

Procurement Procedures Manual.

1.0 Preamble.

The manual is intended to give advice and assistance to procurement staff to help them carry out their procurement responsibilities, and explains in more details how specific aspects of procurement should be handled in line with the policies laid down. It is a source of “how-to” information about the tasks and elements that comprise the procurement process.

The manual begins with an evolvment of policy and institutional aspects of procurement that have broad applicability and about which questions arises most frequently. Subsequent chapters deal with procurement implementation and contract administration. Where necessary themes are cross referenced to other relevant sections of the Manual to enable a clearer understanding of the themes in issue.

1.1 Policies.

Once an organization has established its corporate objective, it can begin to say in what manner it intends these to be achieved. Policy statements are made to indicate to those concerned just what the organization, that is, All Souls’ Chapel, will and will not do in pursuance of its overall purpose and objectives. As a result polices cause

managers/officers in the organisation to take action in a certain way, they are not actions in themselves. Policies both reflect and contribute to the organization culture.

A major factor affecting policy is the attitude of the organization’s owners. Organizations policy is affected also by the attitudes of the staff and environment in which it operates. It is indeed imperative that All Souls’ Chapel should have a laid down policy for procurement activities to guide the conduct of members particularly those responsible for procurement activities.

1.2 This manual recognizes that sound procurement policies and practices are one of the essential elements of good governance. No doubt, good practices reduce costs and give timely results, however poor practices lead to waste, leakages and delays, and often the cause of corruption and inefficiency.

1.3 Before describing, step-to-step, how procurement should be planned and implemented; it is appropriate to establish at the outset why it is worthy of attention. This inquiry can fruitfully be addressed by approaching it from three linked perspectives:

(a) What constitutes sound procurement, that is, what are its distinguishing characteristics?

- (b) Why is procurement so important?
- (c) Why should its achievement and maintenance be a priority concern for All Souls' Chapel?

2.0 What is Good procurement?

2.1 The principal hallmarks of proficient procurement in an organization are:

- Economy,
- Efficiency,
- Fairness,
- Reliability,
- Transparency,
- Accountability and
- Ethical standards.

2.1.1 **Economy:** Procurement could be defined as a purchasing activity whose purpose is to give the purchaser best value for money. For complex purchases, value may imply more than just price, for example, since quality issues also need to be addressed. Moreover, lowest initial price may not necessarily be the lowest cost over the operating life of the equipment to be procured. But the basic point is the same; the ultimate purpose of sound procurement is to obtain maximum value for money.

2.1.2 **Efficiency:** The best procurement is simple and swift, producing positive results without protracted delays.

In addition, efficiency implies practicality, especially in-terms of compatibility with the administrative resources and professional capabilities of the purchasing section of the Chapel and its personnel.

2.1.3 **Fairness:** Good procurement is impartial, consistent, and therefore, reliable. It offers all interested customers, suppliers and even consultants a level playing field on which to compete and thereby, directly expands the purchasers' option and opportunities.

2.1.4 **Transparency:** Good procurement establishes and then maintains rules and procedures that are accessible and unambiguous. It is not only fair but seen to be fair.

2.1.5 **Accountability:** Good procurement holds its practitioners responsible for enforcing and obeying the rules. It makes the operators subject to challenge and to sanction, if appropriate, for neglecting or bending those rules. Accountability is at once a key inducement to individual and institutional probity, a key deterrent to collusion and corruption and a key prerequisite for procurement credibility. A sound procurement system is one that combines all the above elements. The desired impact is to inspire the

confidence and willingness to compete of well qualified contractors/suppliers.

2.1.6 **Ethical Standards:** The Chartered Institute of Management defines codes of ethics “as a set of moral principles or values, used by organizations to steer the conduct of both the organization itself and its employers in all their business activities, both internal and in relation to outside world”. Thus a code applies individually as well as collectively to the members of the organization and affects its internal affairs as well as those with its external vendors. However, codes of ethics must be strongly supported from the Chief Executive of the organization in order to retain credibility; of course this may prove difficult to live up to.

