PROCUREMENT POLICY MANUAL – GOODS, WORKS AND SERVICES

Rev 03/December/2021

Contents

Abbreviations and Acronyms

AC	Air Conditioner
CAPEX	Capital Expenditure
CGIAR	A global research partnership for a food secure future
CSD	Corporate Services Director
DG	Director General
FC	Financial Controller
FIFO	First In First Out
GL	General Ledger
GRN	Goods Received Note (MIGO)
ICT	Information and Communications Technology
IWMI	International Water Management Institute
MIGO	Material Documents
MIN	Material Issue Note
MRN	Material Return Note
OPEX	Operational Expenditure
PO	Purchase Order
PR	Purchase Requisitions
RVL	Registered Vendor List
SLA	Service Level Agreement
SPO	Senior Procurement Officer
UPS	Uninterruptible Power Supply
WBS	Work Breakdown Structure
RFQ	Request for Quotation
RFP	Request for Proposal

1.   Introduction

This Procurement Policy Manual has been created by the International Water Management Institute (IWMI) to provide its users with clear, concise and accurate information on the procurement of goods and services. The steps that need to be followed have been explained.

The policies and procedures covered herein should be followed by all IWMI staff who are directly or indirectly involved in the procurement of goods and services.

1.1 Objectives of the Manual

The objectives of the Procurement Policy Manual are as follows:

- Acquaint IWMI staff with the essential policies and procedures that need to be followed in the procurement of goods and services.

- Ensure economy and efficiency to achieve quality, cost-effectiveness and timely deliveryin procurement.

- Ensure equitable, fair and open competition, giving all eligible/qualified bidders an opportunity to participate.

- Ensure accountability and the cost-effective use of funds.

- Ensure transparency of the procurement process.

- Provide fundamental guidance on the best practices that need to be followed in conducting procurement activities.

1.2 Scope

The principles and processes outlined in this manual apply to the following:

- Procurement of goods such as capital items, consumables and other special items.

- Outsourced services such as printing, equipment maintenance, vehicle rental, ground services, cleaning services, freight forwarding and clearing (in situations where IWMI has a choice), accommodation, rental of outdoor conference facilities, external catering, banking, insurance, actuarial and investment services, and other professional services, etc.

- In situations where a particular donor may require certain procurement procedures to be followed rather than those outlined in this manual, donor preferences and restrictions shall prevail.

- This manual can only be generic to a certain degree. The Procurement Unit at IWMI and the CSD should be contacted for any clarification regarding the most appropriate processes that need to be followed in a particular situation.

Hosted Institutions

- Unless otherwise stated in writing, the procurement policies and procedures stated in this manual will apply to all IWMI-hosted institutions and programs based at the Institute's headquarters in Colombo, Sri Lanka.

Regional Offices

- In certain instances, regional offices may not be able to fully comply with the policies and procedures stated in this manual due to their size, requirements and limited resources.

- Thus, supplementary manuals have been developed for these offices which will be revised periodically. It is, however, required that the regional offices follow the rules laid out in this policy, especially with respect to monetary thresholds, capital purchases, high-value purchases and consultancies.

1.3 Ineligibility Criteria

The following ineligibility criteria should be taken into account when carrying out procurement processes:

- Firms, and any of its affiliates, engaged by IWMI to provide consultancy services should be disqualified from subsequently providing goods, works or services that are connected directly or indirectly with the consulting services already provided unless it is a project requirement or is based on sound rationale.

- Firms declared ineligible by the World Bank and United Nations or those that are prohibited by CGIAR centres because of disbarment, as per the provisions of articleb 2.4 of the CGIAR Procurement of Goods, Works and Services Guidelines - Financial Guidelines Series, No. 6.

- Firms, in which IWMI staff, or their close relatives, who are involved in the procurement process or hold a managerial position at IWMI, and have a financial interest in the transaction, shall be disqualified unless otherwise approved by the DG or their designate and is based on acceptable rationale which should be properly documented

2. Procurement Policy

- Clear specifications, evaluation methods and criteria should be defined before a contract is awarded.

- The decision to award a contract to a vendor should be based on a variety of Procurement activities should adhere to the highest professional, ethical, moral and legal standards.

- First consideration should be given to open competition when determining the procurement method to be followed.

- The procurement process should comply with the Authorization Policy and be well documented. This implies that all specified procurement activities are subject to approval by the appropriate level of authority. Technical units or other expertise are also taken into consideration in the decision-making process when required.

- Procuring goods and services that are cost-effective for IWMI, i.e., the goods and services are of the required quality and are usable in a timely manner.

- The Procurement Unit should procure all services and all stock items irrespective of value and all non-stock items valued at or above USD 100. Any purchase of non-stock items lower than USD 100 can be made by the respective department at IWMI.

- All purchases/consulting services valued above USD 10,000 should be made with the prior approval of the Procurement Committee. This Procurement Committee should comprise the following personnel: Chairperson - CSD or designate, Permanent Members shall consist of Head of Facilities and Administration, Head of Finance, Manager- Projects and Analysis, Senior Procurement Officer and a representative from User/requesting department for technical input if required. Principal Manager - Grants, Finance shall be an alternate member of the PC to represent the Head of Finance or the Manager- Projects and Analysis in their absence.

- Procurement Officer, Accountant and other members (respective members of the relevant technical unit and/or representatives of user groups). All discussions held by the Procurement Committee should be formally documented through meeting minutes and maintained by the Procurement Unit for future reference.

- Procurement Committee is vested with the authority and responsibility to ensure that all procurement decisions are made in a transparent manner in accordance with the procurement policy manual of IWMI

- All purchases, contracts and consulting services with a value of USD 50,000 and above shall be made on the basis of open competition. All the open tenders should be published in IWMI's website under https://www.iwmi.cgiar.org/about/tenders/

- A Vendor Database, including all the relevant information of registered vendors, should be maintained by the Procurement Unit. Vendor registration should be done with the approval of the FC. All vendors should be treated fairly and provided equal opportunities. The performance of vendors should be monitored annually and reviewed by the Procurement Committee.

- All goods and services should be procured from vendors registered with IWMI. If the circumstances for considering vendors are not in the list of pre-requisites, necessary vendor registration procedures should be followed before initiating the procurement process.

- In order to reduce the administrative costs and efforts associated with duplication of procurement activity (e.g., purchase of identical goods), bulk purchases should be made once every 6 months or at such regular intervals, and long-term contracts may be awarded for services whenever possible.

- Usually, service contracts with vendors should not be in effect for more than 3 years without going through a re-tendering process. However, vendors can be identified as the "Sole Source" depending on the requirements.

- All ICT equipment purchases should be made with the prior approval of the ICT department. A list of ICT equipment should be maintained by the ICT department. This list should be made available to all prospective users of ICT equipment at IWMI.

- For ICT Purchases pertaining to scientific hardware and software(eg. network storage devices , workstations, statistical analysis) the GRANDD unit will be consulted . This would include participation in Procurement Committee meetings.

- All procurement should be made according to the quotation requirement specified in IWMI's threshold limit. However, direct contracting is allowed with clear justification and approvals.

