

Procurement Policy

Introduced in July 2000

(3rd Revision in May 2012)



National Development Programme-NDP

NDP Bhaban, Bagbari, Shaid Nagar, Kamarkhanda, Sirajgonj-6700

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1. Introduction:

National Development Programme-NDP is a non-governmental voluntary development organization, called as NGO. It has established in 1992. NDP obtained registration from the Department of Social Welfare and NGO Affairs Bureau of the Government of Bangladesh. By virtue of constitution of the organization it is a non-profit and non-political organization. The key objective of NDP is to strengthen capacity of the target beneficiaries and to create scope for bringing them in the main stream of development. At present NDP has been launching twenty-two different programme/projects and its operational area covers 4 districts (Sirajgonj, Bogra, Natore and Pabna) under Rajshahi division in the northern region of Bangladesh. NDP is an up growing institution, which is expanding day by day. Based on the needs of different projects, the organization has to procure varieties of goods/items/services everyday. It's always appearing as a difficult task to meet up all satisfactions and ensure timely supply of quality goods/services for all. At the same time smooth operation of the programmes and timely payments for services, whatever small or bigger amount; it is also a part of the procurement process. Moreover, different donors have their different requisites. Considering all these, the organization feel deem necessity to introduce the "Procurement Policy" and accordingly introduced the policy for the first time in July 2000. In view to make the system as standard the organization has revised the "Procurement Policy" first time on the 1st January 2004 and this is the 3rd edition of the existing one, which is to be implementing from May 2012. It is expected that the appropriate use of the guidelines, terms and conditions set up in the revised edition will be much more effective for performing procurement and be able to satisfy the present needs of the organization. This policy will also help the concerned authority/person/users to deliver their professional services properly and effectively, reduce miss use of resources and will act as a tool for financial controlling mechanism, thus help earning organizational sustainability.

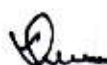
2. Suppliers of Goods and Services:

All purchases for the supply of goods and services should comply with NDP's Procurement Policy. Where a conflict of interest could occur, those responsible for making the decision should take particular attention in deciding which supplier/vendors or contractor to choose.

3. Basic Principles:

The possible best practices are taken into account in formulating the Procurement Policy and NDP management agreed that the revised policy should be guide by clear definition of procurement.

Procurement is the process of the acquisition, usually by means of contractual agreement after competition, of goods, services, works and other supplies.



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The basic principles to be adopted to make effective the Procurement Policy are:

- There should have effective mechanism in place that restores the accountability of the persons involved with the procurement functions;
- Procurement should be carried out by competition;
- Procurement process should be carried out as cost effectively as possible;
- There should be endeavor to meet the aspiration, expectations and needs of the community served by the procurement;
- It should ensure that there is openness and clarity on procurement policy and its delivery.

4. Procurement Process:

4.1 Procurement Committee:

In general the Procurement Committee will comprise three members. Of them, there will be the representative from administration, management and programme of the organization. Manager (HR&Admin.) will act as chief of the committee, who will function as the 'Convener' and the other two as member. The Director on behalf of the executive committee (EC) of the organization must have to approve the procurement committee. The procurement committee is responsible to the chief executive of the organization. In case of procurement for any donor supported projects, the committee will include the Project Manager or his representative and/or one technical person from the respective projects and in such case, the committee reserves the rights to co-opt maximum two staff members in the committee. It will help in smooth functioning of the project activities and earn better results.

Neither the chief executive of the organization nor any representative from the accounts sections are to be allowed as a member of the procurement committee. NDP management committee will select the members for the procurement committee from the organization, whom they think as appropriate and responsible. In general the procurement committee will remain valid for three years. The organization's management can bring any changes in the committee at any time, whatever it likes appropriate. On especial circumstances, the donor representatives are also can be allowed in the procurement committee with the consent of EC.

i. Responsibility of Procurement Committee: The Committee is responsible for overall procurement functions. The Director (chief executive) and the senior management including the chief of accounts (Manager F&A) are responsible for oversee the procurement functions and has right to question any part to be reviewed, repeated to void.

ii. Advance Planning: The procurement committee will collect periodical (monthly/quarterly/six-monthly) purchase requests from NDP's branch/project offices in advance to permit adequate time and ensure storage of required items thus make sure the supply on time.


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iii. Purchase Requisition/Order: Purchase requisition shall be the basis of all procurement and without valid PR no procurement action shall be initiated. For any goods or services to be procured, the procurement committee will send their needs with recommendation to the chief executive (Director) and either he or his designated representative will finally approve it.

4.2 Methods of Procurement:

The procurement can be made on the following manner:

- i. Direct Procurement
- ii. Request of quotation
- iii. Procurement Agents
- iv. Open Tender

4.2.1 Direct Procurement:

Any purchase up to Taka 10,000 may be processed directly with approval from the Director. Seminar/workshops and training expenses will be paid directly as per the approved budget.

