

DISTRICT 9212 PROCUREMENT AND SUPPLY CHAIN COMMITTEE AND POLICY
DRAFT FOR APPROVAL BY DISTRICT ASSEMBLY : 4 APRIL 2024
SUBMITTED BY: GOVERNANCE AND ETHICS COMMITTEE
6 MARCH 2024

Introduction

District 9212 is in the process of streamlining procurement of goods and services for district related events (eg the Sunshine Rally, District Conference and Assembly and others) to ensure efficiency, effectiveness, value for money and integrity of processes.

The Procurement and Supply Chain Committee is constituted with the purpose of assisting the district in fulfilling its oversight responsibilities in all areas relating to district procurement and supply chain management. The Committee will ensure that the Rotary D9212 policies and approach to procurement and supply chain management are adequate and effective. The committee will develop policies and procedures and the committee should go through RI Policies and reference national legislation across the district such as the Public Procurement and Asset Disposal Act (Kenya).

Together with the Executive Committee (ExCo), it will promote the importance of procurement within all Rotary clubs in the district working closely with the District Finance Committee, District Governance and Ethics Committee, and receive requirements from the respective district committees eg District Service Projects Committee.

Membership

The district Procurement and Supply Chain Committee will comprise of a Chair, District Procurement and Supply Chain Committee and at least 2 committee members in good standing and will ideally include members with experience in finance and procurement of goods and services. The committee shall meet when there is need to deliberate on issues pertaining to procurement. Members of the committee should only serve for 1 year, renewable for 2 years. The terms of the committee will be staggered to ensure continuity and institutional renewal. Selection of committee members will be carried out in line with the district bylaws (Article 14-3: Appointment of District Officers).

Key terms of reference shall be to

1. Procure goods and services by way of Request for Quotations and tenders
2. Recommend vendors for award of tenders
3. Approve orders
4. Assist with development of contracts
5. Approve variation of contracts conditions

There shall be proper separation of duties between:

1. The person who orders a particular purchase from vendor
2. The person who satisfies the goods/services supplied are satisfactory.
3. The person who authorises payments.

Procurement Planning

Procurement planning is part of the annual budgeting process. Committee Chairs are responsible for planning his/her project's estimated procurement needs and advising the district on when the items to be bought in the course of the Rotary year.

Procurement Requisition

Each specific procurement procedure process shall be initiated by the appropriate Committee Chair . The Chair should submit the following information using the relevant documentation or process:

1. Detailed specifications and requirements for the item(s) being requested.
2. Quantities.
3. Delivery dates and locations.
4. Accounting information.
5. Whether procurement is within the approved budget or emergency or unplanned.
6. Signature of the preparing person.
7. The appropriate committee.

All requisitions must be signed by the Committee Chair initiating the requisition.

Controls on Procurement

Goods and services will only be procured within approved budgets except in case of emergencies, which has to be approved by the ExCo. Thus, each Committee Chair should ensure that actual procurement throughout the year remains within the budget.

The Committee should use tendering process when selecting a supplier of goods and services valued at USD 3000 or equivalent in local currency and RFQ's for amounts below USD 3000 or equivalent in local currency.

The District Internal Auditor shall assist the procurement committee in conducting periodic checks on procurement activities to ensure that they conform to D9212 requirements, policies and procedures. It is the responsibility of the Committee Chair initiating a procurement to verify that the following have been done whether or not he/she actually collects the goods concerned.

1. That the correct quantity has been received and signed.
2. That the quality and price of goods is as agreed.
3. That all goods are fit for the required purpose.

The District Procurement Committee will be required to declare any conflict of interest and abstain from participating in a decision in which such interest exists. The District Conflict of Interest form shall be used.

The Procurement Process Report

Once ExCO has approved a procurement of goods or services the Procurement Committee will then commence the process of procurement. The procurement committee should prepare and give ExCO monthly reports indicating progress on key procurement decisions. Any development contrary to the expected procurement process must be communicated to the Board as soon as such a situation arises.

Vendor Selection

Careful selection of vendors should be done to ensure that best possible price, quality and delivery time available within the markets are obtained. A list of suitable vendors (the list of pre-qualified vendors), for each type of goods and services based on letters of introduction

and past performance shall be maintained. This will make the process of vendor identification effective.