- The Stores Officer at IWMI is the main custodian of inventory items. This officer should acknowledge receipt of every item coming into IWMI's stores, giving due allowance for items received during non-working hours/days. However, only goods procured through the Procurement Unit should be accepted by the Stores Officer (except for donated goods).Goods should be checked against the specifications stated in the PO before they are accepted.

- Goods held at the supplier's stores are their responsibility until physically handed over to IWMI.

- Stocks should only be held in stores when it is critical for business continuity and when holding costs are lower than the costs of non-availability of the items. Stock levels should be maintained by the Stores Officer to meet IWMI requirements.

- All inventory items should be stored and maintained in proper safe condition. Items of similar classification should ideally be located together regardless of differences in size, weight and source. Valuable items that are subject to pilferage should ideally be kept in lockable cabinets.

- Inventory items should be comprehensively insured under a general policy (e.g., fire, burglary), and capital items, mobile phones and IT equipment are insured under the "All Risks" policy.

- Inventory items should be valued at historical cost in line with IWMI's financial management policy.

- A system of "First in First Out" (FIFO) is followed in the issuing of goods where

- deterioration/expiry may result from holding materials for an extensive period.

- Ad hoc physical counts as well as yearly systematic counts of goods should be carried out by the Finance department. The annual stock count should be carried out with the participation of IWMI's auditors. Reconciliation reports for stock count variations should be promptly prepared and approved. Necessary adjustments to the stock value should be made in the inventory accounts accordingly.

- Slow moving and obsolete items should be identified on an annual basis, at least, and appropriate action (disposal, transfer) should be taken.

- The Procurement Unit should prepare an annual report, including statistics, to enable IWMI's management to evaluate the operations of the unit. The statistics should include the following minimum details:
  - Total number of POs processed.
  - Average number of bids received (if any).
  - Total number of POs signed and their value according to all types of procurement methods.
  - Number of POs and contract amendments.
  - Description of PO disputes, number of POs terminated, and cases of fraud, corruption and disqualification of firms.

Procurement Thresholds

Procurement value	Number of quotations
Up to USD 100	No quotation is required. Purchases can made by the relevant unit themselves.
USD 100 - USD 500	One quotation is required from a registered vendor unless the Procurement Unit or requester see the need for obtaining more quotations. RFQ method may be used for this category
USD 500 - USD 3,000	At least two or more independent quotations are required from registered vendor list. RFQ method may be used for this category
USD 3,000 - USD 10,000	Should be supported with three or more quotations from registered vendor list and the supporting documents to be reviewed by IWMI HQ Procurement Department
Above USD 10,000 - USD 50,000	Three or more sealed quotations should be obtained from suppliers registered with IWMI. Procurement Committee's approval is needed for all purchases above USD 10,000.Final Approval of the DG is required for all purchases above USD 25,000 consequent to the evaluation and approval of the Procurement Committee- RFQ method may be used for this category
Above > USD 50,000	Open competition in the form of sealed bids to be used for all purchases above USD 50,000. Seek approval from Procurement Committee. Final approval of the DG should be sought for all purchases of goods and services made under this category and the tender notices to be published in IWMI's website under https://www.iwmi.cgiar.org/about/tenders/. In addition, advertisement may be placed in national, international newspapers and procurement related websites.

- PC approval is required for all individual consultancy contacts > USD 20,000 And for consultancy contacts for organizations > USD 10,000.

- DG and CSD shall have the authority to approve quotations without obtaining prior approval from the Procurement Committee as and when the need arises or under exceptional circumstances. A clear audit trail by way of email justification should be available with the Finance department for such procurements. Such procurement instances should be highlighted in the annual report prepared by the procurement unit

- All orders for reprinting could be given to the same suppliers at a lesser or the same rate. If the price of the reprinting increases, those involved in the printing of publications should obtain three fresh quotations (according to the value). All the PR approvals shall be processed through SAP system.

3. Procurement Integrity and Transparency

3.1 Confidentiality

Under these guidelines, the procurement process must allow firms, individuals or research entities to compete for business on a fair basis. Staff associated with the procurement process have a responsibility to protect the integrity of the process, maintain fairness in the treatment of all potential suppliers of goods, works and services, and shall be fully accountable for the actions of these suppliers.

Staff shall not allow any firm, individual or research entity to access information on a specific competitive procurement before such information is available to the business community at large. After the submission of bids and until the award is notified, no information relating to the examination, clarification and evaluation of bids, or to the recommendation concerning awards, should be communicated to any bidder or person who is not officially involved with the procurement process. Proprietary information of firms, such as price details, should be kept in confidence by IWMI staff and should only be disclosed to those individuals who need to know such information.

Tender opening is a formal process of opening, reading and recording in writing all bids received in response to the solicitation, at the date, time and place stipulated in the solicitation documents. It is recommended that the offer opening takes place immediately after the deadline for receipt of offers. Apart from being efficient, it will reduce any risk of manipulating offers received or accepting late bids. The bid opening process is normally conducted by the Procurement Committee.

3.2 Ethics and Conflict of Interest

Procurement activities shall adhere to the highest professional, ethical, moral and legal standards. Procurement activities must be conducted in a manner above reproach with complete impartiality and with no preferential treatment. This requires the highest degree of trust and an impeccable standard of conduct. Staff shall strictly avoid any conflict of interest or even an appearance of it in IWMI-contractor relationships. It is unethical for staff to present competitive information to induce a firm to meet nonexistent competitive provisions and to release the firm's price information, or another competitor's technical or proprietary data, to another firm.

Conflict of interest arises when officials involved in the procurement process also have a personal interest in the outcome of the decisions they are making because of some benefit they, their families or associates may derive from the decision made. Staff members facing a conflict of interest must inform their supervisors, disclose such conflicts to the procurement committee of IWMI, and refuse to participate in the relevant procurement activity.

Staff shall not solicit or accept, directly or indirectly, any gratuity, gift, favour, entertainment or items of monetary value from anyone who has or is seeking to obtain business from IWMI or has interests that may be affected by procurement awards. Also, staff shall not accept, directly or indirectly, any promise of future employment or favours with any person from a firm seeking to do business with IWMI. To avoid ethical issues related to gifts/gratuities or other types of honors from arising: Procurement staff can ensure that all vendors and contractors who work with the IWMI are aware of the IWMI's strict policy regarding the giving of gifts.

3.3 Anti-fraud and Anti-corruption

Contractors and partners providing goods, works and services to IWMI must observe the highest standard of ethics during the selection and execution of such contracts[1]. In pursuance of this policy, these guidelines must include the following:

(a) Define, for the purposes of this provision, the terms set forth below:

    (ii)   "corrupt practice[2]" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

    (iii)   "fraudulent practice[3]" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;

    (iv)   "collusive practices[4]" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

    (v)   "coercive practices[5]" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party; and

    (vi)   "obstructive practice" refers to the following:

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1. In this context, any action taken by a contractor or subcontractor to influence the selection process or contract execution for undue advantage is improper.

2. For the purpose of these guidelines, "another party" refers to a public official acting in relation to the selection process   or contract execution. In this context, "public official" includes CGIAR staff and employees of other organizations taking or reviewing selection decisions.

3. For the purpose of these guidelines, "party" refers to a public official; the terms "benefit" and "obligation" relate to the se- lection process or contract execution; and the "act or omission" is intended to influence the selection process or contract execution.