The basic principles to be applied in direct procurement of services are;

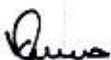
Procurement of services which fall under this category is relatively low valued item/equipment/materials, standard routine maintenance/services of vehicles and other machineries, training materials, etc. which there are regularly repeated demand for them, it makes little sense to conduct a competition exercises before each. Further, medicines or like items, which have standard price list of the company, such items can be purchased following the price list of the company or through assigned dealer/suppliers of that company. Direct contracting from a supplier without competition may be appropriate when;

Direct contracting from a supplier without competition:

- The estimated cost of the requirement is low;
- The goods to be purchased are needed urgently, and the time involved in conducted a competitive process would result in the goods being received too late;
- Suitable and acceptable goods can only be supplied by one source;
- Offers for identical goods/services were obtained recently, and the prices and conditions on offer remain commercially attractive.

4.2.2 Request of Quotation:

The Procurement Committee will take necessary steps (spot quotation, press tender, making comparative statements, send the work orders and receiving delivery of orders) for procurement the goods as per order.



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The organization will follow the following ceiling guidelines in procurement:

Amount	Source	Quotation	Method of Procurement
Up to Tk.10,000	Open market/ Enlisted vendor	None	Direct purchase by Procurement Officer/ In charge/ Designate
Tk.10,001 to Tk.50,000	Open market/ Enlisted vendor	02 (two)	Open market purchase by procurement committee. A purchase order (PO) will be issued to the selected vendor.
Tk.50,001 to Tk.300,000	Open market/ Enlisted vendor	03 (three)	Open market purchase by procurement committee. A purchase order (PO) will be issued to the selected vendor
Above Tk.300,000	Open market/ Enlisted vendor/ Press tender	03 (three)	Through limited tender (sealed bid)/ press tender. A purchase order (PO) will be issued to the selected vendor

a) Quotation Invitation Procedures:

The Procurement Committee shall request quotations from as many as practicable and shall obtain and compare at least 3 quotations to establish the competitiveness of the quoted price. Comparison of two quotations is justified only when there is satisfactory evidence that there are only two sources of supply or management is satisfied that collection of other quotations will delay the procurements.

The Procurement Committee shall carefully select the tender invited to quote for goods that the goods offered are suitable and satisfy the needs as standard as needs.

b) Qualification of Invitee Suppliers:

The supplier should be selected in keeping with the following criteria;

- Previous experience on supply of such goods
- Solvent
- Bank accounts holder
- Experience in supply of quality goods
- Registered with VAT authority and TIN holder, Trade License holder
- Have office establishment, preferably in the operational districts

In case of purchasing goods/services from local sources where the supplier/vendor do not meets the above criteria (Registered with VAT authority and TIN holder, Trade License holder) and there is no other suitable option, the Procurement Committee in that case with the approval of the Director may consider or reluctant to meet up the above criteria for enlisting/selecting suppliers/vendors.


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C) General procedure about vendor enlistment:

NDP thought to avoid the unexpected risk of improper procurement, decreases the chance that inappropriate vendors will be selected and improves the efficiency and effectiveness of procurement.

Invitation, evaluation and selection of vendor:

This phase requires the development of evaluation criteria and vendors will be selected as follows:

The supplier/vendors must have appropriate identity with good track and records of previous experience of supplying goods and services, having valid license and bank accounts, bound to obey the rules and regulations of NDP and the GOB, and interested and willing to provide the goods and services as and when necessary following the office order. The interested supplier/vendors if proven having linkage with any illegal business, corruption, child labour or to be involved with any political affairs, fundamentalist or terrorist platform must be excluded in the selection process. Furthermore, to avoid conflict of interest, any relative from senior management or the Procurement Committee members are to be selected as suppliers/vendors. Potential conflicts should always be referred to the Chairperson, EC or the Director of the organization to get appropriate decision.

d) Assessment and selection:

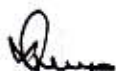
Selection and recruitment procedures should be very open in nature. All contracts must be awarded on the basis of competitive bidding. The Procurement Committee will make the final selection after assessing the technical and financial proposal. The Committee has the right to accept/reject the proposal. Financial proposal shall never exceed the budgetary provision.

4.3 Procurement Agents:

When the value of the goods/supply exceeds the ceiling restricted by the donors and they like those sorts of goods/supply can be procured from the donor approved procurement agents. In such case the Procurement Committee is ready to purchase the goods/supply from those procurement agents providing the Procurement Committee is satisfied with the technical specification and qualities of the goods/services supplied by them.

4.4 Open Tender:

If situation dictates the Procurement Committee could proceed for open tender process for the procurement of goods/services exceeding Taka 300,000. In emergency situation like, purchasing of goods/services required for emergency response initiatives, the Procurement Committee could purchase those items through collecting three quotations from the market with the approval of the Director.



