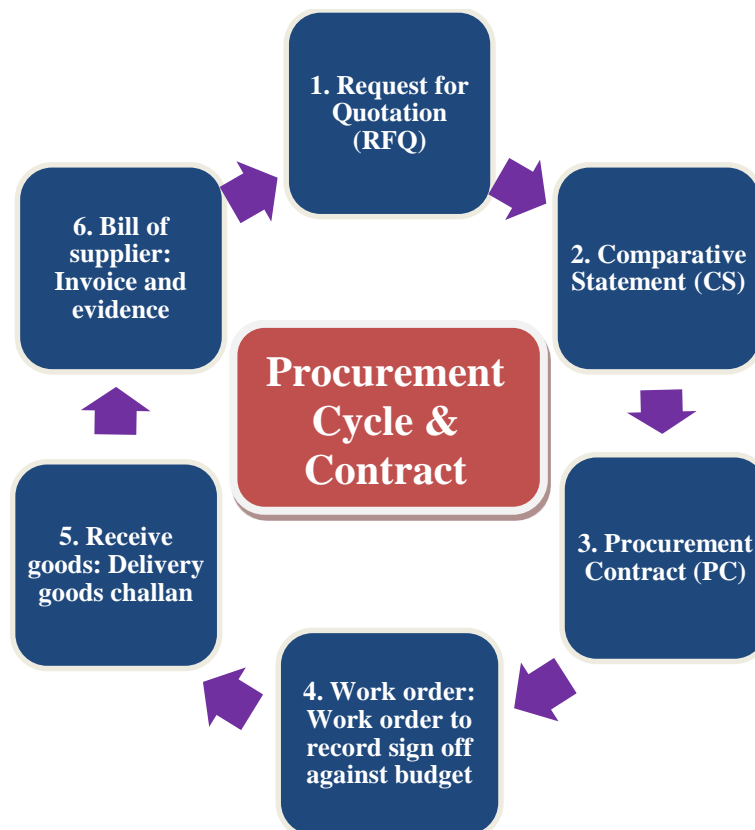
process to jointly agree the roles and responsibilities. There are two channels for communicating the decision:

- Finance department purchasing decisions will be communicated for project time/resource/logistics planning via the Finance Head.
- Operational communication: the project manager responsible for the purchase of goods or services will advise the procurement team and request their involvement in the process.

Whether or not the Finance Head is involved, it will always be the responsibility of the BISAP's management team to advise on the commencement of the project.

3. Procurement Policy Compliance Thresholds

3.1.1 The Purchase to Pay Cycle for All Expenditure below Tk. 100,000.



3.1.2 Under Tk. 5,000 Or Local Equivalent (Off The Shelf Goods)

Authority level: Project Manager Minimum Number of quotations: 3

Small value goods can cost more in administration and management resource to review through a procurement process – such goods can be noted and agreed in advance with Procurement and facilities team. Project offices must consolidate requirements, placing a minimum order above Tk. 5000 to gain better price and economies of scale.

3.1.3 Direct Contracting / Ongoing Purchases

Authority level: Project Manager liaising with Minimum Number of quotations: 3 procurement and facilities manager.

Procurement and facilities team can agree to Chief Executive contracting without competitive bid or marketplace benchmarking. An existing arrangement can be extended due to standardization / compatibility with existing equipment / proprietary equipment obtainable from only one source, essential equipment related to health and safety or insistence of equipment or services by a government (a force account) as the only practical choice of supplier. Such agreements require clear rationale and detailed justification.

3.1.4 Informal Quotation (Purchases under Tk. 50,000)

Authority level: Project Manager or equivalent with Minimum Number of quotations: 2 (or annual contract) Procurement and facilities management advice.

Quotations can be obtained by telephone / email / internet / vendor's web portal face-to-face meeting and tender box. Verbal quotations must be verified in writing (screen shots from price comparison sites are acceptable). Sufficient detail must be obtained, to avoid additional cost (e.g. delivery) without prior agreement. A record of the quotes, analysis and comprehensive bid summary must be preserve for verification.

3.1.5 Informal Quotation (Purchases under Tk. 100,000)

Authority level: Project Manager/Area In-charge or equivalent level Minimum Number of quotations: 3 with Procurement and facilities manager confirmation

Sufficient detail must be obtained, to avoid additional costs (e.g. delivery) without prior agreement. A record of the quotes, analysis and comprehensive bid summary must be saved and preserve for verification and record.

