



PROCUREMENT PROCEDURES MANUAL

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Revised: _____September 2014_____

HEALTHSTRAT PROCUREMENT PROCEDURES MANUAL

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1.0 LIST OF ACRONYMS

CDC –Centers for Disease Control and Prevention

CEO – Chief Executive Officer

COO – Chief Operating Officer

CTO- Chief Technical Officer

HOF – Head of Finance

HOA – Head of Administration

HR – Human Resources

LPO – Local Purchase Order

PIN – Personal Identification Number

RF– Requisition Form

RFQ– Request for Quotation

RFP – Request for Proposal

SOP – Standard Operating Procedure

SOW – Statement/Scope of Work

STA – Senior Technical Advisor

USG – United States Government

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2.0 GLOSSARY OF TERMS

The following abbreviations will be used in this document:

RF – Requisition Form: The document that initiates a procurement process. It briefly outlines the specifications of items/service required and quantities. It must be approved by the budget holder or the COO

RFQ – Request for Quotation: A request made to a vendor to provide documented information (description, terms and costs) on a proposed item/service. This is usually for simple and regular purchases e.g. stationery items, accessories.

RFP – Request for Proposal: A request made to a vendor to provide detailed documented information (description, scope of work, terms, costs, and durations) on a proposed item/service. This is for more complex/technical procurements where significant input is required from the vendor.

SOW – Statement/Scope of Work: A documented detailed description providing in full detail the requirements/specifications of an item/service to be procured. This can be provided by either the vendor or the purchaser, and is usually given in tandem with an RFP.

PC – Procurement committee: A committee of HEALTH STRAT personnel formed to advise on the pre-selection of vendors for regularly procured items/services.

LPO – Local Purchase Order: The legal document that details the description, cost and terms of goods/services to be procured, and commits HEALTHSTRAT to procuring items/services from a vendor. It must be signed by the COE/O and HOF.

3.0 PURPOSE

The primary purpose for the SOP on procurement for HEALTH STRAT is to carry out procurement activities that are in line with accepted industry practice, meet donor compliance requirements, prudent spending, and derive value and efficiencies.

4.0 SCOPE

The SOP will be used for all procurement activities.

5.0 PREREQUISITES

Annual Procurement Plan, Procurement Committee-PC, Local Purchase Order, Requisition Form, Request for Quotation, Request for Proposal, Scope of Work

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6.0 RESPONSIBILITIES

The HOF has primary role in the effective functioning of the SOP. Other key functionaries include the PC, Administration Officer, COO and CEO.

7.0 GOAL

The Procurement function's main goal is to streamline Health Strat's procurement needs in order to increase all round efficiency in the procurement process, which will lead to increased efficiency in the organization's capacity to deliver on its mandates. The risks of operating without proper procurement procedures are overspending, the failure to procure the necessary items/services, wastage of resources, and a domino effect of inefficiency in the organization's ability to fulfill its mandates. Procurement SOPs are intended to act as a management tool for better decision-making and stewardship of the resources entrusted to HEALTH STRAT.

8.0 OBJECTIVES OF THE PROCUREMENT FUNCTION

1. Create user-friendly procurement procedures that enable the HEALTH STRAT team to easily request, evaluate, track, and receive goods and services.
2. Increase predictability of procurement patterns for the various services required by HEALTH STRAT, and create a sustainable procurement process to support the same by focusing on 'procurement-in-advance'.
3. Create relationships with reliable vendors based on competitiveness, recognized costing and transparency.
4. Efficiently utilize funds available to meet actual procurement needs while avoiding wastage.
5. Maintain a procurement process based on fairness, transparency and accountability.
6. To procure prudently in accordance with HEALTH STRAT policies, procedures and guidelines and meet donor compliance requirements.
7. To maintain a proper inventory management system in line with the procurement plan.

