




HARMONIZATION OF PROCUREMENT POLICIES
FOR
STATE OWNED ENTERPRISES

Functions of Procurement Department and
Job Descriptions of Procurement Staff



Privatization and Corporation Board
Ministry of Finance
Male', Maldives

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1 Role of the Procurement Department

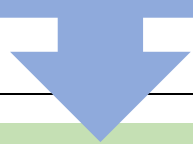
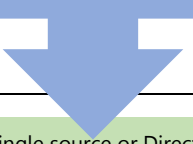
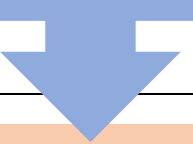
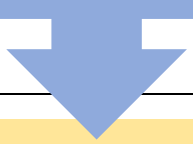
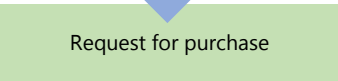
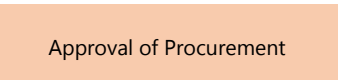
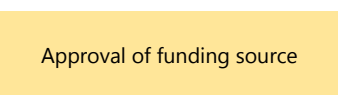

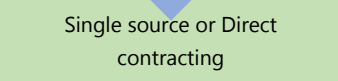
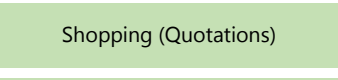
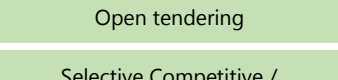
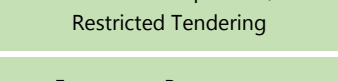
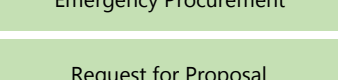


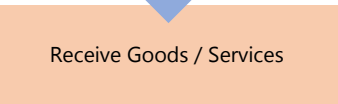



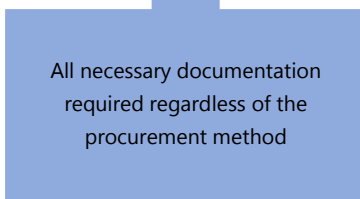
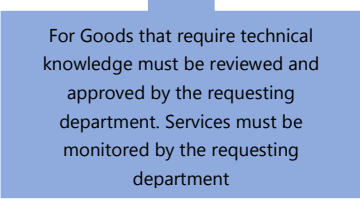
The primary role of a Procurement Department / function of an Organization, in simple terms is to acquire all goods, works and services required by the Company. While traditionally this role is focused on merely obtaining goods / services for the Company, its duties are broader even if the procurement function is not part of the Organization's primary mandate. Procurement requires planning ahead to focus on long-term objectives in achieving organizational goals and specific project objectives. The Procurement department is responsible for seeking, selecting, coordinating, appraising suppliers / contractors, to some extent contract management including transportation while ensuring quality, economy and efficiency, fair competition, transparency & accountability and responsibly managing impact on the environment.