3.1.6 Quotation (Purchases between Tk. 100,000 And Tk. 200,000)

Authority level: Area In-charge or equivalent with Minimum Number of quotations: 3 Procurement and facilities manager joint authority.

A formal, written, request for information (RFI) or quotation must be made and all suppliers given the same details.

Quotations must be submitted on the prospective supplier's company stationery. A record of the quotes, analysis and comprehensive bid summary must be saved for verification and record.

3.1.7 Tendering (Purchases of Tk. 200,000 and Above)

Authority level: GLT with Procurement and facilities team Minimum Number of quotations:3 manager and regional recommendation.

This must be managed through formal strategic tender process. BISAP's authority may decide to run a tender process under this value to satisfy specific requirements, where the impact is wider than a single department, or where a donor is sensitive. BISAP emphasizes sealed tender process (unopened until the deadline), however this is often the most transparent method. It is also important to check whether this may be a compulsory requirement of the government and

donor providing the purchasing funds. Full support and guidance is provided via the Procurement Team.

3.1.8 Call off Contracts and Framework Agreements

These provide goods or services at pre-negotiated rates, without needing quotation or negotiation. They have already been subject to competitive tendering in agreement with or by the Procurement Team. They must be used in preference to any other arrangement and orders may be placed directly with the supplier.

4. Responsibilities, Authority Levels and Delegation

4.1 Consequence of Non Compliance

Any BISAP employee exceeding authority or spending limits will be subject to scrutiny by the Procurement Team and recommendations will be provided to the relevant senior official. Failure to adhere to policy, use contracted suppliers or conduct an appropriate competitive tender processes will result in:

- An initial warning with a reminder to utilize the contracted supplier in the future.
- On a second occurrence, disciplinary action and withdrawal of power to authorize expenditure.

Where non conforming purchases are made via personal expenditure to be reclaimed from BISAP, the investigation will be finalized prior to reimbursement and include comparison against the cost though centrally negotiated contract. The refund will be, at the rate that would have been paid had the contract been used.

It is not permitted for staff to break down contracts for the same services or goods, into separate invoices to avoid a level of signature authority. If separate contracts are necessary and the total value exceeds the overall authority level, the manager must advise the procurement team of the total cost of the collective contract.

BISAP will not be obliged to finance contracts which are not compliant to Policy and will terminate any deemed to have been mishandled or misallocated if the bidder makes claims that are proved to be impossible, withdraws, or is unable to meet health and safety or quality standards.

5. Cost Management and Reduction

5.1 Best Value/Price/Whole Lifetime Cost

BISAP is committed to obtaining value for money in all procurement activities through open competition and transparency in selecting suppliers and contractors. The main criteria will value for money. Whenever the choice of supplier is not lowest cost, this must be justified in a written document attached to the contract report.

Projected cost for products, equipment and services must include “lifetime” cost; warranties, servicing, maintenance, consumables and ongoing contract management. A sustainability test must review wider impacts and legacy costs (committing BISAP over a number of years or limiting future competitive tendering options).

5.2 Not Buying – Saving Money and Leasing

BISAP's policy is not to spend if it is unnecessary, does not contribute to our strategy or support our operational activities. Lease contracts run over a predefined number of years with a commitment to a third party finance company. Discontinuing such an agreement may incur financial penalties equal to the full contract value. Leasing may only be used, following prior agreement from the Finance Head/Manager and Procurement Team.

6. Global Pricing and Value

6.1 Benchmarking

BISAP operates a combination of centralized and local purchasing appropriate to the procurement and purchasing environment. The procurement team will act as the coordinator for all strategic purchasing activity. Local managers must use central contracts where in place and are responsible for targeting suppliers and market testing to add information to the procurement team's declaration and notice. Services and goods will be benchmarked at distinct levels:

6.1.1. Local: departmental or business unit purchasing

6.1.2. Regional / Intra regional: purchasing by the regional centre on behalf of country or by adjacent districts, Upozillas, cities and countries obtaining best price.

6.1.3. Inter regional: Purchasing from other countries or regions.

6.1.4. Global: central purchasing.

6.1.5. Partnership sourcing / 3rd Party / consortium sourcing: Buying with other NGO / Charities.

6.1.6. Government / Local government / Agency sourcing

In specialist / technical areas the needs of the operational department will determine the specification and the Procurement and facilities management will support negotiations and arrange competitive quotes.

7. Risk and Insurance

7.1 Insurance / Indemnity / Guarantees and Warranties

Complex contracts may require indemnity insurance/ guarantees or warranties by suppliers, in such instances, terms and types of insurance should be clearly defined.