3.0 What is Procurement?

Procurement is defined (by WIKIPEDIA ENCYCLOPAEDIA).... as “acquisition of goods, works, and or service at the best possible total cost of ownership, in the:

- Right quantity and quality,
- At the right time,
- In the right place and right price from the right source,
- For the direct benefit or use of individuals as well as corporate organization generally via a contract”

3.1 **Supply of goods:** Include all materials required for use in an organization e.g. stationery, equipment etc.

3.2 **Works:** Include construction of building, roads, etc.

3.3 **Service:** Include consultancy, banking, hospital, etc.

Having stated the obvious All Souls’ Chapel is not a commercial or profit oriented organization and as a result may not necessarily need to employ a procurement officer whose workload will not justify the pay. However, a **Procurement Implementation Committee (PIC)** could be set up (made up of functional team-procurement professional, engineer of various disciplines, finance etc.) to be assisted by the Accounts officer who would be responsible for the co-ordination of procurement activities. This committee should be a sub-committee of CBMC and put in place when needful.

4.0 Fundamental Principles for Procurements.

4.1 Subject to any exemption allowed by this rule, all chapel procurement shall be conducted:

- (a) With respect to the prior review of financial limits as may from time to time be set by the Chapel Council.
- (b) Based only on procurement plans that is supported by prior budgetary provisions and no procurement proceeding shall be formalized until the procurement implementation committee has ensured that funds are available to meet the obligations.
- (c) By open competitive bidding or tendering or obtaining minimum three quotations from different suppliers/contractors;

- (d) In a manner that is transparent, timely and equitable for ensuring accountability and conformity;
 - (e) With the aim of achieving value for money and fitness for purpose.
- 4.2 All bidders (i.e. Contractors/suppliers) in addition to requirements contained in any tender documents [Bill of Materials (BOM) or Bill of Quantity (BOQ)] shall:
- (a) Possess the following;
 - (i) Professional and Technical qualifications to carry out particular procurements;
 - (ii) Financial capability;
 - (iii) Equipment and other relevant infrastructure;
 - (iv) Have adequate personnel to perform the obligation of the procurement contracts.
 - (b) Possess the legal capacity to enter into procurement contract;
 - (c) Not to be in receivership, the subject of any form of insolvency or bankruptcy proceedings;
 - (d) Have fulfilled all obligations to pay taxes, VAT etc.
 - (e) Not have any director who has been convicted in any country for any criminal offence relating to fraud or financial impropriety.
- 4.3 The Chapel may require a bidder to provide documentary evidence or other information it

considers necessary as proof, that the bidder is qualified to do the job.

- 4.4 The criteria stipulated as the basis upon which suppliers or contractors would be evaluated shall not be changed in the course of any procurement proceeding.
- 4.5 The burden of proving fulfilment of the requirements for participation in any procurement proceeding shall be on supplier or contractor.
- 4.6 A contract shall be awarded to the bid substantially responsive to the bid solicitation. The Chapel is not bound to accept any tender.
- 4.7 All procurement contracts shall contain provisions for arbitration proceedings as the primary forms of dispute resolution.
- 4.8 The sum total (values) in procurement documents shall be stated in Nigerian currency Naira.
- 4.9 All procurement contracts of the Chapel shall contain warranties for durability of goods, and use of genuine materials and inputs in execution.

5.0 Scope of Application.

The provisions of this procurement policy shall apply to all procurement of goods, services and works carried out by the Chapel or its representatives.

6.0 Organization of Procurements.

6.1 **Approving Authority:** The approving authority is the Chapel represented by the Chairman of the CBMC. The Chapel Council will from time to time determine the financial limit for the procurement implementation committee. The CBMC chairperson remains the accounting officer and shall be the person charged with line supervision of the conduct of all procurement processes.

6.2 Procurement Implementation Committee.

The above committee is put in place to replace the appointment of a procurement officer as earlier on asserted.