2 Importance of Segregation of Duties

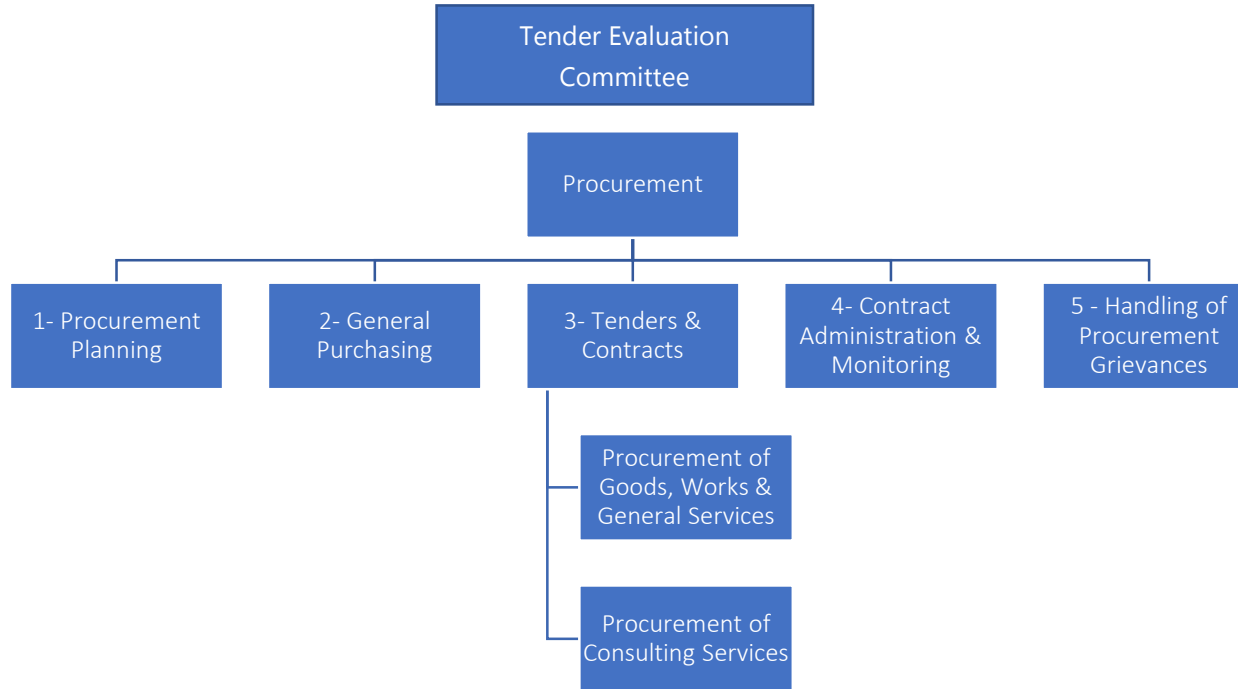
Segregation of Duties is an internal control whereby tasks are distributed between departments / units / persons in order to avoid collusion, minimize the likelihood of fraud and error. Segregation of Duties in procurement ensures that no one person has complete control over all purchasing activities and appropriate checks and balances are maintained. As such, financial, contractual and project implementation authorities must be separated in the procurement process.

Table 1 below shows Segregation of Duties in the procurement process.

Table 1 - Segregation of Duties in Procurement Process: Duties are separated by colour. Employee(s) undertaking duties in green boxes shall not participate in duties in orange and yellow boxes, and vice versa.

	Request to purchase and approval	Order	Receiving	Payment
Controls	<p>Only designated employees and / or employees relevant to the required need should have access to purchase supplies, and procurement via tenders & contracts, for a particular budget</p> 	<p>Only employees with approved access may use certain procurement methods</p> 	<p>Employee other than the one who ordered should review and receive order</p> 	<p>Employee other than the one who ordered should authorize the payment</p> 
	   	      	 	
Controls				

3 Functional View of Procurement Department



Other Committees in the Procurement Process

Ad-Hoc Committees (Temporary) – Only if and when required

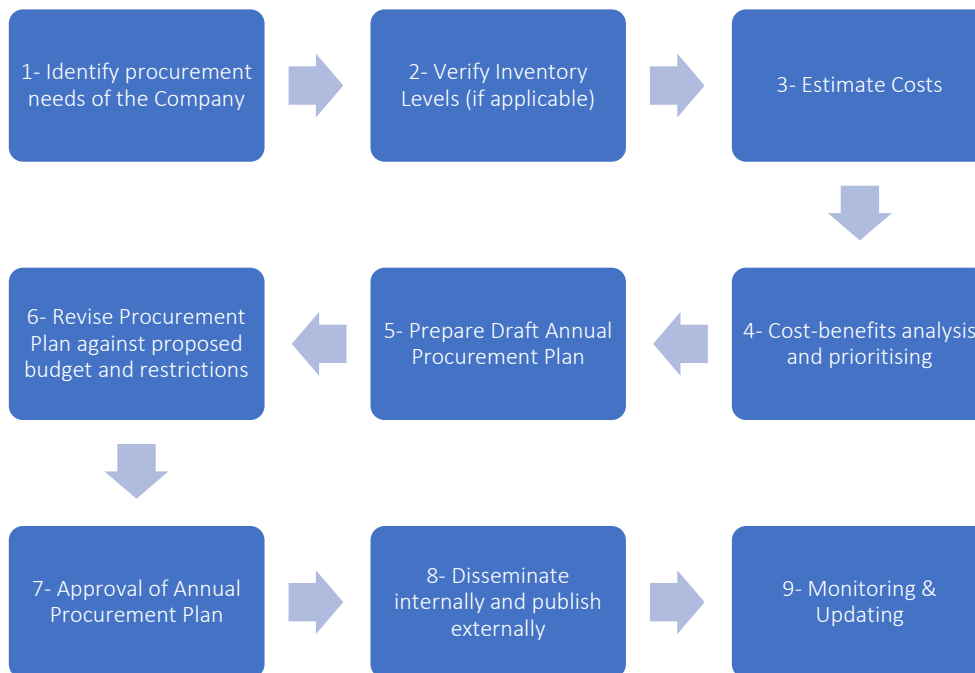
- Pre-Tender Committee (Preparations of Specifications/TOR/Drawings)
- Bid Opening Committee (Technical)
- Bid Opening Committee (Financial)
- Samples Evaluation Committee
- Post-Tender Negotiation Committee (Clarification of issues).
- Procurement Grievance Committee: Composed of personnel independent of all other Tender Committees and Ad-hoc committees. No less than 3 members