9.0 PRE-QUALIFICATION OF VENDORS

The purpose of selecting an approved schedule of vendors is to save on time and cost, and increase operational efficiency. This is to apply to items/services that are procured on a regular basis. The criterion to be utilized is as follows:

1. An annual procurement plan is to be drawn up by the ADMINISTRATOR in consultation

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with the CEO/O, and HODs

2. The PC consisting of at least 4 HEALTH STRAT employees is to be formed, consisting of the Chair HOO, Administrator, a representative of the user department and finance. Technical staff will be invited to attend PC meetings to provide input on technical product/service specifications.
3. The Administrator shall identify the specific areas that require vendor pre-selection and submit these to the committee.
4. The Administrator in consultation with the user department shall outline the minimum requirements to be met by the vendors in their area of supply/service delivery.
5. The Administrator shall have sourced for a minimum of three vendors for each area of supply, ensuring that the submissions are competitively priced against prevailing market rates.
6. Upon ensuring that the vendor submissions have met the minimum requirements, the PC shall select at least two vendors – one as the go-to vendor, and the other as the alternative vendor – for a period of not more than 2 years.
7. Upon validation of the pre-qualified schedule of vendors, the Administrator shall draft an annual contract that includes terms and rates/cost schedules to be Reviewed and signed by COO/E
8. The contract shall become valid and active upon approval by the CEO/O and signed confirmation by the vendors.
9. The Administrator shall carry out a bi-annual evaluation report on the performance of the vendors and recommend termination or proceeding with the pre-selected vendors.
10. It shall be the duty of the Administrator to monitor, evaluate to ensure satisfactory performance and adherence to contract terms and report to the PC on a quarterly basis.

Any changes to the contract during its active period can only be done upon written notification by either vendor or HEALTH STRAT and is subject to approval CEO/O

Solicitation for goods and services shall provide for all of the following:

- A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition/favor any potential applicants.
- Requirements which the bidder/offer or must fulfill and all other factors to be used in evaluating bids or proposals.

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- A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
- The specific features of “brand name or equal” descriptions that bidders are required to meet when such items are included in the solicitation.

10.0 PROCEDURE FOR STANDARD PROCUREMENTS

Unless otherwise stated/justified, regular purchases/services shall be procured from vendors appearing on the pre-qualified schedule of vendors.

The criteria are as follows:

1. All procurement requisitions must be approved by the respective user’s supervisor – An RF must be completed and signed by the supervisor before procurement can be initiated. If a supervisor is not present, procurement can be initiated via email indicating the said supervisor’s approval and a duly filled out RF.
2. Goods/services to be procured must be clearly described by the user to avoid procuring incorrect items. This can be done either on the RF or on email to the Administrator.
3. The Administrator shall then proceed to send out a RFQ/RFP to the pre-selected vendors and carry out a price and other conditions comparative analysis on the bid analysis document.
4. For procurements below Kshs. 20,000 it shall not be mandatory to obtain 3 bids, over Kshs. 20,000 at least bids must be obtained and bids analysis done and for procurements over Kshs. 160,000 the Procurement Committee is mandatory
5. The bid analysis shall then be prepared by Administrator, and approved by HOF. Upon approval of the Bid Analysis, an LPO is then issued to the preferred vendor.
6. A valid LPO must bear the signatures of the HOF and CEO/O.
7. Payment is then arranged by finance department according to the contract terms with the pre-qualified vendor.
8. The Administrator shall thereafter follow up with the vendor for delivery.
9. If goods are procured, upon delivery, the goods are to be received by the Administrator then handed over to the end user for their approval/confirmation (this must be in writing on the delivery note and attached to the procurement documentation) and use.
10. If a service is procured, the end user shall submit written feedback regarding approval or

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disapproval of the service to the Administrator to be attached to the procurement documentation.

11. All invoices and delivery notes are to be submitted to the finance office immediately upon approval of the items/services to initiate the payment process as per pre-arranged terms.
12. In case of service/item disapproval, the Administrator shall be tasked to follow up with the vendor for appropriate corrective action.
13. The finance office must not process any payment for goods/services for which end user confirmation has not been received.

11.0 PROCEDURES FOR SINGLE- SOURCING

These are the types of procurements that require a single bidder, either pre-approved, or with a justification. The validation for single-sourcing must always have clear, concise justification and approval before finalizing procurement. As a practice, HEALTH STRAT discourages single sourcing and will only utilize this option when it is justifiable. All single-source procurements must be approved by the CEO. The procedure for standard procurement will apply for all single source purchases.

12.0 CONFLICT OF INTEREST STATEMENT

No employee, officer, or agent of HEALTH STRAT shall participate in the selection, award, or administration of a procurement contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, or any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.

The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub-agreements. Exceptions may be made for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. Additionally, employees shall declare such gifts to the HOO. The gifts shall be equitably distributed amongst all HEALTH STRAT employees.

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The standards of conduct shall provide for disciplinary actions/procedures to be applied for violations of such standards by employees, or agents of HEALTH STRAT