The vendor list shall be reviewed and updated periodically to ensure that current known factors are taken into consideration. Once the previous year's list of vendors has been updated and approved by the procurement committee, procurement of goods, and services can be effected. Vendor selection for inclusion on the list of pre-qualified vendors will take place once per year and will be done by the procurement committee.

Vendors can include consultants. D9212 branding materials must confirm to designated standards and vendors who do not adhere to the guidelines will be surcharged.

Vendor Selection Criteria

The following set of criteria is essential for deciding on choice of vendors. Rotarians are free to seek to be prequalified. Rotarians who serve on the committee should sign a Conflict of Interest and recuse themselves when a company that they have a financial interest eg as as director, is being considered. Members of the committee can submit bids once their term of office is complete but after a period of 2 years.

1. Price
2. Quality of goods/services. Such a justification must be verifiable.
3. Availability of goods/services within the required delivery time.
4. After sale services, including availability of parts/supplies.
5. Bidder's previous records of performance and service.
6. Ability of bidder to render satisfactory service in this instance.
7. Financial stability of the vendor.
8. Availability of bidder's representatives to call upon and consult with
9. Payment terms
10. Warranty offered.
11. Ability to provide samples
12. Regulatory compliance (Tax Compliance Certificate, Audited accounts, professional membership, Income tax PIN, Certificate of Good Conduct or equivalent etc)
13. Performance bond (depending on the value of the good or service)

Procedure for Tender

The District Procurement and Supply Chain Committee is solely responsible for the selection of vendors invited to bid for a tender or provide a quote. The Committee will send an invitation to tender to each supplier listed to be invited using appropriate procurement platforms.

Direct contracting may be used in specific circumstances and the District Governor will issue a Note for record to the Procurement Committee. These circumstances may include:

- Emergency nature of requirements (goods are needed urgently and as such there may not be adequate time to carry out competitive tendering. (help in defining this)
- Only one source can meet the District requirements.
- Where the District has approved the standardization of supplies and need to compatible with existing ones
- Only legislated Rotary monopolies provide specific services.

Local Purchase Orders (LPO) will be issued to prospective vendors. The LPO is a contract with vendors should include all information regarding the goods and services being procured as well as standard terms of delivery, payment and arbitration in case of dispute. If contracts are precise and clear, possibilities of disputes will be reduced and D9212 will stand far greater chance of receiving the goods and services as expected. Upon selection of a vendor, a legally binding contract or work order should be drawn-up for the goods and services in question and signed by both parties prior to procurement. Detailed specifications; quantities, unit prices, delivery deadlines, locations, and payment schedules must be specified in such contracts. The contract can used together with delivery schedule incases of recurrent services).

Order for Recurring Requisition

Procurement of a recurrent nature, i.e. where the same goods and services may be issued several times a year, vendors can be selected once, but separate contracts drawn-up on each occasion the vendors are used.

Certifying Delivery of Goods and Services

The procurement process cannot be completed without certification that the goods and services procured have been received entirely to D9212 satisfaction, in particular, to the satisfaction of the requisition. The procedure for receiving goods and services is therefore important in ensuring that vendors have entirely met their obligations.

Once D9212 has certified that goods and services have been received to their satisfaction payment can then be made. In all cases, the certification of receipts of goods and services is pre-requisite to D9212 and the following guidelines are essential for that purpose.

1. The user committee should ensure that goods and services are checked against contracts, waybills, invoices, or delivery notes.
2. Requisitioning director at the time of delivery will facilitate the receiving and checking of goods and services whereby the receiving person will have to sign the delivery notes or any other documents during delivery.
3. Physical checking should be done by the requisitioning department and not by the procurement committee.
4. In some cases, receiving of goods and physical checking of goods or services may be delegated to other persons who are so authorised by the procurement committee. Such might include cases where goods or services are delivered directly to a project field location; or where specialist's technical certification is required.
5. Any differences between documents done physical checks should be noted and reported to the procurement committee for action prior to utilisation.

Payment Processing Procedure

The recipient department is responsible for confirming that goods or services received are to their satisfaction and that payment may be made. This confirmation is sent to the procurement committee who then forward it to the District Finance Chair for further checking and necessary approval and authority to pay. All payments must be made in accordance to the contractual terms between the vendor and D9212 and in reference to the financial policies. D9212 makes payment against delivery of service.