3.1 Procurement Planning

Overview of the Function:

Procurement planning is a crucial element for an efficient procurement operation. It is the process of identifying, consolidating and prioritizing the procurement requirements of the company expected over a period of time. It improves procurement performance by ensuring continuity of supplies while taking advantage of bulk purchases, facilitating competition and eliminating emergency/rushed procurement. The procurement planning function is primarily responsible to prepare the Annual Procurement Plan by coordinating with all the departments. It is an essential part of the budget preparation process and is an important tool for the management to plan their resources over the coming year.

Procurement Planning Process:



Job Description of Responsible Officer(s):

- 1- Coordinate with all the departments to compile Company's Annual Procurement Plan, a process which is fully integrated with the budget processes
- 2- Identify procurement needs of the Company
- 3- For goods; verify inventory levels
- 4- Estimate costs by conducting a market research; what is available in the marketplace, suppliers, sole distributors, manufacturers etc, and for contracts, conduct market analysis to determine private sector's capability to meet the needs of the contract

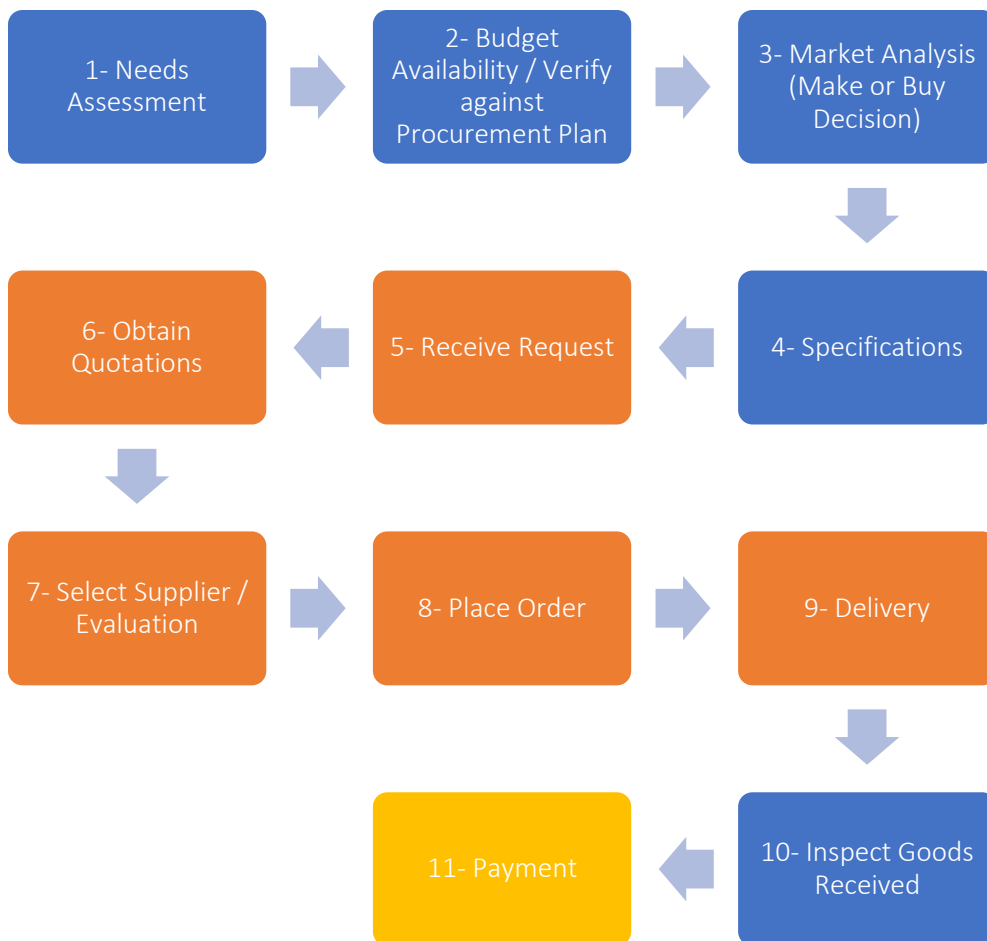
- 5- Combine items that can be procured in bulk or aggregate larger purchases at lower unit costs such as recurring procurements
- 6- Conduct cost-benefits analysis and prioritize accordingly
- 7- Estimate the duration of time required to appropriately carry out the activities required for each procurement in order to gauge as realistically possible
- 8- Compile the draft Annual Procurement Plan for the Company, integrating all departments' procurement needs
- 9- Revise the Procurement Plan against proposed budget and restrictions
- 10- Seek approval for final the Procurement Plan (in line with the approved budget)
- 11- Disseminate the Procurement Plan to all the departments and publish the final Plan on Government Gazette/MOF Procurement Portal/Company website
- 12- Continuously monitor the Procurement Plan and update quarterly.
- 13- Maintain a database of major categories of items and technical services, and their technical specifications; and recurring items procured by the Company (e.g. Generator Sets, Fuel, Tools and Equipment, Office Consumables, raw materials etc.)