4. For the purpose of these guidelines, "parties" refer to participants in the procurement or selection process (including public officials and independent experts) attempting to establish contract prices at artificial, non-competitive rates.

5. For the purpose of these guidelines, "party" refers to a participant in the selection process or contract execution.

- Deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a CGIAR investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent them from disclosing their knowledge of matters relevant to the investigation or from pursuing the investigation; or

- Acts intended to materially impede the exercise of CGIAR's inspection and audit rights.

(a) Reject a proposal for award if it determines that the contractor recommended for the award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question;

(b) In the case of an allegation or suspicion that a firm has been involved in, or is suspected of, practicing fraud or corruption, staff shall bring the matter to the attention of senior members and/or the Procurement Unit which, in consultation with the Finance and Administration units, shall investigate the matter by constituting a committee. Where it is found that there are grounds for the claims, the committee, in consultation with the Legal Unit, will determine the terms of debarment. After approval by the DG of IWMI, firms should be notified by the Program Unit of any such debarments.

(c) Debarred firms will be subject to the World Bank procurement policy on debarred firms and their names will appear on the list of debarred firms.

3.4 Debarment of Firms

A firm shall be debarred from doing business with the IWMI for any of the following reasons:

- If the firm has, in the past three years, been debarred by any national government, the

- World Bank Group or United Nations.

- If the firm is involved in "fraudulent practice" or "corrupt practice."

- If, in the performance of a contract, the firm was engaged in illegal or unethical practices.

- If there is a consistent failure in the performance of contracts over the last two years.

- If the firm fails to comply with the guidelines and procedures of IWMI's Procurement Policy.

The period of suspension of a firm depends upon the gravity of each case.

Under specific contractual agreements, subject to the procurement rules of a donor, the donor's list of debarred firms will be given precedence.

3.5 Protest and Complaint Process

Procurement-related inquiries , which are addressed to IWMI, should be sent by email or post to the Procurement Unit. If there are any complaints or grievance from firms, suppliers/vendors may submit such grievances in accordance with the process outlined in the Procurement Grievance Procedure https://www.iwmi.cgiar.org/About_IWMI/Policy/procurement-grievance-submission-process-for-suppliers.pdf . IWMI should establish a process for handling such complaints, but, in general, complaints that are determined as being serious by the DG will be submitted for review by the Committee constituted by the DG. Complaints should be dealt with in a prompt, careful and consistent manner. A communication made to the protester should not compromise the confidentiality of the procurement process of other bids received.

IWMI provides the protestor with formal written notification of the decision reached and the basis upon which this was made.

IWMI may not normally debrief unsuccessful firms. However, in the case of high-value contracts, a debriefing may be conducted upon written request from an unsuccessful firm. The Unit Head concerned should conduct the debriefing and may invite other staff to join the debriefing, if such attendance is deemed appropriate.

3.6 Negotiations

Procurement staff, in close cooperation with other concerned technical staff, can negotiate on behalf of IWMI if the lowest offer is deemed interesting but does not fully match the requirements of the tender; or if it is expected that substantial gains can be realized through negotiations.

Negotiations shall include discussions of the TOR, the methodology, staffing, IWMI's inputs, and special conditions of the contract. These discussions shall not substantially alter the original TOR or the terms of the contract, lest the quality of the final product, its cost, and the relevance of the initial evaluation be affected. Major reductions in work inputs should not be made solely to meet the budget. The final TOR and the agreed methodology shall be incorporated in "Description of Services," which shall form part of the contract. Such negotiations shall be done with the concurrence of the Procurement Committee.

4. Vendor Selection Methods

This section will cover selection methods and circumstances under which they are acceptable. IWMI shall cover one of the following methods such as Open Competition, Direct Contracting (Sole Sourcing), Qualification of Firm (Request for Quotation- RFQ) and Restricted Competition.

4.1 Open Competition

The purpose of open competition is to give all eligible prospective individuals, firms or other entities adequate and timely notification of IWMI's requirements, and to give them equal access and a fair opportunity to compete for contracts to supply the required goods, works or services.

The procurement opportunity should be advertised to allow all those who are eligible with reasonable facilities to participate. Open competition requires formal bidding procedures and documentation. For the procurement of goods with complex technical specifications and standards, a two-stage bidding procedure may be used, under which the first un-priced technical proposals are invited and after technical clarifications and adjustments are made the final technical proposals and priced bids are submitted.

This should be the first consideration in determining the procurement method that IWMI should follow for all procurement of goods and services above the value of USD 50,000

4.2 Direct Contracting (Sole Sourcing)

The Direct Contracting method does not facilitate selection. Due to this reason, this method should only be used if it presents a clear advantage over Open Competition. The significance of selecting direct contracting should be clearly justifiable and adequately documented. However, approval should be obtained from the Procurement Committee or other applicable authority level to proceed with this method of selection.

- IWMI can use this method under the following circumstances:
- Continuation of previous work handled by the same vendor, where the vendor was selected competitively.
- In an emergency situation.
- When the individual/firm is the only vendor that is able to cater to the requirement.

However, it is possible for the DG or CSD to decide to award the same contract to the same vendor according to the situation.

4.3 Qualification of Firm (Request for Quotation- RFQ)

This procurement method is a variant of the Restricted Competition method and is based on comparing price quotations obtained from several vendors, preferably according to the number of quotation requirement specified in procurement thresholds, national or international, to assure competitive prices are obtained. This method may be appropriate for procuring goods of standard specifications or contracting of small works with a low value. The RFQs is the method used when

the anticipated cost is expected to be between US$3,000 to U$50,000. Requests for quotations should include description of goods (if necessary, with indication of equivalency with part number, trade mark or quality standards) or scope of work, as well as the desired delivery or completion period.

Quotations may be submitted by fax or mail for procurements between the values of USD 3,000-USD 10,000 and sealed quotations obtained for procurements of USD 10,000 and above. and are not subjected to a formal invitation, acceptance, and opening and evaluation process. The evaluation of quotations should take into consideration price, quality, delivery terms, and standardization aspects of goods and works.

4.4 Restricted Competition

Restricted Competition is essentially a competition by direct invitation without open participation. Invitations to send proposals shall be circulated to a few qualified vendors chosen from IWMI's Vendor Database. If the vendor is not registered in IWMI's Vendor Database, approval should be sought from the FC before they are invited.

