Love for Children and Family Development Organization

Procurement Manual

Love for Children and Family Development Organization

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Love for Children

Procurement

Manual/LCF/

Procurement Manual

Acronyms

AIDs	Acquired Immunodeficiency Syndrome
BoQ	Bill of Quantities
CSA	Charities Societies Agency
DEV	Deprived, Excluded and Vulnerable
ECD	Early Childhood Development
FRR	Financial Rules and Regulations
GRN	Goods Receiving Note
HIV	Human Immunodeficiency Virus
ID	Identification Document
IGA	Income Generation Activity
ITB	Invitation to Bid
IPSAS	International Public Sector Accounting Standard
LCF	Love for Children and Family Development Organization
MFI	Micro Finance Institution
OVC	Orphan Vulnerable Children
PC	Purchase Committee
PM	Procurement Manual
PO	Purchase Order
PR	Purchase Request
PPE	Property, Plant and Equipment
PVL	Pre-Qualified Vendors List
RFQ	Request for Quotation
RFP	Request for Proposal
SOW	Statement of Work
SIV	Store Issue Voucher
TOR	Terms of Reference
USAID	United States Agency for International Development
VSLA	Village Saving and Loan Association

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1. Back Ground:

Love for Children and Family Development Organization (LCF) is an indigenous, non-political, non-religious, non-profit humanitarian and development oriented Organization working in Ethiopia for the well- being of Deprived, Excluded and Vulnerable Children. LCF was registered and licensed by the Charities Societies Agency (CSA) in accordance with the charities and society's proclamation No.621/2009 and 1113/2011certification # 1926 starting from July 29, 2010.The Organization main office is found in Addis Ababa city administration, Nefas Silk Lafto Sub City in front of Woreda 2 Administration around Mekanisa.

The Organization used grant and Sponsorship fund as a major financial source to undertake various activities to improve Basic Education, Health, Early Childhood Care and Development, prevent the spread of HIV/AIDs and expand economic opportunity to highly vulnerable children and their families.

2. Preambles

Love for Children and Family Development Organization directly benefits to more than 15,000 children through sponsorship and grant fund. Currently the organization operates in three sub cities namely Kolfe Keranio ,Nifas Silk Lafto and Lemi Kura of Addis Ababa City Administration with the overall objective to help Deprived, Excluded and Vulnerable (DEV) children have the capacity to become Young adults, parents and leaders who bringing lasting and positive change in their communities.

LCF has been implementing development activities since 2003 as an affiliated project of an international organization called ChildFund International and as an independent indigenous organization since July 2010 in Addis Ababa City Administration. The Organization mainly focuses on the wellbeing of children

through an integrated service based on their age. The services mainly focus on four core programmatic areas namely, Early Childhood Development (ECD), Basic Education, Youth Development and OVC care and support programs.

The Organization prepares and implements different working guidelines and manuals to ensure quality service and accountability to its stakeholders.

Love for Children and family Development Organization Procurement Manual provides the essential information and brief step-by-step procedures for procurement of goods, work and services. This document is intended to guide the procurement officials directly involved in the procurement activities. It also intendeds to help in understanding the procurement processes and to achieve uniformity in procurement procedure followed under the organization. The rights and obligations of the purchaser and the contracts of goods and works will be governed by the tender documents and by the contracts signed by the purchaser with the contractor and not by the guidelines stated in this document.

i. Vision

Strive to see Ethiopian Children and Youth becoming healthy, self-reliant, confident and productive citizen.

ii. Mission

Promotes the well-being of Deprived, Excluded and Vulnerable Children, youth, and their parents and caregivers, through a holistic and comprehensive approach to develop productive citizens, enjoy a better quality of life and eventually contribute to societal growth.

iii. Values

Values of LCF are: ***Humanity, Dignity and Respect, Compassion, Trust, Commitment,***

Excellence, Professional Integrity, Collaboration and Transparency.

2.1 Benefits: -

- Secure the best economic and quality assurance advantage to the Organization;
- Be clearly defined;
- Be contractually sound;
- Be unbiased and non –prejudicial toward respondents;
- Encourage innovative solutions to the requirements described, if appropriate; and
- Allow for free and open competition to the maximum extent reasonably practicable under the circumstances.

This guideline covers the Procurement Process and is designed to ensure that; LCF conducts its procurement activities within the frame of sound business practices and International Public Sector Accounting Standard (IPSAS) manual under section Property, Plant and Equipment (PPE) and include the followings.

- The appropriate materials or services are purchased.
- The correct quality is purchased at an advantageous price.
- Fund is available to cover the purchase.
- The purchase is allowable under LCF and donors 'terms.
- Each purchase is fully and transparent documented.

2.2. General Statement of Principles

Procurement is the overall process of acquiring goods, civil works and services which includes all functions from the identification of needs, selections and solicitation of sources, preparation and award of contract, and all phases of

contract administration through the end of services' contract or the useful life of an asset.

2.2.1. LCF is committed to implementing and maintaining the highest standards of efficiency and integrity in the purchase of goods and services.

2.2.2. Prompt and effective provision of materials and services to the LCFs' beneficiary community.

2.2.3. Designate appropriate person for procurement activities.

2.2.4. Use LCF standard procedures and procurement forms.

2.2.5. Commit to observing the highest standards of integrity and fairness in all dealings with external suppliers and contractors.

2.2.6. Adherence to the Ethical Code of Conduct in Purchasing detailed in this guideline and also applicable regulatory and donors' requirements.

2.2.7. In accordance with specific donors' requirements the LCF may need to conduct terrorist vetting prior to an award of contract vendors and maintains supporting documentation in Treasury.

Love For Children & Family Development Organization

2.3. *Purpose, Scope and Accountability*

2.3.1. Purpose

1. Guide in the process of identification, documentation, recording, analyzing, summarizing and communication information related to procurement management for strong financial management and internal control system.
2. The Procurement Manual (PM) has been developed to provide policies and high level procedures for the LCF as it relates to procuring goods and services. The PM is used in addition to the reference documents listed below as well as desk procedures. This manual was developed in accordance with the policies and guidelines which regulate donor procurement policy and acquisition &

contracting activities in accordance with different Financial as well as IPSAS Manual.

3. The responsibility for procurement, including award and implementation of contracts, rests with the Mission/Procuring Entity. LCF has an obligation to ensure funds entrusted by donors are properly used with consideration for economy and efficiency, and without regard to political or non-economic influences. LCF's procurement process shall be generally guided by.
4. It is to serve as a code of conduct as well as determinate the role of actors involved in this program. The manual has been designed in compliance with the laws, rules, guidelines and policies governing the program and procurement management of the provincial Government, donor and Board.

This manual will serve as a guide and on-going reference to streamline the day to day working, monitoring and tracking the procurement activities of the program.

- ***Accountability:*** **-** Ensure the accountability of those involved with the procurement process:
- ***Economy :-*** Achieve best value through open and fair competition;
- ***Equity:-*** Through uniform policies and procedures for procurement create an equitable environment for competition:
- ***Effectiveness:-*** Facilitate optimum effectiveness in procurement operations so that they deliver the desired outcomes,
- ***Efficiency:*** **-** Through standardized procedures and consistent application of best procurement practices minimize delays to the procurement process.

- ***Ethical Standards:*** **-** to provide staff involved with procurement a set of standards and framework under which procurement is to be undertaken that represents the highest standards of ethics and honesty.
- ***Transparency:*** **-** Promote transparency and adequate documentation in the procurement process:
- ***Competition:*** **-** Equal Opportunity and open computation

The Manual details the standards, policies and procedures to be followed in the procurement of goods, works and services within the Organization. Therefore; these standards, policies and procedures are designed to:

(i) Provide detailed guidance on the procurement processes;
(ii) Provide uniform procedures for the procurement of goods, works and services;
(iii) Ensure transparency and accountability in all operations, and consistency with the guidelines of donors where necessary;
(iv) Improve the efficiency and effectiveness of the Organization operations;
(v) Promote the consistent application of procurement best practice and international standards.

2.3.2. Scope

This Guideline serves only for Love for Children and Family Development Organization / LCF activities. The procedures outlined in this manual apply to all procurements goods and services & contracts of goods and works financed by the LCF.