3.2 General Purchasing

Overview of the Function:

The primary role of General Purchasing is to process Purchase Order requests (items that are required for daily operation of the Company or stores; eg: office consumables and equipment, fuel, raw materials etc.), place order and coordinate with the suppliers/vendors and other departments through to completion.

General Purchasing Process:



Responsible Departments in General Purchasing Process:

Department	Process
Requesting / User department	1-4
Procurement Department	5-9
Requesting / User department / Inventory Management	10
Accounts / Finance Department	11

Job Description of Responsible Officer(s):

- 1- Responsible for verifying the request received from the user department. Check if the Purchase Requisition states budget approval and comprehensive specifications from the user department.
- 2- Send the Request for Quotations (RFQ) to suppliers as per the threshold specified in the Policy and the subsequent methods of obtaining the quotations.
- 3- Evaluate the quotations as per the (pre-determined) evaluation criteria
- 4- Obtain technical review from the requesting department on technical/complex items prior to supplier selection
- 5- Select the most suitable supplier
- 6- Create Purchase Order to the successful vendor/supplier
- 7- Seek approval and signature from the authorized signatories for the PO as per the Authority Matrix and place the order.
- 8- Monitor the delivery schedule from the supplier/vendor to ensure the goods and services are delivered within the agreed delivery period.
- 9- For Imported Goods – Obtain proper shipping documentation and pass it to the logistics team for clearance of goods
- 10- Seek a copy of Goods Received Note from Inventory Management on goods received to the stores
- 11- Obtain signed confirmation of the receipt goods/services received to the user department, from an authorized staff
- 12- For Goods that are rejected, obtain reasons in writing for rejection from the user department.
- 13- Inform suppliers on the rejected goods at the earliest possible.
- 14- Request for rectification from the suppliers
- 15- Request Accounts/Finance Department to process payment once the goods have been received
- 16- Where Advance Payment is required, request to process the advance payment from Finance/Accounts Department with necessary approval, as per the set procedure
- 17- Maintain all documents relating to a particular procurement safely in an organized, up-to-date manner

3.3 Tenders and Contracts

Overview of the Function:

Tenders and Contracts entails processing requests for procuring goods, works, general services and consulting services, managing all the administrative work of seeking suppliers / vendors which includes, advertising, providing information, bid validation and evaluation, selection and awarding contract in a timely manner.