The committee will be responsible for:

(a) Planning:

- (i) Receiving requests for purchases from the users e.g. Chaplaincy, Choir, Guild of Ushers, Guild of Chapel Keepers etc.
- (ii) Identify the goods, services and works required.
- (iii) Preparing the needs assessment and evaluation.

- (iv) Carrying out appropriate market and statistical surveys.
- (v) Integrating its procurement expenditure into the yearly budget.

(b) Implementation: The committee shall in implementing procurement plans:

- (i) Advertise and solicit for bids preferably on the Chapel notice boards or obtain quotations from at least three suppliers or contractors;
- (ii) Receive, evaluate and make a selection of the bids received in adherence to the guidelines provided;
- (iii) Obtain the approval of the approving authority before making award;
- (iv) Resolve complaints and disputes if any;
- (v) Execute all Contract Agreements.

6.3 Composition of the Procurement Implementation Committee (PIC).

- (a) The CBMC chairperson or a representative as chairperson.
- (b) Three Relevant Professionals e.g. Engineer from various disciplines as applicable;
- (c) Procurement Professional
- (d) Treasurer – CBMC
- (e) Chaplain or Assistant Chaplain
- (f) Chairman Chapel Council
- (g) Secretary CBMC (to serve as secretary)

- (h) Accounts Officer
- (i) Three other members (maybe from relevant service units requiring the procurement)

In other words the above committee may serve as the Tenders Board of the Chapel.

7.0 Procurement Methods (Goods, services and works).

Except otherwise provided, all procurement of goods, services and works shall be conducted by open competitive bidding – obtaining quotations from at least three vendors. Effects public procurements by offering to every interested bidder equal simultaneous information and opportunity to offer the goods, services and works needed.

7.1 Invitations to Bid.

- (a) The Chapel cannot afford the luxury of advertising bids in the newspapers; therefore invitation for bids could be placed on the Chapel notice boards along with announcements during Chapel services for interested parties.
- (b) Interested bidders must pay tender fee to be determined, before collecting tender documents (BOQ). Copy of the receipt of payment must be presented when collecting the document from the appropriate office.

7.2 Submission of bids/quotations.

- (a) All submitted bids, sealed, shall be deposited in a secured tamper-proof box placed preferably

in the Chaplain's office for easy access of the bidders.

- (b) Any bid received after the deadline for the submission of bids shall be returned to the supplier or contractor.

7.3 Validity Period of Bids: The period of validity for a bid shall be the period specified in the tender documents.

7.4 Bid Opening: All bids shall be submitted before the deadline or date specified in the tender documents or any extension of the deadline for submission. The PIC shall:

- (a) Cause all the bids to be opened immediately following the deadline stipulated for the submission of bids or any extension thereof;
- (b) Ensure that a register is taken of the names of the bidders and signed by all members of the committee present.

7.5 Examination of Bids: All Bids shall be first examined to determine if they:

- (a) Meet the minimum eligibility requirements stipulated in the tender documents;
- (b) Have been duly signed;
- (c) Are substantially responsive to the bidding documents;
- (d) Generally in order.

7.6 Awards of Contract (Precautionary Measures).

- (a) Inform bidders earliest on the outcome of the tender process, particularly the winner.
- (b) Resolve possible disputes through dialogue by providing information on how to lodge a complaint on related procurement process or dispute resolution mechanism.

7.7 Post Tendering Phase.

- (a) Ensure that contract and purchase orders provide sufficient information on policies, terms of payment and completion date;
- (b) Monitor the contractor's performance and test the goods prior to delivery;
- (c) Ensure that contract variations are supported by objective amendment approval within the limit allowed.

7.8 Order and Payment.

- (a) To verify that the receipt of goods and services conforms to specification.
- (b) To ensure the separation of duties and authorization;
- (c) Timely release of funds for prompt payment;
- (d) Consider the after sales service and possibility of maintenance of project/equipment after completion. This may require having service agreement with the vendor.