These policies and procedures apply to the approval, receipt, and acceptance of all Goods and Services purchased. It covers all purchase commitments.

Purchases that will be funded by donors, grants may be subject to additional policies and procedures. Donors' requirements can be described in the respective contract agreements.

2.3.3 Accountability

2.3.3.1 The Organization interested to develop and maintain this manual for an adequate system of internal controls to conduct its business complying with applicable policies, regulations and also donors' standards and performance criterion.

2.3.3.2. Strong Procurement manual is critical to the efficient and effective use of limited funds. The ability to provide accurate, timely financial information enables the organization to comply with reporting obligations contained in donor requirements, to meet the requirements of governments and regulatory agencies and to follow accounting standards. The policies and procedures described in this manual are designed to provide the LCF Organization tools needed to efficiently and effectively manage financial resources by maintaining standards of integrity and accountability to Sponsors, Donor, Grantors, Governments, Affiliates, and General public by insuring accurate disbursement and reporting of funds received.

2.3.4 Procurement Manual Objectives:

This manual defines LCF procurements standards and requirements for all Departments. Its primary purpose is to communicate policies and give guidance to all staff with procurement authority. All staff members are responsible to adhere to the policies contained in this manual. Procurement gives prime consideration to the Organization and donor interests, while seeking to maintain and further long-term, mutually cost-effective, ethical supplier relationships.

The objectives of the Procurement department and procurement of goods/services in general are to acquire materials and services:

- Of the right quality
- In the right quantity
- At the right time
- From the most appropriate supplier
- At the lowest or best possible price
- Delivered to the right location.
- That offers 'warranties' that protects and minimizes risk and cost to the Agency
- Buy competitively and to develop good relationships with the supplier community.
- Maintain adequate records to allow the management of LCF to evaluate suppliers' performance, assess accountability and control, and take necessary corrective measures to ensure ethical and sound business practices.
- Exercise the necessary controls to ensure compliance with all donor requirements and LCF guidelines with regards to purchase transactions so as to optimize value and minimize disallowances.

2.3.4 REVISIONS TO THE PROCUREMENT MANUAL

(A) A number of factors may necessitate the need for revision of this Procurement manual including:

(i) Review of the FRR / Financial Rules and Regulations;

(ii) Introduction of new improved practices, policies or procedures;

(iii) Removal of outdated practices, policies or procedures;

(iv) Lessons learned from practical experience.

(B) Any proposed amendments to the Procurement Manual shall be submitted to the office in charge of the procurement function at the LCF for review and to the office of the Management Committee for vetting prior to approval by the Executive Director. Until any formal revision is approved, the existing provisions of the Manual shall apply. This manual is used for the coming three years. The Finance

and Admin Director is responsible to review and prepare the manual in side consultation with Organization staff.

3. The LCF General Policy of Purchasing

3.1. General Statement of Principles

3.1.1. LCF is committed to implementing and maintaining the highest standards of efficiency and integrity in the purchase of goods and services.

3.1.2. Prompt and effective provision of materials and services to the LCFs' beneficiary community.

3.1.3. Designate appropriate person for procurement activities.

3.1.4. Use LCF standard procedures and procurement forms.

3.1.5. Commit to observing the highest standards of integrity and fairness in all dealings with external suppliers and contractors.

3.1.6. Adherence to the Ethical Code of Conduct in Purchasing detailed in this guideline and also applicable regulatory and donors' requirements.

3.1.7. In accordance with specific donors' requirements the LCF may need to conduct terrorist vetting prior to an award of contract vendors and maintains supporting documentation in Treasury.

3.2 Code OF Conduct and Conflict of Interest

All LCF staff that hold decision-making authority or influence over the procurement process will sign the LCF Code of Conduct and conflict Statement and to observe the following.

3.2.1. Employees, Directors, Specialists, Officers, Staffs and Board members of the LCF shall neither solicit nor accept cash, gratuities, favors, or anything of monetary value from vendors or potential vendors.

3.2.2. Eliminate unfair competitive advantage, suppliers who participate in the development or drafting of specifications, requirements, request for quotes, or

request for proposals (that include proprietary knowledge or equipment) should be excluded from competing for business related to their participation.

3.2.3. To avoid potential conflicts of interest, no employee, Director, Specialist, officer, Staff or Board members of the LCF should participate in the selection, award, or administration of purchases or contracts where to his or her knowledge the employee, immediate family, or partner has interest in the supplier's organization.

3.2.4. Staff who falls under 3.2.3 above should notify the LCF Executive Director about his/her relationship with the potential supplier in advance before the selection process started.

3.2.5. Promote fair, ethical, and legal procurement practices.

3.2.6. Treat all information received from suppliers in the strictest confidentiality

3.2.1. Relevant Polices

- ChildFund Ethiopia, USAID or Other Donor Fraud Policy;
- Love for Children and Family Development Organization /LCF code of conduct and conflict of interest;
- Love for Children and Family Development Organization / LCF Financial, IPSAS and Human Resource Manuals.

3.2.2. Procedure

The organization requires that all business units observe the highest standard of ethics throughout the procurement process. In pursuance of this policy, the organization defines for the purposes of this provision, the terms as set forth below:

- ***"Corruption"*** means the offering, giving, receiving or soliciting, directly or indirectly of anything of value to influence the action of staff in the procurement process or contract execution.

- ***"Fraud"*** means false representation or concealment of a material fact for the purpose of inducing another to act up on it to his/her detriment:
- ***"Collusion"*** means a scheme or arrangement between two or more offers, with or without knowledge of the organization, designed to establish prices at artificial, non-competitive levels;
- ***"Coercion"*** means harming or threatening to harm, directly or indirectly, persons, or their property influence their participation in the procurement process, or affect the execution of a contract.

The organization procurement process must allow offers to compete for the organization business on a fair, equal and transparent basis. Staff associated with the procurement function, and is responsible for protecting the integrity of the procurement process and maintaining fairness in the organization's treatment of all offers. The standard of conduct for all staff involved in procurement to safeguard against conflicts of interest which may compromise the integrity and objectivity of the organization include:

- During the pre-solicitation phase, staff must not allow offer access to information, whether technical, financial or any other nature, on a particular acquisition before such information is available to the business community at large. Further staff may not use unnecessary restrictive specifications, statements of work or terms of reference that may discourage competition:
- Solicitations, Staff having a financial interest in offer responding to the organization solicitation, are prohibited from any involvement in the procurement process. Financial interest means anything of monetary value including, but not limited to:

The Organization staff that had decision making authority or influence over the procurement processes will sign the organization code of conduct & conflict statement and to observe the following.

3.2.3. Transparency, Accountability and Ethics

A) No Individuals shall use his authority or office for personal gain. Personal gain includes accepting or requesting anything of material value from bidders, prospective bidders or suppliers for the individuals, his or her spouse, parents, Children or other close relatives, or for other person from whom the individual might gain direct or indirect benefit of the gift.

B) An individual shall seek to maintain and enhance the reputation of the Organization by:

- Maintaining the highest standards of honesty and integrity in all relationships both inside and outside the Entity in which he works;
- Developing the highest possible standards of professional competence;
- Using funds and other resources for which that responsible to provide the maximum benefit to the organization; and
- Complying both with the letter and spirit of:

  i) The laws and regulations of the Organizations:

  ii) Accepted professional ethics: and

  iii) Contractual Obligations.

C) Conflict of Interest – An Individual shall declare any personal interest that may affect or might reasonably be deemed by others to affect impartiality in any matter relevant to their duties.

D) Disclosure of personal relationships- an individual shall declare any relationship with bidder, supplier, contractor or consultant and shall take no part in either the

decision making process or the implementation of any contract where such a relationship exists. A personal relationship is defined as consanguinity or affinity up to the third civil degree.

E) Confidentiality and accuracy of information- An individual shall respect the confidentiality of information gained in the course of duty and shall not use such information for personal gain or for unfair benefit any bidder, suppler, contractor or consultant.