Tendering & Contracting Process:



Responsible Departments in Tendering & Contracting Process:

Department	Process
Requesting / user department	1-4, 8-10, 14-15
Procurement	5-10, 13-14
Tender Evaluation Committee	11-12
Legal Department	13
Accounts / Finance Department	16

Job Description of Responsible Officer(s):

- 1- Responsible for verifying the request and bidding documents received from user department is comprehensive and are in order (i.e, necessary approval, comprehensive technical specifications, minimum set of information, pre-determined evaluation criteria)
- 2- Choose the most suitable method of procurement as per the threshold in the Procurement Policy and based on the circumstances
- 3- Prepare the procurement schedule (duration); timeline for advertising, information session/site visits, clarification, receiving bids, evaluation and selection, as per the Procurement Policy /Annual Procurement Plan
- 4- Advertise and issue tender documents (including sale of bids if applicable) as per the selected procedure for the chosen procurement method
- 5- Responsible for organizing the pre-bid meeting/information session/site visits and disseminating information to the attendees, together with a member of the requesting/user department
- 6- Responsible for keeping records of the meeting and distributing copies of attendance sheet to the attendees.
- 7- Ensure that all request for clarifications are addressed by the user/requesting department in a timely manner
- 8- Arrange the bid opening as per the set procedure (close or open) and ensure that records of the meeting are maintained, and necessary details are given to the bidders
- 9- Responsible for preliminary examination of bids to check for compliance/validating
- 10- Responsible for submitting the bids to the Tender Evaluation Committee in a timely manner, for evaluation and selection
- 11- Coordinate with the Tender Evaluation Committee in seeking approval to award the tender once the evaluation and selection is completed. Where technical evaluation is required (from a technical committee), ensure the proposals are technically evaluated prior to evaluation by the Tender Evaluation Committee.
- 12- Send the award letter (notification of award) to the successful bidder, and notify unsuccessful bidders and update the company procurement portal / webpage
- 13- Ensure all terms and conditions of the bid (eg: Performance Guarantee from the Contractor) are met
- 14- Make arrangements to sign the Contract; consult legal counsel if required
- 15- Obtain approval/signed receipt of goods/services from the requesting department for goods/services delivered. Should an issue arise, communicate with the supplier to rectify the issue

- 16- Responsible for managing the contract; modifying terms and conditions and preparing for close of contract.
- 17- Request Accounts/Finance Department to process payment once necessary approvals have been obtained.
- 18- Maintain all documents relating to a particular procurement safely in an organized, up-to-date manner

3.4 Contract Administration & Monitoring

Overview of the Function:

Contract Administration & Monitoring function is primarily responsible for preparation of procurement documentation, processing and approval of such documentation, monitoring contract implementation, approving and administering contract variations & modifications, and possibly cancelling or terminating contracts.

Job Description of Responsible Officer(s):

- 1- Responsible for developing a Contract Administration Plan (eg: identifying contract milestones & deliverables, procedures for reporting, inspection & acceptance) as per the Procurement Policy and Contract
- 2- Review past performance of the Supplier, Purchaser or Contractor in order to inform the planning of contract administration for the current Contract;
- 3- Responsible for setting up contract administration procedures;
- 4- Ensure that forms for various procedures are in place (eg: forms for measurement and assessment of work);
- 5- Identify any reporting requirements applicable to the Procuring Entity, at the national level as well as to any funding agencies; and ensure that such reports are sent in a timely manner;
- 6- Identify required personnel and delegate contract administration function to them (eg: project manager or formation of a multidisciplinary contract administration team) and notify the Supplier, Purchaser or Contractor of the designated representatives and their functions and any limits on their authority
- 7- Identify applicable laws and regulations relevant to the particular procurement and ensure that the implementation of procurement contract is line with such laws and regulations
- 8- Conduct orientation exercises for procurements of significant works, to ensure that both parties to the contract have a shared understanding
- 9- Responsible for monitoring the quality of performance of the procurement/sale contract by means such as inspections, testing etc.

