PROCUREMENT POLICY

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Introduction

Yetfu Sonkhe Savings and Credit Co-operative Society (YSSCCS) purchasing policy detailed in this manual sets out the overall purchasing objectives, together with purchasing procedures and the activities of staff engaged in the purchasing function, prescribing individual responsibility, limits of authority and the general conduct of the function. Contained in the document are detailed principles including: aggregation of common purchasing, centralised purchasing, delegation of authority, code of ethics, conflict of interest, competitive bidding guidelines and additional policies to ensure fair and competitive practices throughout the purchasing process.

It is the responsibility of every member of YSSCCS, especially the staff to be informed about these policies and procedures, to abide by them, and compliance. Policies and procedures may need to be amended from time to time to meet changing practices. Proposals to amend should be addressed to the treasurer who will ensure that these will be acceptable to YSSCC Executive before formal submission to the Board for approval.

This policy applies to the sourcing, adjudication, award of purchase orders or contracts and management of suppliers for goods and services which YSSCCS may require from time to time. The disposal of redundant, obsolete, scrap materials that are declared shall also be governed by this policy.

1. General Purchasing Objectives

1.1 To contribute to the profitability of YSSCCS by providing a value adding and cost-effective service through the development of a sourcing framework that seeks to continuous improve the total cost of ownership of goods and services.

1.2 To proactively manage the effective, efficient acquisition and delivery of goods and services in order to ensure that:

a. Goods and services are externally procured at the lowest total cost of acquisition, consistent with the appropriate standards of quality, delivery and services.
b. Prudence and goods judgement is exercised in securing the best possible ultimate value of the YSSCCS money expended.

1.3 Provide a professional purchasing service to YSSCCS that is; cheaper and simpler and better.

1.4 To minimize business and commercial risk.

1.5 Ensure that purchasing activities are well conducted and that purchase order or contracts are structured so as to promote efficient administration during performance and enhance the reputation of YSSCCS for high integrity and fairness.

2. Ethics

2.1 The published YSSCCS Code of Ethics, in both its literal content and spirit, shall be used as the YSSCCS reference authority in matters regarding ethics.

2.2 An exemplary standard of ethics will be maintained by all Authorised parties and General functionaries involved in making and processing purchasing decisions on behalf of YSSCCS. Similarly, YSSCCS requires the same high standard of ethical conduct from its Suppliers.

2.3 Proprietary information and pricing will be kept confidential unless otherwise agreed with the Supplier concerned.

2.4 Authorised Parties will purchase without prejudice, objectively seeking to obtain the greatest possible value for YSSCC.

2.5 Tenders or quotations shall only be invited or solicited from those potential Suppliers or Suppliers whom, in the event that they submit the best bid or tender, YSSCC would be prepared to award the purchase order or contract to them to execute.

2.6 Tenders or quotations received after the scheduled closing date and time shall not be considered in the award or renewal of purchase orders or contracts.

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2.7 Other than with the Office Manager and the Treasurer expressed approval, enquires shall not be re-issued after the scheduled closing date if at least one acceptable offer has been received. Essentially only if the specifications significantly change a new enquiry be issued.

3. Leverage of YSSCC's buying power

3.1 Every attempt must be made to maximise and leverage YSSCC's buying power by consolidating requirements and contracting for such combined requirements from an optimal number of selected, proven and approved Supplier.

3.2 After spend and commodity analysis, due consideration and deliberation, where appropriate, YSSCC will negotiate long term supply or service contracts with Suppliers for an appropriate range of goods and services.

4. Business Ethics Policy

4.1 This policy is aimed at setting and maintaining an unimpeachable standard of conduct, integrity and ethical behaviour for all employees that interact with current and potentially new suppliers. This will ensure that all purchasing activities undertaken by any employee are carried out in a professional and competent manner, which supports and conforms to the YSSCC code of ethics, and will withstand the highest and most stringent of scrutiny, by an external auditor. In order to promote the core values of fairness, integrity, honest, efficiency, transparency when dealing with supplier.

4.2 To procure without prejudice and to provide equal opportunity to all suppliers to bid for YSSCC business.

4.3 Information given to suppliers should be accurate, consistent, timely and should contain the appropriate level of detail in terms of scope and delivery date.

4.4 Being objective and transparent in our dealings with suppliers and when making decisions, without unduly favouring any one supplier.

4.5 On request, to debrief unsuccessful bidders constructively as this may assist suppliers to improve their service and become more competitive in future enquires. Debriefing does not include the disclosure of pricing or rates detail from other suppliers.

4.6 To accord prompt and courteous reception, and fair and equal treatment to all who call on legitimate business matters.

4.7 To avoid sharp practice and decline to take advantage of supplier's errors. Courtesy and fair dealings promote confidence and co-operation on the part of the suppliers.

4.8 To respect the confidential nature of business related information when interacting with suppliers and competitors.

4.9 Invitation for tenders must clearly reflect the evaluation criteria to be used and the ranking of the criteria in order of priority.

4.10 Due to the cost involved in the submission of tenders and to indicate YSSCC's intention to act in good faith, the request for offers must clearly indicate the intent to award a contract in the event a bidder is successful.

4.11 In sourcing quotations, YSSCC's employees must give suppliers reasonable time to prepare quotations and are made aware of the closing date. In the rare event, the closing

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date has to be extended, all Suppliers who were invited to quote must be informed before the original closing date. All quotations received after the stipulated deadline are not supposed to be accepted.