A. Ethics

1. The guiding principles of ethical behavior are impartiality, independence and Integrity.

2. No person or entity shall use, or attempt to use, his/ her or its authority, position or office for personal gain or interest, which is defined as soliciting, accepting or otherwise benefiting from anything of material value in any form,

3. Either in person or indirectly through close relatives or associates, in connection with LCF-financed operations.

(i) Maintaining the highest standards of honesty and integrity in all professional relationships;

(ii) Developing the highest standards of professional ethics;

(iii) Maximizing the use of LCF financing and other resources for the purposes for which they were provided;

(iv) Providing information in the course of their duties that shall be true, fair and not designed to mislead; and

(v) Complying with both the letter and the spirit of:

– The financing agreement;

– The laws and regulations of the LCF;

– Professional ethics; and

– Contractual obligations.

4. The LCF must declare any actual, perceived or potential personal interest that may affect, or might reasonably be perceived by others to affect, impartiality in any matter relevant to their duties (conflict of interest). In a situation of this nature, the official concerned should not participate in any way in the procurement process to avoid adverse measures, including miss procurement.

5. The LCF must respect the confidentiality of information gained in the course of duty and not use this information for personal gain or for the unfair benefit of any third party, including any bidder, supplier or contractor.

B. Accountability

1. The Procurement staff and others are accountable to LCF for all actions and decisions in connection with Organization procurement activities. This includes, but is not limited to ensuring:

(i) That financing is used solely for the purpose for which it was provided;

(ii) That procurement is undertaken in accordance with these Guidelines; and

C. Competition

1. All LCF procurement activities shall be based on full, fair and legitimate competition among eligible suppliers and contractors.

2. Competition for the procurement of goods, works and services is normally sought through a competitive bidding process, which should be conducted through an agreed procurement method involving at least three separate suppliers or

contractors; if this is not attainable a justification should be provided and approved by LCF.

3. For purposes of efficiency and practicality, low-value contracts for goods, works or services should not be advertised internationally. The procurement plan must outline the approved procurement method, including the degree of competition required for each procurement activity.

4. The LCF must promote competition throughout the procurement process and may be required to provide evidence of:

(i) Fair and genuine competition in the compilation of shortlists and solicitation of bids; and

(ii) The effectiveness of competition during the entire process.

5. Single sourcing and direct contracting do not provide the degree of competition required by LCF and will be considered only in exceptional circumstances pursuant to procurement plans.

D. Transparency

1. The highest degree of transparency and openness will be applied in all LCF procurement processes. A lack of transparency will be perceived as an attempt to withhold information, which in turn may compromise the fairness and integrity of the procurement process.

2. Transparency within procurement relates to disclosure in the public domain of information for all parties involved, interested in or affected by the procurement process, including but not limited to information on:

(i) The availability of procurement opportunities;

(ii) Where to access relevant data;

(iii) The processes with which the procurement will be undertaken;

(iv)The mechanisms by which contracts will be awarded;

(v) Contract award data; and

(vi) Appeal procedures.

3. Modes of disseminating this information will depend on the nature of the data, but will generally comprise LCF websites, public noticeboards and media, and the procurement documentation relevant to individual procurement activities (e.g. bid notices and bidding documents).

4. At all times, LCF will be required to carry out the procurement process openly, predictably and in accordance with the information provided.

E. Efficiency, Effectiveness and Economy

1. The LCF will be required to demonstrate efficiency and economy regarding the implementation of project procurement activities in order to avoid implementation delays and to maximize value for money.

2. Procurement must be well organized and carried out correctly with regard to quantity, quality and timeliness, at an optimum price.

3. Processes must be proportionate to the procurement activity in order to minimize the overall cost of conducting the procurement process, and tailored to the budget for each activity.

4. Efficiencies can be gained through a combination of procurement methods.

F. Best value for money

1. LCF should seek to obtain the best value for money for all procurement activities by:

(i) Applying sound, nationally recognized procurement principles;

(ii) Ensuring that the goods, works or services procured meet the requirements of the activity;

(iii) Ensuring that the goods, works or services are contracted on the best possible terms, taking into account their expected life cycle; and

(iv) Ensuring that the provider of the goods, works or services is qualified, legally entitled and competent to enter into and execute the contract.

2. Ensuring best value does not necessarily entail the selection of the lowest-priced bid, but rather the best return on investment, taking into consideration the unique circumstances of each procurement activity, the time, cost and quality required, and the unique objectives of each purchasing.

4. Documentation

4.1 All procurement activities must be fully and transparently documented. This is the only means that the LCF can show how it is managing its procurement process and demonstrating to donors that funds are being responsibly committed for approved activities.

4.2 A completed purchase must be supported with a fully cross-referenced "stand alone" file. Documentation must be completed fully and accurately for all procurements.

4.3 Any anomalies or deviation from policy or procedure in a purchase must be documented with evidence signed by appropriate person.

5. Procurement of Second Hand/Used Goods

LCF will purchase by any means new goods where possible only. LCF sometimes may purchase used goods, provided they are approved by the Purchase Committee and Executive Director based on written justification and inspected by a competent authority (staff or consultant) to verify satisfactory condition or require

certification with relevant warranty from the supplier of the current condition of the purchased second hand goods in case inspection is not possible.

6. Internal Controls –

6.1 Segregation of Dutiesa-

The LCF should maintain an appropriate segregation of duties to ensure a sufficient level of internal control. Purchasing duties will be centralized in a Procurement Focal Person, segregated from the users of the goods/ construction works/services provided. Procurement documents will be reviewed and signed by someone independent of the person that drafted or prepared these documents.

The accounting and cash disbursement functions should be separate from the procurement and receiving functions. Payment to vendors/suppliers/contractors should not be handled by Procurement Staff.

6.2 Approval Authority

6.2.1 The organization Executive Director / His delegation or Finance & Admin Director authorization levels for financial commitments and covers both asset and non-asset expenditure. Individual Specialist and Directors have their authorization levels designated by the Executive Directors.

6.2.2 All authorized personnel have a responsibility to know their role and responsibilities within procedures and to execute that authority.

6.2.3 The LCF revises its authority level from time to time as required and when necessary.

6.2.4 All changes to the authority level should be approved and documented by the purchase committee as well as the Finance and Admin Director.

Love For Children & Family Development Organization

7. The Standard Authorization Schedule

The authorization schedule defines the level of authorization as follows for financial committeemen's and covers both asset and non-asset expenditure.

Authorized Personnel	Birr/ Amount	Internal Authority	External Authority Cash or Bank Disbursement, PO/ Contracts
Program Specialists	1-10,000	YES	No
Department Directors	10,001-50,000	YES	Yes to Finance & Admin Director
Executive Director or his/her Designate	50,001 and Above	YES	YES
Donor (s)	Above 2,500 USD	YES	YES for Fixed Asset Purchasing

7.1 Individuals will have their authorization level designated by the Executive Director.

7.2 Approvals of program Specialists and department Directors will only be valid for their program and department.

7.3 Finance and Admin Director can authorize disbursements as co-signature only.

7.4 The Finance and Admin Director may sign Purchase Orders valued up to Birr 100,000.00 if the order is based on a fully approved purchase Request.

7.5 The Executive Director may approve Purchase Requests of any amount but must seek approval from the donor (s) for orders or contracts over 100, 000.00

7.6 All authority is dependent on:

i. Applicable grant restrictions and the availability of funds.

ii. Compliance with LCF and donor purchasing and contracting procedures.

7.7 Purchases or payments may not be split in order to avoid obtaining the correct level of approval.

7.1 Changes to Levels of Authority

7.1.1 The Executive Director and/or Board may reduce levels of authority at their own discretion. Levels may also be raised under mitigating circumstances. For authorizing levels up to 100,000.00 the decision can be taken by the Executive Director and can be delegate. For level changes above 100,000.00 the decision must be taken by the Executive Director in consultation with the Donor (s).

8 Responsibility to Purchase

8.1. Purchase Committee

The purchase committee is responsible for the following and appointed by the Executive Director and Management staff selection, which shall take full responsibility for all.