8.0 Acquisition of Goods:

All local purchase order must be authorized and signed by the Chairperson CBMC, including letter of Award for large contracts. Specimen signatures of officers authorized to sign Local Purchase orders will be made available to the suppliers.

8.1 Cash Purchase: An item that cost less than ₦ 5,000.00 can be purchased by cash in order to reduce cost of raising purchase order. However, such expenditure must still be approved by the Chairman.

8.2 Direct Purchase: Since the primary objective of procurement is to obtain goods and services at the lowest cost of the required quantity and quality, it may be worthwhile to approach the manufacturer direct or the main stockist for better value for money. It is better to seek this option always. For example, direct purchase of cement from WAPCO or Dangote Cement Factory.

8.3 Factors in Sourcing Suppliers: The objective of purchasing is to get all the right things together; quality, quantity, delivery and price. Once a decision is made about what to buy, the selection of the right supplier is the next most important purchasing decision. Indeed, a good supplier is one that has the technology to make the product to the required quality or perform the job to specification, has the

capacity to make the quantities needed, and run the business well enough to make profit and still sell a product competitively.

Sourcing: There are three types of sourcing:

8.3.1 **Sole Sourcing:** This implies that only one supplier is available for obvious reasons.

8.3.2 **Multiple Sourcing:** Is the use of more than one supplier for an item. The potential advantages of multiple sourcing are that competition will result in lower prices and better service and that there will be continuity of supply.

8.3.3 **Single Sourcing:** Is a planned decision by the buying organization to select only one supplier for an item when several sources are available. However, it is intended to produce a long term partnership between the buyer and the supplier.

8.4 **Selection of Suppliers:** Identifying and selecting suppliers are important responsibilities of the service unit requiring the procurement but this time around the responsibility comes directly under the schedule of procurement implementation committee of the Chapel. For routine items or those that have not been purchased before or there is no acceptable supplier or file, a search must be made. If the order is of small value or for standard items, a supplier can probably be found in a catalogue, trade journal or internet, a

modern technological way of sourcing for vendors and materials.

8.5 **Factors in Selecting Suppliers:** These are;

- (i) Technical ability of the Supplier/contractor.
- (ii) Manufacturing capabilities.
- (iii) Reliability in keeping delivery dates.
- (iv) After sales service and supply of spare parts.
- (v) Location of the Suppliers.
- (vi) Financial standing.
- (vii) Credit extension to customer.
- (viii) Price.

The first seven factors are subjective while No (viii) is the only measurable and main consideration of evaluation. Consideration of items (i) – (viii) should precede that of the item (viii) – price. In other words, item No (viii) should be determined by the evaluation of the first seven items.

The supplier should be able to provide competitive prices. However, this does not necessarily mean the lowest price. Price must be fair, reasonable and substantially responsive.

8.6. **Price Negotiation:** Prices can be negotiated if the buyer has the knowledge and the power of effective action to do so. Through negotiation, the buyer and seller try to resolve conditions of purchase to the initial benefit of both parties. Skill and careful planning are required for the negotiation to be successful. It also takes a great deal of time and effort, so the potential profit must justify the expense.

Negotiation will be determined by the type of products and importance to the buyer e.g. items of small value, standard products and made-to-order items and industrial equipment.

8.7 Receipt of Goods: The desire to satisfy our wants, particularly basic necessities will make us to buy or keep some items both individually and corporately. In order to maintain stock of such items, the Chapel requires a storage accommodation which may be called store. The store for now will be manned by the Accounts Officer who will double as finance officer as well as stores officer. A room will be designated as stores, for keeping of stock or unallocated supplies. Supplies of goods or materials received will be checked against the Local Purchase Order and Way Bill or Invoice to confirm quantity and quality to specification. Reports will be prepared for goods damaged, short delivered or not conforming to specification. All receipts into a store will be checked against the relative document by the Account Officer and another officer, preferably the Auditor of the Chapel and the user. All deliveries must be certified before payments. The Auditor, Accounts Officer and the user must all endorse the invoice at the back.