7.2 Risk

No contract should be agreed which exposes BISAP to financial / operational or reputational risk. It is the responsibility of the BISAP's central management to liaise with Procurement and facilities team for advice.

7.3 Firms under Sanction/Exclusion

BISAP operates no exclusion policy in its own right. Bidding firms/contractor/suppliers under sanction of government political or economic nature must be noted by the team management and details advised to the procurement team for consideration and advise.

8. Administration/Record Keeping and Audit

8.1. Database Records

The Chief Executive/Finance Manager or Coordinator is responsible for ensuring written record of all contracts are maintained for audit, and all supplier details must be added to either the Bangladesh Supplier Database (for Bangladesh suppliers of districts, cities and upozilla level) and the Country Supplier Database. Any locally held databases should mirror this information precisely. The procurement team will be the ultimate decision maker on whether change is necessary. All record must be kept for a minimum of 5 years in keeping with BISAP's Archiving and Records Management Policy.

8.2. External Internal Audit / Transparency and Scrutiny

The audit team and procurement team will review the purchasing activity of overall operational areas for time to time. Regular period end reviews of open purchase orders will be made and prompt actions taken to resolve and close them off.

9. Ethics / Impartiality / Confidentiality

9.1 Conflicts of Interest

Staff must adhere to ethical procurement policy and anti corruption and Criminal Practices Policy relating to conflicts of interest, hospitality, inducements, gifts in kind, bribery and collusion before making purchases.

Under no circumstances should a BISAP employee accept money, fee, commission, credit, gift's gratuities, things of value or compensation or anything that offers indirect or direct personal gain, financial benefit or attempt to secure unfair advantage. Any gift, entertainment or favour must benefit BISAP, and must first have written approval from the procurements and contracts manager. Professional samples, promotional materials and Courtesy gifts under Tk. 1000 (e.g. pencils, calendars) may be accepted.

Managers must immediately advise their line manager and Procurement and facilities manager of any conflicts of interest or personal involvement of themselves, family members or friends with any provider or bidder for contacts and must discontinue trading with firms that make such offers. Impropriety will be reviewed by GLT and considered against staff conditions of employment.

BISAP will terminate contracts or classify a firm ineligible as a provider, where there is evidence of conflict of interest (political, ethical, commercial or personal), fraudulent or illegal practice, misrepresentation, collusive or cartel bidding, coercive or obtrusive practice, or deliberately falsifying records. A firm is in conflict of interest if:

- Providing services or buying goods from an affiliate that it directly controls. Not including consultants or contractors working in a collaborative manner.
- A firm submits two separate bids under separate title.
- A close business or family relationship with a staff member directly involved with the tender, unless specifically reviewed and agreed by the procurement team.
- It has conflicting organizational ethos, aims or strategies

9.2 When to Involve BISAP's Ethical Fundraising Committee

BISAP is conscious that it must behave responsibly and ethically in all areas of its work and business, and the procurement of goods and services is no different. The Ethical Fundraising Committee is in place to ensure that as an organization we work only with partnership, businesses and organizations that hold themselves to the same standards that as BISAP, and that we in no way can be considered to be in partnership with businesses and organizations that are seen to be acting or behaving unethically, or have close links to other businesses or organizations that behave unethically.

However, in the area of purchasing or procuring goods or services, the Ethical Fundraising Committee acknowledge that it is not practical to vet or assess all suppliers, and therefore agree that the most realistic approach, and in order to maintain a cost effective and agile procurement process, is to set a threshold at which a service or goods supplier should be referred to the Ethical Fundraising for assessment.

In addition to this policy, it is essential that all contracted suppliers complete and submit the Supplier Pre-qualification Questionnaire, as this asks potential suppliers to answer questions relating to their ethical background and credentials, as per the thresholds already stated in this policy.

9.3 Courtesy

BISAP personnel will be courteous and polite in all dealings with suppliers and service partners. There will be no favoritism.

9.4 Commercial Confidentiality /Non Disclosure

Details provided by or agreed with suppliers (including that relating to tenders, formats, templates, product information, costs contracts and pricing) are commercially confidential to BISAP and the supplier, and must not be disclosed to, discussed with copied, communicated or shared with any 3rd party. Such activities produce loss of confidence in BISAP, inhibit future benefits and damage supplier relationships. Suppliers must sign BISAP's Mutual Non-Disclosure Agreement, binding them to maintain confidence over the materials made available to them during the tender process.



Mohammad Dostagir
Chairman



S.M. Tareque Javed
Chief Executive-BISAP