8.1.1. Procurement Processes of their entity

- Purchase Committee will consist knowledgeable and experienced staff not less than 4 members including purchaser. The term of the committee shall not exceed two years.
- As needed, technical expert in a certain field (for Example, IT for Computer equipment, or a Program Officer, Engineers for different constructions etc can be a part of the procurement committee member to assist with analysis of specifications, bids and vender selection.
- The LCF Executive Directors determines and assigns the appropriate technical expertise to support the committee.
- The Procurement committee (PC) provides unbiased review of vendors and bids and makes recommendations to management.
- The Procurement Committee (PC) review and approves bids equivalent of birr 15,000.00 and above. And bids lower than this level as deemed necessary.

- The committee is responsible for reviewing and approving new vendors being added to the Pre-Qualified Vendors List (PVL) as well as blocking none performing, or no longer needed vendors from future bids.
- Prepare bidding documents and advertise bid opportunities and shortlisting of suppliers, as appropriate.
- Coordinate the evaluation of tenders, quotations, and proposals;
  i. Compile the evaluation reports;
  ii. Prepare and issue rejection and debriefing letters;
- Coordinate the receiving, storage and opening of tender documents; maintain, safeguard and archive records of the procurement process,
- The Executive Directors or his delegation is the only person who approves procurement award based on the PC's recommendations. The following are part of the procurement tasks as included in consultation with Executive Director and his delegation

(i) Reviewing and approving/rejecting the recommendation for contract award and other submissions within its threshold

(ii) Proposing to management the revision /amendment of the Procurement rules;

(iii) Referring suspected procurement violations to the Office of Internal Audit for investigation.

(iv) Referring matters of suspected engagement in corrupt practices to the relevant committee for investigation.

(vi) Perform market surveys and procurement research every quarter.

(vii) Registering and maintaining any samples required to be submitted by bidders;

9 Purchaser's Responsibilities

The Procurement staff of the organization has the responsibility for the coordination of the procurement function in a professional manner in all LCF procurements by

ensuring efficiency, accountability value for money and transparency in the requisition, recording, accounting for, or any form of management of suppliers. The functions of the procurement unit are to:

9.1 The authorized purchaser is responsible for subsequent all purchases and associated organizations polices.

9.2 The major duties of the authorized purchaser should be reflected in the job description.

9.3 The authorized purchaser should not perform the following functions: purchase approval, receiving, invoice processing, maintaining account books.

9.4 Purchaser is responsible for establishing pre-qualified vender list after endorsed by purchasing committee.

9.5 When properly authorized, collect pro forma invoices and quotations.

9.6 Issue purchase orders, or procure goods and services after securing appropriate approvals.

9.7 Plan and manage all procurement activities, Processing purchase and delivery of all goods and services in adherence to policy.

9.8 Ensure any deviations from the procurement policy must be documented and get approved at the appropriate level before effecting purchases.

9.9 Prepare, consolidate and update the annual procurement plan from all Directorates, Specialists, Officers, programs, and other units.

9.10 Receive procurement requisitions with detailed specifications and prepare all the necessary binding documents like Pro forma invoice, bids.

9.11 Recommend the appropriate procurement method

9.12 Prepare and submit periodic procurement reports every month that was

performed in the purchasing process, Challenge, take Solution,

9.13 Act as secretariat to the Tender of the collected pro forma, bid evaluation to provide appropriate analysis in the procurement process without sound decision, technical support and advice to meetings which include preparation of correspondence, notices, agendas, minutes of meetings, and communication of the decisions or queries of the meeting

10 Executive and Finance and Admin Directors Responsibilities

I. Support the functioning of the committee according to the LCF Tender.

II. Assist and Review the PC and Purchaser in the preparation of specifications, terms of reference and scope of work;

III. Arrange for publication of notices of contract award on the website of the entity after evaluate the document;

IV. Notifying award of contract to the winning bidder and to unsuccessful bidders when confirmed by the PC;

V. Prepare and issue contract document after vetting and approval by the office of the Directors;

VI. Appoint members of the ad hoc bid evaluation committee;

VII. Approve the contract amendments in consultation with Procurement Committee and Purchaser when needed;

VIII. Monitor contract management to ensure implementation of contracts in accordance with the terms and conditions of the contracts and notifying the supplier immediately in writing of any failings in performance of their obligations including discrepancies and pursue appropriate follow up measures;

IX. Co-ordinate internal monitoring and evaluation of the procurement functions;

X. Manage and safeguard the tender box;

1.Finance and Admin Directors Responsibilities

1. The Finance and Admin Director or equivalent is directly involved in the procurement process through project and program planning, co-ordination of the annual budgeting process, confirming availability of funds.
2. The Directorate must provide proof of fund availability before any procurement process is initiated.
3. The Finance & Admin shall be responsible for facilitation of the payment of suppliers and service providers after the all process is completed;
4. Responding in writing to any requests for clarifications from bidders where permitted within the bidding documents;
5. Ensuring the effective management of contracts, including the initiation of advance payments, that all contractual obligations of the LCF are performed promptly and efficiently, the initiation of processing of invoices for payment, and file closure on completion of all obligations of both parties to the contract;
6. Monitoring delivery schedules & the inspection and certification of delivery or performance;
7. Undertake any other duties or tasks as directed by the PC and or Executive Director.

2.Procurement Planning

10.1 Description

Procurement planning is essential for the timely solicitation of quotations, bids or proposals; cost efficiency; the award of contracts; and the delivery of inputs. Procurement planning entails more than the selection of a procurement method for various goods, civil works and services and when to schedule activities, but combines the legal and institutional frameworks in which procurement must be carried out. Developing a strategic approach to procurement through appropriate

procurement planning is a key element for the successful acquisition of goods, services and works for the timely implementation of projects.

10.1 Procurement needs are anticipated and identified during the budget planning period by officers.

10.2 Procurement needs whose budgets have been approved are recorded on a standard procurement template and forwarded to the purchaser at the beginning of each financial year by the budget holder, for the procurement planning process.

10.3 The procurement needs identification Templates shall contain input in regards to detailed specifications, delivery expectation, and budgets and budget lines.

10.4 Effective planning allows requirements to be aggregated into larger purchases at lower unit costs, rather than frequent sourcing of quotations for identical items and the issue of multiple separate Purchase Orders.

10.2 Procedure

The organization should utilize the standard procurement plan template considering the following.

- Program management arrangement;
- Types of goods, civil works or services required;
- Method of procurement;
- Applicable long-term agreements;
- Estimated costs (i.e. Budget)
- Source of Funds including availability and authorization
- Preparing and providing adequate purchase descriptions;
- Delivery time and place;

- Evaluation criteria;
- Justification for non-Competitive procurement, where applicable;
- Relationship of inputs to other components of the program.

N.B. The term "Civil works" generally includes all types of civil, mechanical, electrical or other engineering services (other than consulting Services) as well as the supply of construction materials and equipment.

10.3 Types of requirement Specification for goods, Service and works

(A) Technical specifications are used mainly for the procurement of goods and straight forward quantifiable services. They should include a description of the technical requirements for a material or product. Specifications give a description of what the organization wants to buy and what the supplier is required to provide.

They can be simple or complex depending on the requirement. Technical specifications can be either;

(i) Functional specifications, defining what the goods/services are required to do;

(ii) Performance specifications, defining the output of the goods/services;

(ii) Conformance specification, defining the physical characteristics and dimensions of the goods/.

(B) A Terms of Reference (ToR) is a description of the scope of work for services indicating the work that is to be performed, the level of quality and effort, the timeline and the deliverables. They are most commonly used to define the requirements for consultancy services. A clear TOR without any contradictions will allow the supplier to prepare a clear and detailed proposal.