This method should be followed by providing clear justification for using this method. Some illustrative justifications for using this method are as shown below:

- When circumstances do not permit open invitations due to urgency or country-level restrictions; and
- Only a limited number of prospective vendors is available for the circumstance

5.   Roles and Responsibilities

Steps/stages in the process	Responsible person/unit
Create PRs according to the material or service requirements	• User • Senior Officer – Maintenance (for regular services) • Conference Coordinator
Check the availability of budgeted funds for the required purchase	Project Accountant
Provide confirmation regarding the technical aspects and prices of IT-related items to be purchased	ICT Department
Confirm that the PR value is within the CAPEX/OPEX budget	Head of User Department
Approve the PR if the purchase value is more than USD 100	Project Leader
Approval for the purchase of un-budgeted items	CSD
Check the accuracy of PR fields	Project Accountant
Steps/stages in the process	Responsible person/unit
Amend or cancel the PR	Users/Accountant/FC
Maintenance of Vendor Database	Procurement Officer
Approve the creation of new vendors	FC
Annual evaluation of the vendors' performance	Procurement Committee

Procurement value	Number of quotations
The maintenance of a vendor list in the Finance Division and ensure that the following operations are carried out: • Check whether the list is current and accurate and corresponds to the Vendor list held by the Procurement Unit. • Block the accounts of vendors with whom IWMI has not placed orders for the last one or more years. • Check that no miscellaneous or suspense vendor account is maintained, and no duplicate vendor records exist unless they are valid/legal requirements. • Vendor accounts are blocked rather than expunged as long as the vendor is not debarred.	Finance Department
Create the PO as per the approved PR for the purchases	Relevant process owner of the Procurement Unit
Confirming the suitability of warranty cover for goods and services or Requester	Procurement Unit/ICT Department
Approval of the PO	FC/Accountant
Cancellation or amendment of the PO	FC/Accountant
Maintenance of a printed copy of the PO	Relevant process owner of the Procurement Unit
Retrieve the stores copy of the PO and inspect the goods to verify that the quantities, specifications and quality of items delivered are consistent with the PO Create the GRN (MIGO) for goods received	Stores Officer Stores Officer
Assist the Stores Officer by stamping and signing the Delivery Note to confirm acceptance of the goods, in instances where the stores unit is not competent to verify the technical aspects of the goods	Originator or the relevant Technical Manager
Create the MRN and indicate the reason for rejecting an item and sending it back to the vendors (after recording the details in IWMI's books)	Stores Officer
Issue the "Gate Pass" for the items returned from the stores	Stores Officer or unit concerned
Processing the payment after performing a three-way match	Finance Department
Schedule and supervise a stock-take on an annual basis	Finance Department
Support to carry out an independent stock count	Stores Officer and other Stores staff
Perform the following duties in terms of mandatory stock-taking: • Responsible for managing stock input control and other designated staff involved in the stock-take schedule. • Produce a variance report for the custodians to explain reasons for deviations. • Forward the variance report to the Stores Officer for reconciliation. • Submit the reconciled variance reports to the CSD for review.	Finance Department
Make necessary adjustments to stock balances as identified from the stock count	Finance Department
Approval of the final composition of the "Procurement Committee"	CSD

6. Procurement Flow

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                              ┌───────────────────────────┐
Incorrect Entries ──────────► │ End User Prepares And Submit│
                              │   Purchase Requisition      │
                              └───────────────────────────┘
      ┌──────────────────┐                 ◇                    ┌────────────────────┐
      │ Approval from the│ ◄─Non Stock Item─ Stock or a Non ─Stock Item─► │ Approval Is Obtained│
      │ relevant Department│                Stock Item                    └────────────────────┘
      │ Head             │                                                        │
      └──────────────────┘                                                        ▼
              │                                                          ┌────────────────────┐
              ▼                                                          │ Warehouse Insurance │
      ┌──────────────────┐                                              └────────────────────┘
      │ Validating Entries│
      └──────────────────┘
        Corrected Entries
              │
              ▼
   ┌────────────────────────────┐
   │ Approval Of Project Accountant│
   └────────────────────────────┘
              │
              ▼
   ┌────────────────────────────────┐
   │ Purchases Order Creation And Approval│
   └────────────────────────────────┘
              │
              ▼
   ┌────────────────────────────────┐
   │ Purchases Order And Delivery   │
   │ Instructions Are Forwarded To The Vendor│
   └────────────────────────────────┘
              │
              ▼
   ┌────────────────────────┐
   │ Delivery From Supplier │
   └────────────────────────┘
              │
              ▼
            ◇ From Local Or ──Foreign──► ┌────────────────────────┐
              Foreign Suppliers?          │ Custom Clearance Through│
                                          └────────────────────────┘
              Local                                    │
              │                                        ▼
              ▼                          ┌──────────────────────────┐
   ┌────────────────────────────┐ ◄───── │ Release Of Goods From Customs│
   │ Receipt Of Goods at Shipping Unit│  └──────────────────────────┘
   └────────────────────────────┘
              │
              ▼
   ┌────────────────────────────┐
   │ Inspection Of Goods With User│
   │ Respective                  │
   └────────────────────────────┘
              │
              ▼
            ◇ Accept ──Rejected──► ┌────────────────────────┐
              or                    │ Shipment Returned To Vendor│
              Reject?               └────────────────────────┘
              │
            Accepted
              ▼
            ◇ Stock Or ──Stock──► ┌────────────────────────┐
              Non-stock            │ Deliver To Warehouse   │
              Item?                └────────────────────────┘
              │
            Non-stock
              ▼
   ┌────────────────────────┐          ┌──────────────┐
   │ Distribution To End-user│ ───────► │     END      │
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7. Creation of PR

Process Objectives

- Generate valid PRs.

- Get the PRs approved by the Head of user's department.

- Get the PRs approved by the ICT Department for computer items (CAPEX items).
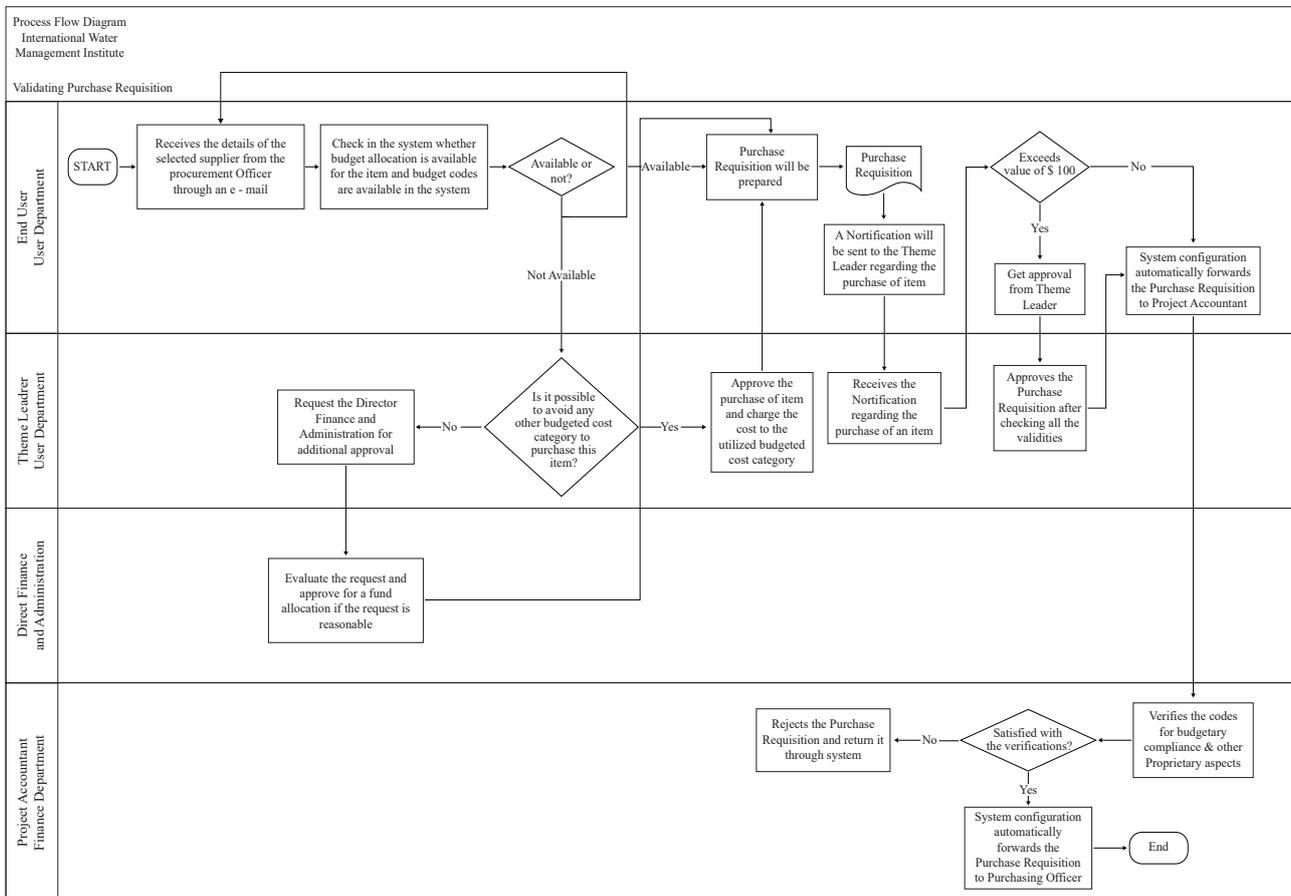
- Get the PRs approved by the Finance Department.