8.8 Issuing of Stores: Issues will be made only on the authority of the Chaplain, who will serve as supervising officer. We do not need to print a stores

requisition, but a register ruled for such purposes will suffice. The store will be checked regularly by the Chapel Auditor to prevent leakage and pilferage. A bin card will be designed to record the quantitative movement of each store item, held in stock. The Bin Card will show receipt, issues, balance and store officer's signature.

8.9 Project Certificate: This concerns works that take longer time to complete. Hence a Technical Officer – Relevant professional must be designated to supervise, monitor, certify, issue instructions at site and certificates of valuation based on work measurement against which payments will be made. Payments will only be made for work duly and satisfactorily completed. Variation on contract of fixed costs should not be encouraged.

9.0 Imprest Account.

Imprest could be granted whenever the needs arise, but must be retired within a reasonable time, in any event, not later than four weeks from date it was obtained. All imprests or advances must be subject to approval by the advancing authority (Council or CBMC).

10.0 Centralization of Procurement.

It is advisable to centralize procurement in the Chapel

- (i) To avoid buying goods or materials at varied prices.

- (ii) To take advantage of expert advices before procurement
- (iii) To avoid buying substandard goods or materials
- (iv) To avoid impulse and unplanned purchases
- (v) To enable due process is followed for procurement
- (vi) To enable inventory book-keeping and cataloguing of Chapel property.

Centralization will afford best practices and better value for money. It is easier to keep track of price trends and prevent corruption. This responsibility will come directly under the schedule of the “Procurement Implementation Committee” to be appointed by the CBMC. The Committee is directly responsible to the Chairperson, CBMC.

11.0 Contract Management and Procurement Reporting.

Effective management of contracts is essential to ensure that the objectives of the procurement process are achieved and that all contractual obligations and activities are completed efficiently by both parties to the contract. The procurement implementation committee concerned must ensure that routine monitoring of all current contracts is maintained so that prompt, remedial or preventive action can be taken when problems arise or are foreseen. There are a number of post-contract issues that needs to be addressed, monitored, and resolved before any contract is completed including:

- (i) Contract effectiveness;

- (ii) Delivery and Inspection of Goods;
- (iii) Insurance matter (claims);
- (iv) Payments to the supplier for services and works;
- (v) Performance monitoring for services and works;
- (vi) Contractual disputes and resolution mechanism;
- (vii) Issue of sub-contractors;
- (viii) Delays in performance;
- (ix) Claims for damages.
- (x) Taking-over and issuing Defect Liability certificate of construction;
- (xi) Supply, installation and commissioning of equipment;
- (xii) Release of performance securities and retention fees;
- (xiii) Contract closure.

11.1 Contract supervision and administration for goods:

This will be undertaken by the Procurement Implementation Committee as appropriate. Monitoring delivery schedule, processing of documents and organizing/performing the inspection of goods are essential to ensure that the correct goods are delivered on time.

11.2 Contract supervision and administration of work contracts:

This is usually more complex than for goods due to the nature of works, the fact that they are

usually implemented in the outside, in remote areas and that the circumstances (soil, climate, terrain etc.) may be different than what was seen at the time the detailed design of works was made. The daily control and supervision of such contract is usually the responsibility of supervising consultants (relevant professionals) appointed within or hired by the Chapel. The Chapel must therefore ensure that it is kept abreast of progress and problems which may arise through routine reports. However, the supervising Consultant is obligated to obtain approval from the CBMC for major contract management decisions (such as issuing variation orders above a specified value, granting extension of time, approving additional payments, and issuing taking-over or defect liability certificates).

12.0 Contract Termination.

Both parties to the contract normally have the right to terminate the contract within the purfew of the agreement but to protect the Chapel, the advice of the legal expert should always be sought if it is considering such action.