The Terms of Reference (ToR) on the other hand, should define the work required and respective responsibilities of a contractor either to design the equipment to be procured or to provide services. Adequate and clear TOR are imperative for an understanding of the assignment, which minimizes any risk of ambiguities during the preparation of solicitation documents, negotiations and execution of services. A TOR should include as a minimum:

ToR should include

i. Background information on the project or for requesting the service;
ii. Objective of the service or the assignment
iii. Scope of work, consistent with the budget;
iv. Deliverables; Clearly defined outputs of the service that must be submitted for approval
v. Social and environmental requirements
vi. Inputs required to deliver the service
vii. Period of performance and the review/approval time required;
viii. Selection criteria, qualifications and performance or other standards the contractor must fulfill;
ix. Provisions for monitoring and evaluation of performance; and
x. If applicable, a detailed list of inputs and services which will be provided to the contractor by the organization or where applicable by the government counterpart, in order to perform the contract.
xi. Timeliness

A Statement of Work (SOW) is a requirement specification for works contracts outlining the specific goods, services and works the contractor is expected to perform. The SOW should include detailed requirements and pricing requirements, such as a Bill of Quantities (BoQ), technical drawings and any other relevant documentation.

10.3.1 Standardization

Standardization is acceptable when identical goods, equipment, technology or works have recently been purchased from a supplier and it is determined that either a quantity of additional supplies must be procured or compatibility with existing goods, equipment or works is required.

10.3.2 Types of Procurement Planning

(a) Short-term planning

(i) Procurement Units in conjunction with the PC and Finance and Admin Director shall perform short term planning, which focuses on the then-current budgetary period. In order to ensure that the LCF obtains high quality goods, services and works for the community when emergency is happening. Competitive prices within the time frame required Procurement Units shall ensure the optimal use of funds through the budgetary period.

(ii) The Organization, to the extent possible, avoid last minute requisitions as this may hamper the ability of the Procurement Unit to ensure a transparent, open, efficient and timely procurement process.

(b) Long-term planning

Procurement Units shall perform long-term planning, covering the forthcoming budgetary period. Long term planning demonstrates that the Organization manages its funds in a professional manner and in the best interests of the donor.

(c) Annual Procurement plans

(i) Each Procurement Unit is responsible for the compilation and coordination of their Annual Procurement Plan. Procurement Units shall submit their plans for the forthcoming year (08 July – 07 July) to the Internal Procurement Committee no less than three (3) months before the end of the current period. The LCF shall issue appropriate instructions in advance of this date.

(ii) The LCF specialists and Directors shall compile and analyze the provided data and take appropriate action to enable the introduction of innovative procurement support services to generate economies of scale and other benefits for the LCF.

(iii) Finalized Annual Procurement Plans shall be approved by the Executive Director.

(iv) The approved Annual Procurement Plan, shall be submitted for the concerned staff, Specialists, Directors and Officers for the for the coming year.

11 Pre-Qualified Vendor List and Standard Specification

11.1 Pre-Qualified Vender List

11.1.1 To achieve efficient and effective purchases, the organization will establish and maintains an approved Pre Qualified Vendor List and maintained every year.

11.1.2 Approved pre-qualified vendors are ones that have been cleared through an established criterion and have been approved by the procurement committee and the manager at the beginning of the fiscal year.

11.1.3 The pre-qualified vender list should be updated with new vendors throughout the fiscal year as required.

11.2 Standard Specification

The specification should be able identifying the product and needs to include. The specification for major procurement needs should be established and shared with all users for use. The specification may include:

- Quantity, Quality.
- Model, made
- Brand Color

- Desired transport mode.
- Any standard documentation requirements. /If required/
- Place of delivery
- Packing and marking requirements.
- Insurance requirements.
- Expected delivery time frame.
- Any required inspections upon delivery.
- Terms and Conditions and other

11.3 COMPETITIVE BIDDING GUIDELINES

Good business practice and the responsibility for the expenditure of Love for Children and Family Development Organization /LCF and Donor funds dictate that the organization follows a policy of obtaining competitive bids/ quotations.

In so far as practicable, purchases shall be made on the basis of competitive prices, considering quality, suitability, delivery and service.

The minimum number of offers that must be obtained for various commitment levels are as follows.

Purchase Value	***Minimum Documents Required***	***Method of soliciting Offers***
Up to 15,000.00 Birr	- Purchase Requisition Form - One pro forma invoice - Purchase Order - GRN - Supplier's Invoice	Direct Purchase
	- Purchase Requisition Form - At least three pro forma invoice	

15,000.00 - 300,000.00 Birr	↓ Bid analyses ↓ Purchase Order/Contract ↓ GRN ↓ Supplier's Invoice and other	Limited /Restricted Bidding
Above Birr 300,000.00	↓ Purchase Requisition Form ↓ ToR ↓ Supplier Quotations ↓ Bid analyses ↓ Purchase Order/Contract ↓ GRN ↓ Supplier's Invoice	Open Bid (Sealed)
Above 15,000.00 – 300,000.00	↓ Service Requisition Form ↓ At least three pro forma invoice ↓ Bid analyses ↓ Award Letter /Contract ↓ SRN /Service Receiving Notification ↓ Supplier's Invoice and other Hotel, Equipment Maintenance, Events, Advertising,	Specialized Supplier
Above 15,000.00 – 300,000.00	↓ Purchase/ Service Requisition Form ↓ ToR ↓ Supplier Quotations / At least three pro forma ↓ Bid analyses ↓ Purchase/ Service Order/Contract ↓ GRN ↓ Supplier's Invoice	Direct Selection

Above 15,000.00 – 300,000.00	✦ Purchase/ Service Requisition Form ✦ ToR ✦ Supplier Quotations / At least three pro forma ✦ Bid analyses ✦ Purchase/ Service Order/Contract ✦ GRN ✦ Supplier's Invoice	Sole Supplier
Above 15,000.00 – 300,000.00	✦ Purchase/ Service Requisition Form ✦ ToR ✦ Supplier Quotations / At least three pro forma ✦ Bid analyses ✦ Purchase/ Service Order/Contract ✦ GRN ✦ Supplier's Invoice	Proffered Supplie

11.4 TYPES OF BID SOLICITATION

11.4.1 Open Bid

This is a process where the invitation to open bid is advertised and all interested suppliers can submit their bids. This approach would be used to ensure fair competition when there is a developed market and a good chance of attracting lots of potential providers.

Open competition by public advertisement is the preferred method of LCF procurement with equal access to all eligible and qualified suppliers without discrimination. Open competition is important in order to promote the LCF procurement principles of fairness, integrity, transparency, effective competition and value for money.

11.4.1.1. Open invitation used for large-volume purchases exceeding Birr 200,000.00

or donor threshold.

11.4.1.2. The bid will be open to all interested suppliers, invitation published in appropriate local, national or international publications or trade journals.

11.4.1.3. Sealed bid will be required to be submitted in the bid box for all invitations for purchases over Birr 200,000.00

11.4.1.4. Construction contracts value more than 50,000.00 Birr will use open bid.

11.4.1.5. Purchases where LCF has little or no product or market knowledge regardless of the purchase value will sue open bid.

11.4.1.2 When required by the donor or the government open bid can be used.

11.4.2 Limited (or Restricted) Bid

A. Where a valid reason exists for not conducting an open competition, a limited competition may be held. A limited competition allows only a selected number of suppliers to participate in a procurement process (Usually a minimum of 3 and maximum of 8).

B. Valid reasons for limited competition include:

(i) An open competition would have negative security implications.

(ii) The subject matter of the tender is otherwise sensitive and cannot be advertised.

(iii) The requirement is below the threshold for open competition.

(iv) The number of potential suppliers is limited.

(v) The requirement has been identified as an emergency procurement

(vi) An open competition has failed to bring an award of contract

C. Where a limited competition is required for a reason other than those listed above; the Purchaser may request approval from the relevant authority.

D. The Procurement shall use suppliers from the approved data base except where there are no prequalified suppliers for a particular procurement process.

E. Limited or restricted bid method will be used when there is an approved pre-qualified vendor list.

F. Pro forma invoices collected only from the pre-qualified vendors.

11.4.3 Specialized Suppliers

A. Bidding may not be required for some services because some specialized services are based on parameters difficult to bid. This could include set delivery arrangements, specialized customer services.

B. All specialized service providers should be approved by the Manager. The terms and period of the vendor relationship should be reviewed on an annual base before renewing contracts. The following services may fall under this category and quotations might be requested directly;

I. Hotels
II. Equipment maintenance
III. Event venues
IV. Advertisements
V. Travel agents
VI. Restraints
VII. Vehicle maintenance
VIII. Fuel stations
IX. Airlines

C. The maximum contract renewals should not exceed two unless written justifications and the Executive Directors approval is documented.