Process Owners

- User Department.

- Finance Department - Project Accountant.

- Procurement Unit - Procurement Officer.

Key Inputs to this Process

- Approved budgets.

- Item requirement

7.1 Flowchart

7.2 Key Activities to be Performed

Activity	Responsible Party
7.2.1 Details of PR Once the need for goods or services arises, the user's department shall create PRs according to their material or service requirements. Any member of staff can initiate a PR. The system will carry out an automatic budget check and accept the PR, if budget is available. If there is no budget, the requester should contact the Finance department for budget reclassification or to use a different but relevant budget line. The completed PR will be passed on to the Finance Department to obtain financial confirmation such as WBS, GL code, etc. IT-related purchases should be carried out with the coordination of the ICT Department by requesting confirmation of technical aspects and prices of items given by them. The ICT Department shall coordinate with the Procurement Unit to communicate prices to the user. All the PRs should be created through the system module. The Procurement Division shall start the PO process only after obtaining a valid PR from the user's department The requester should complete the PRs by including the following information in the relevant fields: • **Purchase Requisition type** - relevant type of purchase requisition. • **Requisition number** – the procurement module in the system will automatically generate a PR number according to the serial order of requisitions. • **Description of goods or services required** - detailed specifications of the goods and services (for example, technical requirements) required should be included in this section. The description should include all the details in respect of the item or service required. • **Quantity to be procured** - the required quantity should be entered manually. • **Unit of measure** - the number of items, number of days or relevant measuring factor. • **Estimated price or cost** - price or estimated unit cost of the item. • **Required delivery date** - the date the goods are to be delivered. This should be manually entered by the user based on the quotation or ex-stock. The time frame given for delivery should be practical. • **Requested person** – the Requester number should be indicated. • **Desired vendor** - name of the supplier who has been selected for procurement of the relevant item or service. • **Relevant budget line category** – the budget line should be identified. Budget codes are available within the system module, and the user needs to select the relevant code. Un-budgeted items should be procured with the approval of the CSD • **Any additional information** – any additional information that may be helpful and be of assistance when processing the PR. **a. Creation of PRs for Goods** When preparing the PR for materials, the user department must check whether the items are available and in stock, by sending an e-mail to the storekeeper.	User

Activity	Responsible Party
If the items are not available and not in stock, the requester should inform the Procurement Officer of the goods required, and obtain the necessary information for PR fields through quotations received from vendors.	Senior Officer - Maintenance/ Head of Office Support
b. Creation of PRs for Services	
Creation of PRs for regular services should be carried out by the respective heads of divisions.	Systems Office/ Administrative Officer - Transport
These services include the following:	
1.Tea services	
2.AC services	
3.Generator services	
4.Sanitary services	
5.Auditorium and UPS services	
6.Electrician and engineering services	
7.Janitorial services	
8.Security services	
9.Morning/afternoon staff transport	
10.Fire protection/detection system service	
11.Pest control service	
12.Other services	
It is the responsibility of the respective heads of divisions to follow-up the service contracts in order to avoid service interruptions Evaluation of quotations for those services shall be handled by the Procurement Committee.	
However, previous suppliers and performance shall be considered.	Head of user's department
7.2.2 Approval of PR by the Head of User's Department	
Prior to approving the PR, budgetary compliance should be checked by the Head of Department.	
All the PRs should be approved by the Project Leader. Purchases through Non-PRs can be approved by the relevant users up to the sum of USD 100.	
It should be confirmed that the PR value is within the CAPEX/OPEX budget. However, for capital items, the specific item description should be included in the CAPEX budget.	
Un-budgeted items should only be approved by the CSD	
7.2.3 Validation and Approval by Finance Department	Project Accountant of Finance Department
All PRs should be forwarded to the Project Accountant by the respective Heads of Department (Project Leaders) to check the accuracy of the information entered in the fields of the PR. The Project Accountant will receive an e-mail notification that a PR has been sent by a user department for his approval. The Project Accountant will check the information entered in the fields of the PR and pass it on to the Procurement Unit for the purpose of creating a PO.	
7.2.4 Amendments and Cancellations User, Accountant	User Accountant
Any amendments related to the information entered in fields of the PR can be done by the user before passing the PR to the Finance Department for approval.	
The Accountant can make amendments or cancel the PR if such changes are sought after the Finance department's approval.	

8. Vendor Management

Process Objectives

- Select the best possible and most cost-effective vendor for procurement.
- Identify and develop new vendors with an aim of creating a comprehensive database approved vendors.

Process Owners

- Finance Department - Procurement Officer.

Key Inputs to this Process

- Vendor Master Data.
- Approval.

Key Activities to be Performed

Activity	Responsible Party
8.1 Pre-qualification of Vendors Vendors for each category should be reviewed at least once every two years. The following steps shall be adopted prior to including the Vendor in the system: 1. dentification of Vendors Identifying vendors through newspaper advertisements, e-mail contacts, web sites and catalogues which are publically available. 2. Evaluation of Vendors Vendors will be contacted by e-mail or telephone. They will be requested to send us a signed and stamped version of IWMI Vendor registration from with their company profile, authorization letters from their principals, and other relevant information which are used by IWMI to evaluate the vendor based on the Institute's requirements and policy. 3. Final steps and opening of a Vendor file Once the review is completed, vendors will be included in the list of Registered Vendors. This list will be approved by the FC. A file is opened for each selected vendor. This file will contain all the documentation leading to the decision to select the vendor as well as the forms completed by the vendor. This information is provided to the Finance department to enable updating of the vendor management information in the financial system. **8.2 Approved/Registered Vendor Database** The Procurement Unit shall maintain an electronic database of qualified vendors, which is sufficient to ensure competition amongst different categories of goods/ services. All vendors are subject to a prequalification process and then continuous monitoring of the performance process. The Registered Vendor List (RVL) is approved according to certain criterion and reviewed by the Procurement Committee annually.	Procurement Officer