Contracts should not normally be terminated without examining alternatives unless the termination is agreed by all parties to the contract. Procuring organization must therefore examine the contract carefully to be aware of all contract conditions, penalties and payments relating to the contract termination. The advice of the legal expert should also be taken into consideration in the preparation of any correspondence and settlement of any contractual penalties.

13.0 Contract Amendment.

Contract amendment may become necessary as a result of the application of additional or reduced requirements by the procuring organization, agreements to extend the time schedule, or from accepted increases or decreases in prices.

The Supervising Committee will:

- (a) Identify and agree with the supplier, contractor service provider or consultant the specific clauses in the contract which need to be changed, and the new values or terms and conditions which are to apply;
- (b) Prepare a draft contract amendment document for approval by the relevant authority together with a report justifying the reason for the amendment;
- (c) Obtain approval from the relevant authority;
- (d) Distribute copies in the same way as the original contract.

14.0 Disposal of Chapel Property.

Open competitive bidding shall be the primary source of receiving offers for the purchase of any Chapel property offered for sale. The disposal committee with the approval of the CBMC and or Chapel Council to:

- (a) Determine the applicable policies and practices in relation to the disposal of all chapel property;
- (b) Issue guidelines detailing operational principles and organizational modalities to be adopted in the disposal of Chapel property;
- (c) Issue standardized document, monitor implementation, enforce compliance and set opportunity standard.

14.1 Disposal Methods: Serviceable Chapel property, which is no longer needed, or in use may be disposed of in accordance with the methods indicated below:

- (a) Trade in;
- (b) Sales to other churches;
- (c) Public Auctions;
- (d) Sales by sealed Bid;
- (e) Negotiated sale;
- (f) Give to a worthy cause, that is give out free of charge.

14.2 Loose property: There are so many Chapel properties scattered or littered all around the Chapel premises e.g. Sunday school benches, stackable metal chairs, ceiling fans engines and blades etc. It is advisable to give to needy agencies free, but fully documented to indicate why, who, what, when, where and how of the transaction.

15.0 Inventory.

Inventory can be described as detailed list of goods or office furniture etc. which can be further divided into two, that is, fixed assets and current assets.

Investing in assets lead to tied-up capital, while tied-up capital affects organizations cash flow and solvency.

Fixed Assets include building, machineries and other plant or equipment, whilst current assets refer to assets of a more temporary nature. However, the types of inventory that will be applicable to the Chapel are for example, Church and office furniture, Public Address System (PAS) and household domestic appliances.

In the past, the inventory of the whole Chapel Complex including Chaplain's residence has been carried out and records available. The trend should be allowed to continue and update periodically.

If it has not been done, copies should be pasted in conspicuous area of the locations or back of the doors leading to each location for accessibility and reference. New and additional materials will be added to the list as the need arises. New and additional goods or equipment should be registered in the inventory book and inscribed on with the name and logo of the Chapel.

Whenever a change of baton takes place between the Chaplains (incoming and out-going) a proper handing-over must be ensured for accountability purposes.

16.0 Needs of the Chapel.

The Chapel cannot have all the essential things required to be provided by the Chapel Council or CBMC. There will still be need for more that can be provided by the

members of congregation. Whenever any member desires to present gifts to the Chapel, such member should please contact the Chaplain for clearance of gift choice. In order to keep priority current, it is advisable to publish the Chapel needs/requirements in order of priority on service bulletin every Sunday or on notice boards for people to see, this should be updated regularly. It may not be a crime to request members of the congregation donating gifts to the Chapel to present it with Invoice/Receipts of Purchase showing value preferably addressed to the chapel and or a deed of gift.

17.0 Basic Concepts.

The success of the implementation of this Procurement Procedures Manual depends largely on the total commitment and involvement of the management of All Souls' Chapel. It requires Chapel Congregational Commitment.

18.0 Honorarium.

This may from time to time be adduced to compensate:

- (a) Professionals/consultants.
- (b) Service Units.
- (c) Members.

Notwithstanding, Free and cheerful services unto God should be encouraged. Where payments are to be made, the commitment should be known upfront for planning.