11.4.4 Direct Selection

A. Direct selection methods shall be appropriate where;

(i) Award for identical requirements has been approved within a reasonable period of Three (3) months and the conditions and prices offered remain unchanged.

(ii) Where a former procurement process has failed to bring an award of contract.

(iii) The requirement is for standardization of equipment, spare parts or proprietary equipment,

(iv) (iv)Specialized non-consulting services that can be restricted to national administration or in some cases State Owned Enterprises;

(v) (v) For tasks that are a natural continuation of previous work carried out by the firm;

(vi) (vi) For emergency situation and natural disasters;

(vii) (vii) For very low value assignments as prescribed in the thresholds under this manual;

(viii) (viii) When only one firm is qualified or has the necessary experience for the assignment and

(ix) (ix) An open and limited competition would have negative security implications

B. All requests for direct procurement shall be fully justified and approved by the relevant authority prior to engagement with the supplier.

C. Where the use of direct procurement has been approved, the supplier must submit a written offer based on the requirements provided by the LCF including standard bidding documents, specifications and applicable terms and conditions of contract. In the case of direct contracting, Purchaser may conduct negotiations with the supplier to obtain best value for money and best terms and conditions of contract.

D. An evaluation report must be completed and approved by the relevant authority (dependent on the value of the award), prior to the issuance of the final contract to the supplier.

A. Exceptions to selection methods

(a) In exceptional circumstances, a contract award may be made by exception to the procurement methods mentioned above.

(b) The following purchases are exempt from competition as competition is normally not practicable and or available for such goods and services:

(i) lease/rental of Office.

(ii) Honorarium and Workshop/Training/Meeting Facilitators' fees where the LCF has a fixed approved rate.

(iii) Fund transfers as a result of an agreement between the Donor and another institution

(iv) Performing Artists

(v) Writers

(vi) Journal subscriptions

(vii) Memberships

(viii) Photography services

(ix) Advertisements e.g newspapers, magazines, journals, websites, radio, television or similar public media.

(x) Utilities

(xi) Design competitions

11.4.5 Sole Suppliers

I. A sole source purchase is one where an item can only be purchased from a single source. This situation makes it impossible to obtain competitive bids.

II. An official document proving the supplier is the sole source for the item should be obtained & documented.

III. A bid analyses form documenting price or cost analyses is required.

IV. Final responsibility to determine whether an item is a proprietary item and can be purchased from a sole source rests with the Executive Director.

11.4.6 Preferred Supplier

A. A small number of potential vendors from the approved pre-qualified vendor list can be invited to complete to supply goods and services for a specific period of time.

B. Preferred supplier agreements are agreements between LCF and a supplier where by LCF will purchase specified items from a single primary supplier under specified pricing terms for a defined period of time. Such arrangements should be for three months to one year.

i. The purchasing committee will then carry out an analysis of these various suppliers and supplies based on the current quotations.

ii. From the analyses preferred suppliers will be selected who guarantee their price quotation for a period of three months after quoting.

iii. Thus any purchasing needs that arise within this period can then be procured by simply raising the Purchase Order after the request is approved.

iv. If there is reasonable ground, say as a result of drastic economic changes in the country or the supplier goes in to liquidation or receivership, the purchaser shall advise the purchasing committee on such changes and a fresh quotation and analyses can be done to select a new supplier for that particular item.

12. BID SOLICITATION DOCUMENTS

There are three types of document used to solicit supplier bids:

A. Request for Quotation (RFQ)

I. The RFQ is the most commonly used by LCF; details all requirements that the supplier must fulfill for the offer to be evaluated.

II. Complete information should be provided including, but not limited to, quantity, description, delivery requirement, special conditions, drawings, specifications, quotation due date etc.

III. Specifications or requirements should not unduly restrict competition.

IV. Whenever a "brand name or equal" description is used to define performance or other salient requirement, the specific features of the named brand must be clearly specified.

V. All suppliers must receive the same information.

VI. Supplier offers accepted for evaluation must contain at a minimum: supplier name; supplier address and contact telephone /fax numbers; a quoted price; the date of the quotation; the validity period of the quotation; the name, title and contact of the individual issuing the quotation.

B. Request for Proposal (RFP)

I. A Request for Proposal is used when soliciting supplier solutions to a requirement that is not fully defined. Otherwise it carries the same requirements as the RFQ.

II. Subsequent discussion and negotiation between LCF and suppliers will normally be undertaken.

C. Invitation to Bid (ITB)

I. The ITB is used to initiate open or limited Tender processes.

II. LCF uses ITB and the formal bid process generally for construction contracts and where mandated by donor procurement regulations.

13. Invitation to Tender

13.1 Only documented, pre-qualified contractors registered with the LCF will be invited to tender for projects. A minimum of three contractors must be invited. Check donor/grant requirements as this number may increase or the invitation may have to be offered beyond the LCF database.

13.2 Pre-selected contractors will be sent an Invitation to Tender.

13.3 Each contractor will sign receipt of one additional copy of the Invitation to Tender. This signed copy shall become part of the project documentation.

13.4 All contractors must be presented with the identical tender documentation. Once tender documentation has been received, LCF staff must avoid contact with the contractors unless it is necessary to visit the project site or to

answer questions the contractor may have concerning the procedure or contents of the tender documentation.

13.5 Contractor queries must be asked and answered in written form. This correspondence must then be sent to all other contractors in the tender.

13.5. All tenders must be submitted in sealed envelopes (the only external reference to the contractor must be the LCF contractor ID number) and upon receipt by the LCF, be registered in a "Received Tender" log-book then filed in a secure location.

13.6. If the tender is to be "open", prepare an advertisement that details the nature of materials required, where tender documentation can be obtained and the closing date for receiving offers. Check with newspapers, on which days tender requests are customarily published. The procedure is otherwise as outlined in this section.

13.7. At least three members of the Procurement committee will oversee and witness the Tender openings and record the details on the Summary and Results form. The committee must include members including from Finance.

13.8. If required to further demonstrate procedural transparency, independent observers and suppliers may also be invited to attend the tender opening, though this is not a pre-requisite.

13.9. Tenders received after the closing date should be returned unopened to the respective supplier in circumstances where the fault or delay is not attributable to the supplier, the bid may be accepted and the reasons recorded. This also applies to any offers opened in error prior to the closing date.

14. VENDOR AND QUOTE EVALUATION

14.1 When evaluating quotations, consideration should be given, but not necessarily limited to some or all of the following: Price, Bidder's previous record of performance and service, Ability of bidder to offer service support (i.e., training, maintenance and repairs), Availability of bidder's representative to call upon and consult with the end users, Quality and conformance to specifications, delivery Schedule, Product Life Expectancy, Warranty, Terms of Payment.

14.2 A clear, concise and factual justification for the selection of a particular supplier(s) must be documented on the Bid Analysis. This is especially important if the successful bid is not the "low bid".

14.3 Unsuccessful vendors shall be notified that the bid is closed and awarded. It is not necessary to name the successful bidder. It is acceptable to let unsuccessful suppliers know in general terms why they were rejected.

14.4 The selection of a vendor will generally be based on their offer being the "low bid" or the best "value for money".

14.5 Beyond analyses of the supplier's offer, the vendor themselves must be investigated. This is particularly important for authorized vendors; large purchases; or purchases where delivery or payment is to be made in installments.

14.6 The selected vendor must, at a minimum; be a legally registers company to be verified with documentation from appropriate ministry and be of a sound reputation to be verified from past performances.

14.7 The procurement committee may need to visit the vendor if required.

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15 BID ANALYSES SUMMARY

The Bid Analysis Summary and supporting documentation will provide at a minimum the following information:

I. Description of the requested materials / services.
II. Names and contact persons for suppliers solicited.
III. Copy of the Request for Quotation.
IV. Copy of quotes from all responsive suppliers.
V. Bid Analysis and justification for supplier selection and award price.
VI. Justification for lack of competition when competitive bids were not obtained.