Activity	Responsible Party
For each category of goods/services, the Vendor List shall contain at least three vendors. All things being equal, manufacturers are preferred over authorized dealers. If three reliable vendors cannot be found, other less-qualified vendors For each category of goods/services, the Vendor List shall contain at least three vendors. All things being equal, manufacturers are preferred over authorized dealers. If three reliable vendors cannot be found, other less-qualified vendors may be added with a qualification to ensure that an alternate solution could be easily found if the main supplier was not able to respond to IWMI's request for whatever reason.	
Both local and international suppliers should be listed. A categorization of vendors may be put in place depending on the evolution of the market and the vendors (e.g., partner, preferred vendor).	
The Vendor Database will contain the following information of vendors: • Vendor code • Name, email addresses, telephone and fax number, physical address of the supplier • Category of goods/services that can be provided • Nature of the vendor (manufacturer, sole agent, agent, distributor, etc.) • Registration number of firm (registration certificate, tax details) • Names of contact person • Banking information • Credit period • Delivery and payment terms • Any limitation on the list of goods they can provide to IWMI	
The FC should approve the Vendor List by entering the Vendor Creation Form. The Finance Department needs to ensure that the approved Vendor List is reflected in the list maintained in the financial system and confirm the following: • The list maintained in the financial system is current and accurate, and corresponds to the Vendor List held by the Procurement Unit. • Blocked accounts of vendors with whom IWMI has not placed orders for the last one or more years. • No miscellaneous or suspense vendor accounts are maintained and no duplicate vendor records are created unless there exists a valid/legal requirement. • Vendor accounts shall be blocked rather than expunged as long as the vendor is not debarred.	FC
8.3 Continuous Evaluation of Vendor Performance Vendor evaluation should be conducted for purchases above USD 1,000 and documented in the file. Other incidents (positive or negative) will be documented in the file as well. This evaluation is undertaken annually. Documentation should be retained for as long as the supplier is registered with IWMI. The objective of vendor performance management is to determine whether IWMI is receiving the quantity and quality of the specified goods and services that it is paying for.	Procurement Officer
a. Evaluation of goods supplied by vendors The Procurement Unit, assisted by the Technical Supervisor and users of the goods, shall be accountable for the day-to-day management of the performance of vendors and their relationship with IWMI. A formal evaluation should take place for each vendor at least once a year before the list is presented to the Procurement Committee.	Procurement Officer

Activity	Responsible Party
The criteria to assess vendor performance should include parameters as shown below: • Whether goods delivered match the specifications on the PO. • Whether packaging is of sufficient quality to ensure the goods arrive un-damaged. • Delivery is made as specified in the PO. • Timely submission of adequate supported invoices and statements. • Accuracy of invoices and statements. • Number of partial deliveries made against the PO (this would be due to stock availability). • Compliance with the terms and conditions of the PO, including return of goods and financial conditions. • Service orientation/problem-resolution. If the results of the evaluation are not up to standard, the Procurement Unit will meet with the supplier to understand the causes of the problems and then decide whether to keep the vendor on the list, put them under probation or de-register them. **b. Evaluation of Service Vendors** Whenever required, meetings should take place between the Service Provider and the responsible unit, in order to evaluate the regular performance of the Service Provider which should be documented. The key part of large service contracts is the SLA. It is a tool to manage expectations, clarify responsibilities and improve communication between a service provider and a service recipient. The SLA explains the following: • The exact nature of the services to be provided and how they will be delivered. • Performance measurements against plans (Key Performance Indicators that help define success and measure progress against a plan). • Comparison of duties and responsibilities of the service provider against the agreed responsibilities. • Timely submission of adequately supported invoices.	Senior Officer - Maintenance and Head of Office Support Systems Office
8.4 Vendor De-registration When a vendor fails to deliver the required goods or service to IWMI's satisfaction, the Procurement Unit, after securing authorization from the FC (who authorizes vendor registration as per the Authorization Policy), can de-register the vendor. The Procurement Unit will update the Procurement Committee with details of vendors that have been de-registered on an annual basis. The Procurement Unit will advise the system administrator to block the vendor account once approval to de-register is secured. Some possible reasons for de-registering a vendor are as follows: • Unsatisfactory performance in delivering a product or service. • Repeated failure to make a satisfactory effort to render competitive prices and service. • Misconduct. • Refusal to replace faulty products during the warranty period. • Financial difficulties (e.g., insolvency). • Debarment by any national government, the World Bank Group or United Nations. • Involvement in "fraudulent", "corrupt", illegal and unethical practices in the performance of contracts. • Consistent or very serious failure to comply with IWMI's procurement guidelines and procedures. **8.5 Key Performance Indicators** Listing of Key Performance Indicators: • Price • Lead time deviation • Quantity • Service support • Qualitative and servicing parameters	FC, Procurement Officer

9. PO Creation

9.1 Flowchart
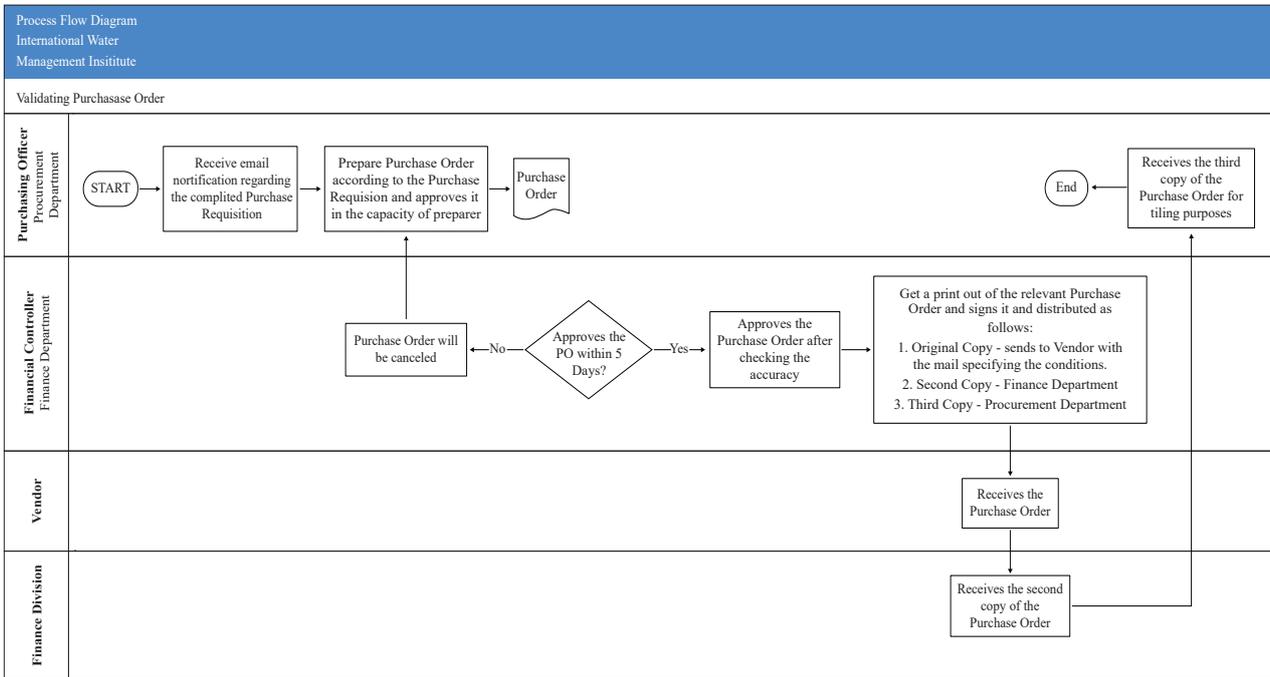
Process Objectives

- To create an order requesting the vendor to supply the material/services required as per the agreed terms and conditions.