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4.5 Work order/ Contract agreement:

Legal agreement has to be made with the selected supplier/vendor. All terms and conditions- goods and services as per required quality, quantity and delivery time (including provision of penalty in case of any delay in supply, inferior quality that does not meet the requirement, loss of any item or damage and others) must be incorporated into the contract document. Director or by order of him Deputy Director will issue the work order favoring the selected supplier/vendor.

4.6 Payment against procured item/good/services:

The organization should always be conscious to make payment to the vendor through Accounts Payee Cheque. Not over Taka 10,000/= (Ten thousand) will be paid in cash, otherwise vendor is bound to accept the Accounts Payee Cheque. In case of emergency spot purchase/open market purchase where vendor is non-willing to receive the check/pay order, then the payment can be made in cash to the vendor getting his request in writings under approval of the Director or his designated person.

5. Store management:


The store shall be placed under the administrative control of the Director. In case of field offices, separate officials will be assigned, who will be receiving the supplied goods/services and reporting to the Project Chief/Office In-Charge.

5.1 Responsibilities of the Store Keeper;

- a) Receipt the goods/items
- b) Stores and issue of materials on the basis of proper store requisition
- c) Timely dispatch of materials to expedite efficiency
- d) Maintenance of ledger, stock, register
- e) Disposal of surplus and obsolete items
- f) Responsible of safe keeping of materials

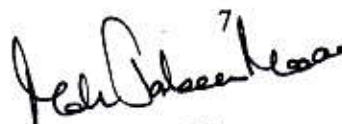
5.2 Materials Receiving Report (MRR):

Materials Receiving Report shall be raised for acknowledging the receipt of the materials. Before raising an MRR, all materials must be thoroughly inspected and counted by the store in charge and the representative of the user (where necessary) in presence of the Procurement Committee representative, who will make their comments in the challan form and send it to finance unit for payment. The authorized person can inspect any or all item/goods whenever he likes and can leave his comments/findings for management notice.



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5.3 Physical Inventory of store items/materials:


An annual physical inventory of all sorts of items shall be conducted at the end of the year internally by NDP's Finance team. Major deviations between stock records and physical counts must be investigated for disciplinary action. A part from annual physical inventory, Director or his authorized representatives shall conduct surprise physical inventory at least once in a year.

5.4 Store Register/Consumable Items:

The store in charge will keep a store register for all the items receipt in the store. A stationary store register may be maintained by the project to record and control the stationary items.

6. Conclusion:

It is expected that the development process of the organization enhanced through appropriate and regular practice of the described procurement policy. It will enhance accountability of the organization; make it transparent in procuring the office utilities/services and contribute in financial management. At the same time donor agencies should consider the organization's procurement policy in procurement the project services funded by them. There's having the scope of further revision of the procurement policy considering the needs and requirements of the organization of its own and based on the recommendations of the development partners' to make it user friendly.



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(STORE REQUISITION FORM-SRF) (Goods/Supplies/Others)

SRF#-----

Date: -----

To: Store in -charge
NDP

From: PM/PC/TL/Manager

Please issue the under mentioned item(s) to: Mr./Ms.-----

For official purpose such as -----

SI #	Particulars	Quantity Required	Quantity Issued	Unit Cost	Total Cost	Registered Page# Item Code

Remarks	
Requested By: ----- Date: ----- Name----- Position-----	Approved By: ----- Date: ----- Name----- Position-----
Issued By: ----- Date: ----- Name----- Position-----	Received By: ----- Date: ----- Name----- Position-----

NB: Main Copy retained by Store in-charge
Copy attached with Vouchers for accounts


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09

46

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NDP Bhaban, Bagbari, Shahid Nagar, Kamarkhanda, Sirajganj-6700

(Purchase Request Form-PRF)

Office:-----

PR#-----

Date:-----

Requested By:-----

Signature & Date:-----

Recommended By:-----

Signature & Date:-----

Approved By:-----

Signature & Date:-----

SI no	Description	Quantity Req.	Quantity In Hand	Unit Cost	Budgeted Cost (BDT)
01					
02					
03					
04					
05					
06					
07					
08					
09					
10					
Total					

Remarks:

Purchased By:

Date:

Received By:

Date:

Name:

Name:

NB: Main copy retained by issuing office
Copy to be attached with voucher for Accounts.


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NATIONAL DEVELOPMENT PROGRAMME (NDP)

Name of Project/Programme:

Address:

Annex-..... Material Receiving Report
Serial No.

Material Receiving Report (MRR)

SL No	Suppliers Name	Work Order No.	Challan Reference	Name of Materials	Specification of the Commodities	Qty Received	Unit Cost	Total Cost	Remarks

Quality Assurance Certificate: The materials have been delivered as per the specification of the work order.
Remarks: If there is any deviation it must be reported the following blank space:



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Store in charge

Quality Assurance Officer