16 AWARDING

Whilst verbal agreements may be legal, they are very difficult to enforce and for this reason LCF will work only with written contracts. For the most part, the Purchase Order in conjunction with LCF Terms and Conditions provides adequate documentation for standard or routine purchases. However, situations will arise that require a "full contract" to be drawn up; this is when:

I. Payments, delivery or guarantees are to be made /provided wholly or in installments at some point in the future.
II. A simple purchase order does not physically facilitate full documentation of the agreement.
III. Non-standard terms and conditions are agreed to.
IV. The purchase value is equal to or greater than 10% of the budget line if and only if the other budget item is decreased by the same % age.
V. A "service" is to be purchased.

17 CONSTRUCTION WORKS

17.1 Construction works above Birr 50,000.00 are subject to contractor selection based on open bid process.

17.2 Invitations for contractors will be open at local/national level.

17.3 The Executive Director will decide the media to announce the bid.

17.4 All construction contracts must be drawn by qualified individuals and reviewed by legal adviser, Government Body signed with the LCF program, Volunteer assigned and Appointed by the Director, if any, before signing.

17.5 The following must be reviewed and considered in addition to cost during review of bids for construction:

i. Time frame for project completion
ii. Favorable warranties or payment term/method
iii. Materials of superior quality than those specified at favorable cost.
iv. Offer of additional works on the project included in the offer.

18 CONSULTANCIES

(A) The procurement of consultant services is a specialized form of procurement requiring bidding procedures and the use of merit-point evaluation systems (RFP) and two-envelope bidding procedures are routine features in the procurement and selection of consultants. Selecting consultants for long or complex assignments on the basis of cost alone is unlikely to achieve the required quality of services.

(B) Consultancy service shall be a service of an intellectual or knowledge -based, highly specialized or of an advisory nature, provided by an individual or firm that is skilled and qualified in a particular field or profession; and appointed for the

purpose of providing services on a pre-determined time frame and specific terms and conditions. The following conditions shall apply;

(i) The Consultancy shall be for a period not exceeding 6 months except in circumstances where the complexity and duration of an assignment may warrant otherwise.

(ii) The Consultancy shall comprise of tasks that involve expert skills or capabilities that would not normally be expected to reside within the Entity.

(iii) The work in the assignment shall not be of a routine nature.

(iv) The consultant shall be paid a fee, not a salary.

(v) The consultant shall work independently

I. For purposes of this guideline, all consultancies shall be regarded as purchases of services.
II. The requester submits purchase requests for the Executive Director's approval for consultancy services needed.
III. After approval, the request is submitted to the purchaser either to collect RFQ or publish on public media or other avenues or sent to the donor.
IV. As appropriate, there may need to be a prior analysis by the procurement committee in consultation with the requester and technical person.
V. The committee will make technical review of consultancy quotations/profiles, to ensure there is sufficient quality maintained.
VI. Consultancy work commences after the above procedures have been completed and is in line with the contract start and end dates and any other provisions regarding deliverables.

VII. The consultancy service user should follow on the work progress and present a report before payments effected.

19 RECIEPT/ACCEPTANCE OF GOODS

A. Goods and services received should be verified for accuracy (proper quantity and type of product or services) by comparing the shipping document and the delivered goods to the approved purchase order or contract.

B. A receiving report should be generated or maintained by the store keeper or General Service and Admin Assistance. This report must make reference the purchase order number and the quantity received or in case of services a notation that the services have been performed satisfactorily or deliverables achieved. The store keeper should legibly date and sign his/her name on the receiving report to confirm the goods and/or services received are as per the requirements of the PR & PO.

C. A copy of the receiving report must be sent to the Finance Department to make payments.

D. Discrepancies between the receiving report and the purchase order should be identified, investigated and resolved in timely manner before payment is made.

E. On a periodic basis, a review should be performed of any commitments that have not been matched with receiving reports or equivalent record of goods or services received.

20 PROCUREMENT STATUS REPORT

20.1 The purchaser will prepare a monthly purchasing status report. A report on outstanding purchase requisitions that have not yet been converted in to purchase orders.

20.2 The purchaser will ensure that all purchase requests are updated with comments on the status of the requests and send to the Finance and Admin Director and a copy to all user units.

20.3 The Executive Director, Finance and Admin Director and the requester will review the report to take appropriate follow up actions as required.

A. Disqualification of Supplier(s)

I. When it is discovered that a supplier is no longer competent enough to carry out business with LCF or has cheated the organization, such a supplier will be removed from the list of all potential current and future suppliers.

The following should be grounds for disqualification:

i. Where there is a substantial conflict of interest between LCFs staff and the supplier or supplier's company.
ii. Where it is discovered that the supplier has had LCFs insider information and transactions have become questionable.
iii. Where the supplier goes into receivership or liquidation and the legal existence is lost. In this case it will be very risky for LCF to deal with such suppliers on the performance of contracts.
iv. Where the supplier persistently supplies sub-standard or questionable supplies which leads LCF to incur losses.
v. Where there is a breach of the child safeguarding policy of LCF by the supplier.

vi. The purchaser will keep a black list of these suppliers and update based on the recommendation of the purchase committee.

B. INVOICE MATCHING

Before payment is made to a supplier, the purchaser and Finance unit must ensure that the items delivered are exactly those in quantity and quality as those ordered and that the supplier is billing the LCF for the agreed amount.

The suppliers' invoice details must "match" the Purchase Order and The LCF Goods Received Note (GRN).

I. REDUCING PROCUREMENT COSTS

The purchaser must continually seek methods of controlling or reducing procurement costs. Below are some techniques that may assist in effecting this:

a. Planning

This is probably the single most effective tool for controlling procurement costs. It allows time for full product and supplier sourcing and avoids (generally expensive) "panic" purchasing.

b. Use of competition

Having vendors compete for LCF's purchases, will generally result in reduced prices or improved payment terms, product quality or service support.

c. Increased volume

Working through the Authorized Vendor mechanism or by consolidating purchases into bulk orders, increase purchase volumes to gain supplier discounts.

21 DISTRIBUTION OF ITEMS TO END-USERS

A. If the items are to be delivered to participants, a distribution list should be prepared in two copies.

B. The list should at least contain the following information:

I. Title and Heading (Name of the Organization, Type of distribution,
II. Name of the recipient, organization and location
III. Distribution date
IV. Main donor
V. Items to be distributed with quantity, Unit price, Total Amount, cost share if any
VI. Name and signature of the recipients.
VII. Name, Signature and Date of the distributer, checked by the program specialist, reviewed by the Finance and Admin, authorized by Executive Director, Reconciled by General Service

C. A copy of the list should be sent to finance for attachment to the payment voucher of the items purchased for distribution and cost share for the donor agreement.

22 Anti- money Laundering and countering of the Terrorism policy

A. Policy intends to prevent the Fund from becoming exposed to serious reputational damage, financial loss or legal liability through ensuring that its funds and the funds it administers are not used to finance any illegal acts connected with Money Laundering and Terrorism Financing, and that integrity risks are identified, assessed and adequately mitigated by taking the nature, scale and complexity of the Fund's activities into account.

B. All supplier shall observe due diligence requirements to combat Money Laundering and Terrorism Financing and ensure their full compliance with the objective of this policy in all LCF-financed and managed operations.

23 CONTRACT COMPLETION AND CLOSE OUT

Contract completion entails the confirmation that all obligations have been met, identification of any residual obligations and how they will be fulfilled, settlement of final payments, assessment of contractor, and the administrative closing of files. The purchaser must verify the following key steps in order to close a contract:

- All products and/or services required have been provided to the buyer
- Documentation in the contract file adequately shows receipt and formal acceptance of all contract items.
- No claims or investigations are pending on the contract.
- Any property furnished by LCF has been returned and discrepancies in number and condition resolved.
- All actions related to contract price revisions and changes have been concluded.
- All outstanding subcontracting issues have been settled.
- If a partial or complete termination was involved, action is complete.
- Original copies of all warranty documentation, including expiration dates, responsibilities and procedures to follow are finalized.
- Any required contract audit has been completed.
- The final invoice has been submitted and paid.