Process Owners

Procurement Unit – Senior Procurement Officer.

9.2 Key Activities to be Performed

Activity	Responsible Party
9.2.1 PO Generation POs are generated by the Procurement Unit. All POs shall be created through the procurement system module according to the serial order. The PO creation process is handled by the SPO in the Procurement Unit. The printed and signed PO is a legal document committing IWMI to a purchase transaction as specified therein, and the vendor to the terms on the face of the order documents. PO price and other specifications should be in accordance with the specifications of the PR. Order details shall be entered into the system by the designated staff. A PO should contain the following fields: • Vendor's name and address • A cross-reference to the PR • List of goods and their specifications • Prices including discounts (if any) • Delivery date (with penalty conditions) • Full name and address for delivery	Procurement Officer

Activity	Responsible Party
• Full name and address for delivery • Name and address for invoices • Terms and conditions for payments • PO number • PO date • Currency • Total amount • Signature of authorized signatory Before generating a contract/PO, the Procurement Unit should confirm the suitability of warranty cover for goods and services by taking into account the following: • Liability by the vendor for defective goods, other than defects arising from fair wear and tear, appear within a specified period from either the date of delivery or after the goods have been put into use, whichever comes first. • Look into the possibility of extending the warranty cover with the vendor • for goods that may be held in stores without being used for a period of time. • For example, if an item with a one-year warranty is • not used for the initial 6 months, check the possibility of extending the cover period from the date when the item was first used. • Liability by the vendor for costs incurred by IWMI in the repair of goods, due to failure by the vendor to replace/repair the goods within a reasonable period of time. • All warranty cards/invoices should be maintained by the person in-charge of the stores (if the invoice is the warranty card). All completed POs should be printed through the system in a standardized form with the IWMI logo. The PO should then be passed for manual approval. Guidelines on documents to be uploaded to the Purchase Orders in SAP System Procurement of Goods & Services: - Up to USD 100 – No quotations - USD 100 – USD 500 – One quotation - USD 500 – USD 3,000 – Two quotations - USD 3,000 – USD 10,000 – Three quotations or more - USD 10,000 – USD 50,000 – Three or more quotations received, PC Approval document & CSD's and DG's Approval document - Above USD 50,000 – All quotations received, PC Approval document & CSD's and DG's Approval document	FC/ Accountant Procurement Officer
9.2.2 PO Distribution The printed and signed PO shall be distributed as follows by the Procurement Unit: **Original PO - sent to the vendor** A photocopy - a filed copy is maintained within the Procurement Unit Approved POs shall be scanned/mailed, faxed or collected by the designated representatives of the vendor. <u>POs above USD 3,000 have to be acknowledged by the vendor, by signing the PO.</u> **9.2.3 Cancellations and Amendments to the POs** Cancellations and changes to the PO can be carried out by the Accountant/FC. If any amendments are to be made to the details of an existing PO, IWMI should generate a new PO.	FC/ Accountant

Activity	Responsible Party
9.2.4 Validity of POs To help reduce administrative costs and efforts associated with duplicating procurement of identical goods, "Call-off" contracts between IWMI and a vendor may be awarded. Such contracts define fixed prices and other terms for 6 months to one year, thereby facilitating the uninterrupted flow of supplies and value for money. All other POs offered for the supply of goods or services shall be valid for a period specified in the PO. If the vendor is unable to provide goods or services according to the PO, the PO should be cancelled and the vendor should be informed immediately. **9.2.5 PO File Maintenance** A printed copy of the PO is retained as a file copy according to the serial continuity of PO numbers. This is a responsibility of the PO. **9.2.6 Internal Monitoring of POs** The Procurement Unit shall ensure that all open POs are either facilitated for receipt of goods/services or cleared from the system. The Procurement Unit shall review all outstanding POs in the system at 20 least once every 6 months and a decision should be made as follows: 1. Whether to keep the PO open or close it. In the latter case, the supplier should be informed that the PO has been cancelled in line with the standard provisions. 2. POs may be cancelled/deleted in instances where incorrect purchasing details (price, vendor, account, etc.) have been made or where goods are not going to be received. 3. In such cases, the Procurement Unit shall ensure the deletion of POs so that the whole process of creating another PO can begin. In all other cases, e.g., unsatisfactory performance of vendors, force majeure, etc., approval of the person who authorized the PO shall be obtained before the cancellation or deletion of procurement documents.	Procurement Officer Procurement Officer

10. Receipt of Goods

10.1 Flowchart
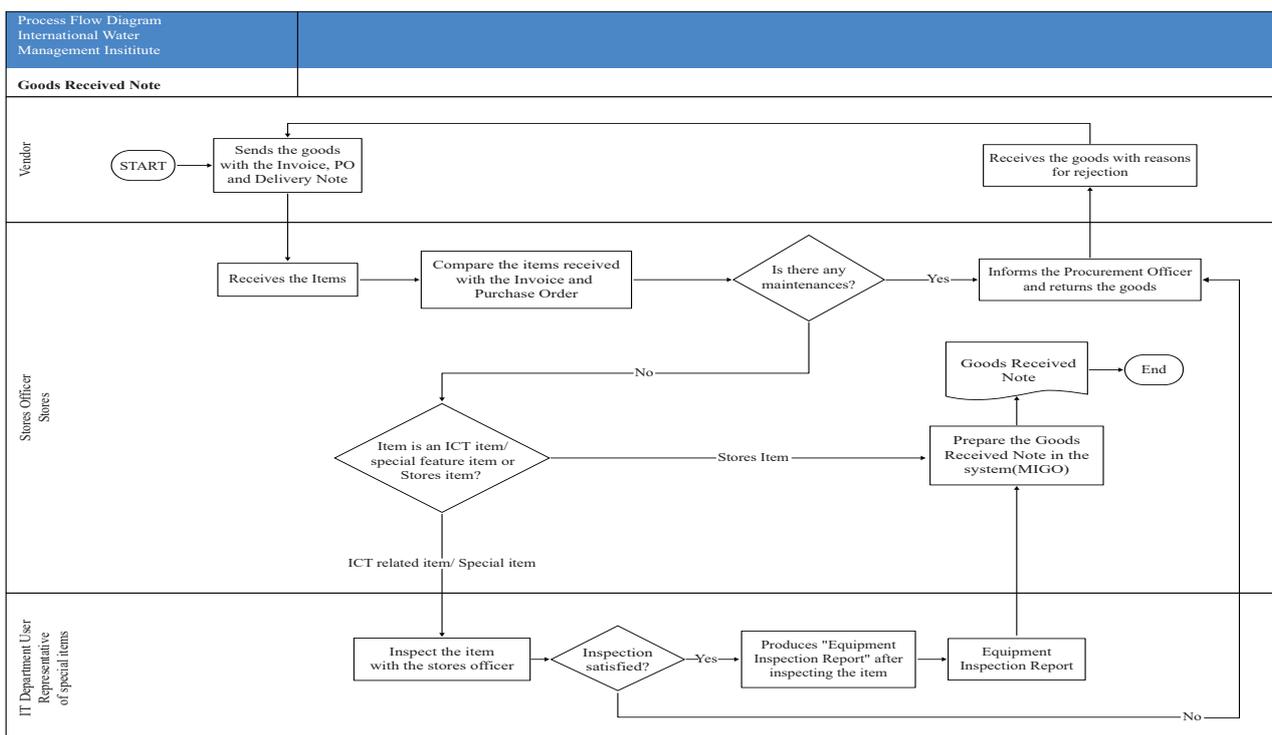
Process Objectives

- To create a valid GRN (MIGO).
- To accept the correct goods and return mismatched/damaged goods at the receiving point itself.