- 10- Responsible for monitoring the progress of performance in various aspects of contract implementation
- 11- Coordinate with relevant staff to ensure that progress payments are paid in a timely manner
- 12- Ensure progress reports from the contractors are received, and conduct site visits to supplement these reports
- 13- Responsible for identifying or determining defects in the performance of contractual obligations of the Supplier, Purchaser or Contractor and ensure such defects are corrected or remedies provided as per the Procurement Policy and Contract
- 14- Responsible for resolving any problems that may arise or may be detected in the progress of implementation of the contract
- 15- Responsible for administering the process of recouping the advance payment
- 16- Verify the invoices submitted the Contractor and notify of any defects, if any, without delay
- 17- Responsible for handling variations as per the Procurement Policy and Contract
- 18- Responsible for issuing Stop Work Orders & handling claims as per the Procurement Policy and Contract
- 19- Responsible for preparing End of Activity Report to the Tender Evaluation Committee which includes performance assessment of the Contractor

3.5 Handling of Procurement Grievances

Overview of the Function:

Handling procurement related grievances lies with the Procurement Function of the Company. It is a fundamental requirement for a good public procurement system to achieve transparency and in order to do so, it is important to establish an efficient system to address complaints and protests from Suppliers and Contractors, as well as from professional bodies and the public.

Job Description of Responsible Officer(s):

- 1- Responsible for handling all procurement related grievances
- 2- Check the complaint was received within the prescribed duration and contains the minimum information in accordance with the Procurement Policy
- 3- Responsible for maintaining an up-to-date register of complaints with all the information pertaining to the complaints
- 4- Check if the complaints by the supplier, contractor or purchaser is subjected to a review process as per the Procurement Policy
- 5- If it is subjected to a review process, pass the complaints to the Procurement Grievance Committee for review
- 6- If the complaint is not subjected to a review process (eg: choice of selection procedure is not subject), issue a response to the complainant in writing
- 7- Ensure that the Procurement Grievance Committee issues a written decision within 10 days after the submission of the complaint as per the Policy
- 8- Send a copy of the decision of the Committee to the CEO of the Procuring Entity within 3 days of the decision

4 Manning of Procurement Department

Manning of procurement department depends on the size of the Organization and volume of procurement. Large organizations where procurement is in high volume or where procurement function is linked heavily to its core objectives, may implement the functions of procurement department described above, where each function is a separate section or unit depending on the size of Procurement Department. Additionally, the functions of the department described above can be assigned to one or many officers provided that duties are segregated as per Table 1 in smaller organizations and organizations where procurement is in low volume.

Smaller/medium organizations and organizations where procurement is in low volume, may not require a separate procurement department. In such cases, procurement can function under finance or operations / administrative department, with duties segregated as per Table 1.

The head of procurement department / function has specific responsibilities, a sample job description below.

Job Description of Head of Procurement:

- 1- Oversees the entire procurement function of the Company; with delegated responsibilities of procurement of goods, works, general services and consulting services for the Company.
- 2- Responsible for ensuring compliance with relevant laws, policies, procedures and guidelines
- 3- Design and implement sound procedures for efficient operation of the Department that are in line with the procurement policy
- 4- Ensure that all procurement staff and stakeholders in the procurement process adhere to the Company Code of Conduct/Ethics
- 5- Ensure that gifts in any form received by procurement staff from Company's suppliers and prospective suppliers are declared to the Company's designated authority
- 6- Ensure that procurement process entails checks and controls to identify Conflicts of Interest
- 7- Ensure that all procurement dossiers are maintained, both in print and electronically, with access limited to the staff based on their responsibilities and authority.
- 8- Review and authorize procurement requests as per the Threshold
- 9- Ensure that the procurement process is streamlined with other operations of the Company