Love For Children Development Organization

I. Definition

Standard terminology has been adopted in this Procurement and Concession Manual and certain words may have two or more widely used terminology bearing the same meaning. ***The LCF Organization Property*** is all property acquired & Donation by whatever means, title to the property being vested in the LCF organization.

1. ***Acceptance*** Refers to the acceptance of goods, services or works by the Inspection and Acceptance Committee in part of in full.
2. ***Accountable officer*** means the person appointed as the Executive Director of a procuring entity
3. ***Acquisition*** The process of acquiring/purchasing property i.e. Goods and Services either through requisition which involves procurement or donation in kind.
4. ***Bid / Tender*** mean a quotation or proposal submitted by a bidder in response to a solicitation by a Procuring Entity.
5. ***Bidder / Tenderer*** mean any participant or potential participant in procurement proceedings.
6. ***Bid security*** means bank guarantee or other form of security submitted by a bidder together with a bid to secure the obligations of the bidder participating in a bidding proceeding, including the obligation to sign a procurement contract if the bid is accepted, in accordance with the requirements set forth in the Act and the bidding documents.
7. ***Bidding / tender documents*** mean documents for solicitation of offers, proposals, or quotations and other documents issued by a Procuring Entity on the basis of which bidders prepare bids.

8. ***Bid Evaluation Committee*** A committee established to undertake evaluation and ranking of bids and quotations for procurement
9. ***Bid Security*** A financial security provided by a bidder to guarantee that the bidder will not withdraw his bid prior to award of contract.
10. ***Bidding Documents*** The formal invitation documents issued to bidders to solicit a bid.
11. ***Close relative*** shall mean and include parents, spouse, children, siblings, in-laws, and first-line uncles, aunts, and cousins.
12. ***Concession*** means the grant of an interest in a public asset by a Procuring Entity to a non-public entity for a specified period during which the asset may be operated, managed, utilized, or improved by the non-public entity for a fee or royalties or other consideration under the conditions specified in the concession agreement.
13. ***Country*** means Ethiopian Federal Democratic of Republic.
14. ***Consultant*** means the provider of intellectual services, including consultancy services.
15. ***Contract*** means a written agreement between the Procuring Entity of LCF and a supplier, contractor, or consultant resulting from procurement proceedings.
16. ***Contract Administrator*** / Executive Director mean the official nominated to manage and supervise the contract execution by LCF on behalf of the organization. The contract Administrator / Executive Director is the only official responsible for the contract management and is responsible for maintaining the contract file during the execution process and thereafter to transfer the file to the respective procurement file.
17. ***Contractor*** means a physical or juridical person under contract with a Procuring Entity to provide works of any type.

18. ***Candidate*** means a person who has submitted an application for prequalification or expression of interest to a Procuring Entity.
19. ***Control*** The process of control over organizational properties acquisition, use, maintenance and disposal.
20. ***Disposal*** means selling or giving away of unserviceable, obsolete, or surplus supplies and equipment of a Procuring Entity by any means as provided in this procurement manual.
21. ***Goods*** means objects of every kind and description, including commodities; raw materials; products; equipment; and objects in solid, liquid, or gaseous form.
22. ***Identification*** The process of properly identifying and consigning the organization's property.
23. ***Maintenance*** The process of providing the amount of care necessary to obtain a high quality of production and the most useful service life of the property.
24. ***Movement*** The process of moving all types of the Organization property. It includes movement from one point to another within a facility, movement between facilities, for any purpose, and protection during movement.
25. ***Negotiations*** In this manual, negotiation refers to the dialogue between the LCF and one or more bidder in arriving at an agreement on prices, timing and deliverables as part of procurement proceedings for the selection of a bidder / contract or the consultant and prior to the award of a contract.
26. ***Procurement*** means the acquisition by any contractual means of goods, works, intellectual services, or other services; and the term is deemed to include concession agreements and disposals.
27. ***Procurement Committee*** means the group within the Procuring Entity, comprising officials within the entity, whose functions are listed in this procurement manual.

28. ***Procurement plan*** includes the planned activities for a fiscal (or calendar) year whatever is the practice or means the plan consisting of proposed contracts to be procured and prepared by the Procuring Entity.
29. ***Purchaser*** means the department formally established within the Procuring Entity to carry out the procurement activities of that entity in accordance with the functions as listed in.
30. ***Procurement File*** The file that contains all supporting documentation pertaining to a specific procurement requirement as detailed in this manual. The file contents are compulsory requirements for providing audit trails.
31. ***Property Management*** The process of maintaining an adequate Property and Fixed Asset Control System for the LCF Organization Property; reporting of receipt, transfer, loss, disposal, damaged equipment; and the process of periodic inventory and control according to CSA rules and procedures.
32. ***Physical Inventories*** The process of physically locating and counting the organization's property and comparing it to records of such property, including the posting of findings and adjustments and the reporting of adjustments.
33. ***Reports*** The preparation and submission of reports reflecting the status of the organization's property as required.
34. ***Receiving*** The process of a property initially entering into the Organization custody.
35. ***Records*** The official accountable records maintained to show status and to control all properties.
36. ***Storage*** The process of storing all types of the Organizations property.
37. ***Services*** mean any activity of an intellectual nature that does not lead to a measurable physical output.
38. ***Supplier*** means a physical or juridical person under contract with a Procuring Entity to supply goods.

39. ***Technical services*** mean any service that leads to a measurable physical output.
40. ***Works*** means all work associated with construction, installation of equipment or materials, and services incidental to construction.

Love for Children and Family Development Charitable Organization
Technical Analysis

Love for Children

		5%	5%	5%	3%	8%	6%	5%	7%	10%	6%		10%	70%	
No	Supplier	Vat Registered	TIN & Business Licence Commerical Register	Certificate of Competence	Reniewed Licence	Accounting Software & Computer	Recommendation and Experience	Certificate from ABBE	ACCA Membership, IPSAS Trained	Educated Staff Composition	Letter of Grade and Registered in ACHA		Work program / Report Submission	TOTAL	Remark
1															
2															
3															
4															
5															
6															

Bid Committee	Signature
1	Signature
2	Signature
3	Signature

Love For Children & Family Development Organization

Love for Children and Family Development
Financial Analysis including VAT

Love for Children

		10%	10%	10%	30%
No	Supplier	Year 1	Year 2	Year 3	TOTAL
1					
2					
3					
4					
5					
6					
13					

Bid Committee	Signature
1	Signature
2	Signature
3	Signature



Love for Children and Family Development Charitable Organization
Technical and Financial Analysis

Love for Children

No	Supplier	Technical Analysis Point	Financial Analysis			Total Years	Financial Analysis Point	Total	Rank	Remark
1										
2										
3										
4										
5										
6										

Bid Committee	Signature
1	Signature
2	Signature
3	Signature

Love for Children & Family Development Organization

Love for Children

ve for Children and Family Development Organization

No	Item Description	Unit	Total Qty	Supplier 1		Supplier 2		Supplier 3		Supplier 5 Selected	
				Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price
1					0.00		0.00		0.00		0.00
2					0.00		0.00		0.00		0.00
3					0.00		0.00		0.00		0.00
							0.00		0.00		
			Sub-total of Selected price before 15%VAT		0.00		0.00		0.00		0.00
			15% Vat	-	0.00	-	0.00	-	0.00	-	0.00
			2% TOT								
			Grand Total	-	0.00	-	0.00	-	0.00	-	0.00
			Total bid awarded amount								
			Certificate of Competence	Yes		Yes		Yes			
			Reniewed Licence	Yes		Yes		Yes			
			TIN & VAT Register	Yes		Yes		Yes			
			Sample								
			Recommendation								
			Total % age								

Procurement Committees & Signatures:-

1

2

3

Explanation/Justification: Based on this bid analysis evaluation result _____ for_____ for (VFM) Financial and Technical Analysis of the Specification. Therefore, the Purchase committee has awarded for the vendor Price evaluation they have offered to supply _____ for _____ birr including VAT ____.

Love For Children & Family Development Organization

Prepared by:
Nigest Biru

Reviewed by Finance & Admin. Head for Budget Avalablity:- Habtewold Kebede

Authorized by
Endale Assefa