Process Owners

Finance Department - Stores Officer.

Key Inputs to this Process

- Approved PO.

10.2 Key Activities to be Performed

Activity	Responsible Party
10.2.1 Receipt of Goods All deliveries must be accompanied by the supplier's Delivery Note quoting the PO number against which the supply is being made. The receiving Stores Officer will retrieve the stores copy of the PO and inspect the goods to verify that the quantities, specifications and quality of items delivered are consistent with the specifications on the PO. In instances where the Stores Officer is not competent to verify the technical aspects of the goods, they will obtain the requester or the relevant Technical Manager's input before stamping and signing the Delivery Note to confirm acceptance. If any Technical Manager is involved in this process, they should issue a test report on items observed specifying whether the items were acceptable or not. Payments should be supported with the specification report issued by the Technical Manager. If the goods have been delivered according to the specifications of the PO, the Stores Officer accepts the goods. If the goods delivered are not in accordance with the specifications of the PO, they would be returned to the vendor stating the reason for rejecting the items. Goods delivered to IWMI could be rejected for any of the following reasons: 1. Deliveries without an official PO. 2. Delivery of items is not in accordance with the specifications of the PO. 3. Delivery of poor quality goods. 4. Delivery of excess goods. 5. Deliveries without an Invoice or Delivery Note. If the Stores Officer identifies any defects after accepting the goods and recording its receipt in IWMI's books, they shall create a MRN and indicate the reason for rejection. The Stores Officer and the supplier's agent sign the form, and the original copy is issued to the supplier and a copy is retained by the Procurement Unit. The Stores Officer will issue a gate pass to return the goods to the vendor.	Stores Officer, ICT Department, User
10.2.2 Creation of GRN Where goods delivered are accepted, the Stores Officer shall create a GRN for all items by logging into the system. The system will create a MIGO number for each and every item entered. All the GRNs should be created according to the serial continuity. The system will automatically allocate the serial number to the GRN. After creating the GRN, the Stores Officer shall forward the supplier invoice and test report, if applicable, to the Accounts Assistant in the Finance Department for payment processing purposes.	Stores Officer

Activity	Responsible Party
10.2.3 Vendor Payments The vendor shall only issue its invoice to IWMI for payment after delivering the goods ordered and obtaining confirmation of receipt from IWMI. The invoice will be processed after comparing the information on the PO, GRN and Invoice (three-way match). The following guidelines should be followed when processing payments: • IWMI's standard payment terms vary according to each supplier. Payments should be made to the payee as specified on the PO/contract. • Invoices that do not have a PO/contract will not be processed unless the purchase is for less than USD 100. The Procurement Unit shall continuously remind vendors to include the PO number on their invoices before it can be processed. • On a monthly basis, the Finance Department will review each vendor's statement, reconcile it with the creditor's ledger and advise the vendor of any disputable transactions. Goods valued at less than USD 100 will be paid as follows: • From petty cash funds for goods up to the value of USD 100. An invoice and proof of receipt should be attached to obtain payment. If it is a reimbursement, the proof of payment should be presented. • By cheque/bank transfer on presentation of an invoice and proof of receipt. If it is a reimbursement, the proof of payment should be presented. To ensure that splitting of purchases is avoided, a thorough review of the receipts and justification for making a cash purchase will be undertaken by the Finance Department before reimbursement.	Officer - General Accounting

11. Inventory Management

Process Objectives

● Maintain proper stock levels to ensure the smooth operations of IWMI.

● Create valid GRNs (MIGO).

● Issue goods based on valid requisitions.

● Identifying items that are essential for business needs.

● Managing store location and space.

Process Owners

Finance Department - Stores Officer.

Key Inputs to this Process

● Approved PO

11.1 Key Activities to be performed

Activity	Responsible Party
11.1.1 Maintenance of Stock Levels • Stock levels are kept at the lowest level necessary to meet IWMI's operational and financial requirements. IWMI should identify the slow-moving items, taking into account previous purchases, before proceeding with making further purchases. **11.1.2 Managing Store Location and Space** • All inventory items should preferably be stored together in the central stores. • Stores should be kept clean and well organized at all times. • Items of similar classification are kept together regardless of differences in size, weight and source. Valuable items that are subject to pilferage are kept in lockable or suitable cabinets. • Items must be well arranged on shelves and kept on pallets when required. No item should be left directly on the floor. No item should be close to the ceiling or light bulbs either. • Items should be arranged to facilitate access, control and counting. • Only the Stores Officer or their official delegate and FC/Accountant have • access to the keys to the Main Stores. • Access to stores is limited to its staff, who has to escort any other person who needs to enter stores in the course of conducting IWMI related business.	Stores Officer
11.1.3 Issuing of Stock Items Items can be issued if they are available in the store. The user will create an Issue Order approved as per the Authorization Policy. On receipt of such MIN, the Stores Officer shall check the quantities requested against the stock available. Items will be issued as per the Issue Order and the issuing date, requester's name, budget code (WBS code), item description and quantities of the items requested in the appropriate columns of the form. The receipt of goods should be confirmed by the authorized staff from the user department by signing on the receipt. The Stores staff shall update the inventory module in the financial system and Issue Orders file daily.	Stores Officer
11.1.4 Mandatory Stock-takes The Stores Manager, in liaison with the FC, will schedule and supervise a stock-take on a yearly basis and when it is necessary to independently count all physical stocks. This annual stock count shall be done along with IWMI's auditors. The Stores staff are enlisted as observers during this exercise. The FC will be responsible for managing stock input control and other designated staffs as per the stock-take schedule. The FC will produce a variance report for the custodians to explain reasons for deviations. The report is forwarded to the Stores Officer and CSD/designate for review. The report is then updated once reconciling items are identified.Any further adjustment that is required is approved as per the Authorization Policy.	FC/Stores Officer

12. Monitoring and Performance Evaluation

Process Objectives

- To facilitate in the assessing of Vendor Performance.

Process Owners

- Finance Department – Procurement Officer.
- User Department.

Key Inputs to this Process

- Key Performance Indicators.

12.1 Key activities to be performed

Activity	Responsible Party
12.1.1 Assessing Vendor Performance The Procurement Unit should receive feedback from the vendor systematically when a large procurement has taken place. Feedback from the Vendor shall be documented in the Vendor Performance Evaluation file.	Procurement Officer

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