- 10- Ensure that the payment process is aligned and coordinated with procedures for monitoring and assessing progress and quality of implementation
- 11- Maintain a central database of vendors/suppliers and ensure it is updated regularly
- 12- Ensure the Annual Procurement Plan is prepared in a timely manner, and all procurement activities are undertaken as per the Plan (to the extent possible)
- 13- Facilitate procurement trainings for staff, specifically procurement-related trainings
- 14- Establish grievances/complaints handing mechanism pertaining to procurement activities and ensure procurement related grievances or complaints are effectively handled
- 15- Establish a performance management and monitoring system
- 16- Prepare quarterly & annual reports of Company's procurement (number, types, value, contractor/supplier) – Assess procurement performance against budget / procurement plan and submit quarterly reports for management review as well as to the PCB
- 17- Responsible to conduct performance appraisal of all procurement staff
- 18- Hiring Procurement staff
- 19- Training of new staff

5 Tender Evaluation Committee Charter

Effective Date and Duration: [insert Date]

Purpose

Tender Evaluation Committee is an independent body constituted to advise the Head of the Procuring Entity on the acceptance of tenders for works, services and stores. Procurement. The Committee is responsible for undertaking evaluation of procurement above a certain threshold set by the Company as per the Procurement Policy.

Composition

The Committee shall comprise of [insert the number – up to 7 and must be an odd number] members, appointed by the MD/CEO of the Company, and endorsed by the Board of Directors. Where appropriate, the members of the Committee shall be on the basis of their knowledge and expertise in the supplies, works or services, as well as procurement procedures and the law.

The Committee membership includes members who have skills in the following areas:

- Relevant technical expertise and knowledge;
- End user representation;
- Procurement and contracting skills;
- Financial management or analysis skills;
- Legal expertise (where possible).

The Committee is empowered to call upon any Departmental officers to assist with expert advice. Where appropriate, Tender Evaluation Committee may also seek advice of subject matter experts, to assist them in the bid evaluation process.

Term

The Committee shall be reconstituted on an annual basis, with the allowance to reappoint the members if appropriate. However, at a minimum, 33% of the committee must be reshuffled every year.

Chairperson

The MD/CEO shall appoint the Chairperson. Additionally, the Chairperson shall not be anyone who by reason of their functional responsibilities within the Entity, would approve or sign-off on procurements or sales.

Meetings

[Frequency of meetings (eg: once in two weeks / 15th of every month etc) depending on the Procurement Volume of the Company]

Quorum

Approvals of matters before the Committee shall be by simple majority of the members.

Reporting

The Committee shall report all activities undertaken by the Committee to the Board of Directors on a monthly basis.

Duties and Responsibilities of the Committee

- 1- Overseeing all aspects of tender evaluation of the Company
- 2- Making decisions regarding procurement above a certain threshold set by the Company
 - a. Evaluate the proposals as per the pre-determined criteria
 - b. Where technical evaluation is required, ensure technical evaluation has been obtained as per the procedure
 - c. Rank and develop a shortlist
 - d. Interview or obtain clarifications if required
 - e. Prepare Bid Evaluation Report with recommendation, signed by the Committee members
- 3- Ensuring cost-effectiveness, transparency and fairness of the tender evaluation process
- 4- Ensure compliance with relevant policies, guidelines and procedures
- 5- Facilitate response to contractors' inquiries
- 6- Maintain proper record of Committee meetings, including records of the procurement
- 7- Ensure compliance with reporting obligations, including reporting all activities undertaken by the Committee to the Board of Directors on a bi-annual basis.

Proceedings of Tender Evaluation Committee

- 1- Recommendations for award of contracts shall be made solely on the basis of information and evaluation criteria provided in the tender documents, and without reference to any other information any person may provide, or influence by personal or political preferences.
- 2- In the event that a member of the Tender Evaluation Committee should find they have a conflict of interest in the tender evaluation, he/she shall declare his/her interest in the tender, leave the meeting and shall not participate

further in the deliberations, or decision-making process, of the Committee, in relation to the said submission.

- 3- An evaluation plan shall be drawn up by the Secretary of the Tenders Committee under the supervision of the Chairperson, prior the evaluation team meeting. The evaluation plan shall describe to the members details of the evaluation process. Team members are not allowed to conduct the evaluation outside of the designated room, nor are any of the documents allowed to be removed from the room. The evaluation team members shall sign a Declaration of confidentiality.
- 4- The evaluation shall be conducted on the basis of predetermined and publicly published evaluation criteria.

Governing Documents

- 1- Procurement Policy of the Company
- 2- Code of Conduct/Ethics