4.12 Working to secure appropriate business relationships with suppliers, including developing long-term collaborative and strategic partnerships where it is in the interest of YSSCC to do so, in order to ensure long term supply of critical items and a reduction in total cost of ownership

4.13 To encourage and cooperate with our strategic partners in the sharing of technology, and being receptive to solutions from our suppliers, if such actions reduce YSSCC's total cost of ownership and improves our competitive position in the market place.

4.14 Meet all our contractual and other commitments timely, including the prompt settling of accounts as agreed with our suppliers.

4.15 Promoting the use of electronic enabling technology if it brings about cost effectiveness and efficiency.

4.16 To co-operate with all organizations and individuals engaged in purchasing activities designed to enhance the development and standing of the office.

4.18 To only support suppliers that demonstrate and maintain an acceptable standard of health and safety practice and that cooperate in reducing safety risks and those that subscribe to and practice an acceptable environmental policy.

5. Declaration of interest

Any personal interest which may impinge or might reasonably be deemed by others to impinge on a member's impartiality in any matter relevant to his duties should be declared;

6. Confidential and accuracy of information

The confidentiality of information received in the course of duty should be respected and should never be used for personal gain; information given in the course of duty should be true and fair and never designed to mislead.

7. Competition

While bearing in mind the advantages to the members employing organisation of maintaining a continuing relationship with a supplier, any arrangement which might, in the long term, prevent the effective operation of fair competition should be avoided;

8. Business Gift

8.1 Business gift other than items of very small intrinsic value (E300.00) such as business diaries or calendars, should not be accepted.

8.2 Everything must be declared in writing

8.3 Cash is not considered as a gift.

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9. Hospitality

Modest hospitality is an accepted courtesy of a business relationship. However, the receipt should not allow himself to reach a position whereby he or she might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality; the frequency and scale of hospitality accepted should not be significantly greater than the recipients employers would be likely to improve in return, When it is not easy to decide between what is and is not acceptable in terms of gift or hospitality, the offer should be declined or advice sought from the board. In the event of conflict of interest becoming an issue in a purchasing transaction the chairperson is to be notified and the matter referred to the board for a final decision.

10. Sourcing Frameworks

10.1 Sole Supplier

YSCCS encourages fair competition of suppliers in all purchases. However, where certain goods and services can only be purchased from one supplier or Original Equipment Manufacturer (OEM), these purchases are to be treated as exceptions to normal bidding procedures. Signed documentation stipulating the reason for single source must be included with the purchasing request.

10.2 Quotations and Tenders

The more complex and higher the value of the purchase, then the more likely that the steps to be followed will involve a formal process and all proposed purchases must comply with the following guidelines;

- **a.** Services between E500.00 and E1,000.00 – **two written quotation** from a preferred supplier.
- **b.** Total estimate cost of goods and services between E1,000.00 and E50,000.00 at least **three (3) written quotations** from recognised suppliers
- **c.** Where it is estimated that required goods and services will be acquired at a value more than E50,000.00, a tender has to be issued, an adjudication committee (Including the office Manager & three board members one from each committee) selected by the board has to adjudicate and present to the board for approval. The treasurer is a permanent member of the adjudication committee.

11. Purchasing Authority Limits

11.1 The principle and separation of duties dictates that no one should have authority and access to start a transaction and complete it without referring to his superior for authorization.

11.2 Any commitment to expenditure must be in accordance with YSCCS's authority levels as per the procurement Policy and Procedures. Only a person whose signature has been properly authorised by YSCCS Management in accordance with established YSCCS policy should sign **a requisition** for purchase of suppliers, equipment or services.

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13. DISPOSAL OF REDUNDANT/OBSOLETE/SCRAP MATERIALS

13.1 Disposal of high value material

13.1.1 When any equipment and materials whose value is over E50 000.00 has been declared for disposal or scrap, the board must be notified in writing. The board will take a decision on the most appropriate method of identifying and inviting potential buyers for this equipment.

13.1.2 The Office Manager will produce a list of equipment to be disposed of and send it to the Treasurer. The list will include;

- **a.** Detailed description of equipment;
- **b.** Person to be contacted should the prospective buyers wish to view the equipment;
- **c.** Location of the equipment or materials and
- **d.** Quantity and condition of the equipment.

13.1.3 A selected committee by board will evaluate the offers and prepare a report of the successful and recommended prospective purchases.

13.1.4 The bidder with the highest bid may be accepted. In instances where YSCCS has decided to include certain conditions to which the bidder has to adhere, the bidder will be awarded to the highest bidder.

13.1.5 The Office Manager must inform successful bidders and request the successful bidder to pay the full amount in YSSCCS bank account and forward proof of payment to office.

13.1.6 Before any successful bidder can collect any equipment, their cheque (where applicable) must have been cleared YSCCS's bank account. The accountant will inform the Office Manager when this has happened so she/he can arrange the collection of the goods by the purchaser.

13.2 Low value Asset Disposal Procedure

13.2.1 The purpose of this policy is to provide the means of the disposal of low value assets of a value lower than E50 000.00 to ensure that the disposal of assets satisfy the quality requirements of the YSCCS procurement policy.

13.2.2 The policy aims to achieve the best possible outcome by gaining the best available net return when selling assets and to ensure YSCCS is even-handed, open and honest in all dealing.

13.2.3 The best value outcome to YSSCC must be a major consideration when disposing of Assets

13.2.4 Non-disposal of obsolete equipment only takes up space and deprives YSSCC of income without any offsetting benefits.

13.2.5 Disposal should be based on a fair market value for each surplus/ redundant item. The price established will be based on current market value and condition of the equipment

13.2.6 The decision to dispose of an asset in terms of this procedure require an assessment of the market value of an item. Such assessments should be undertaken by the Accountant, who shall take into consideration the original purchase price, the age of the equipment, an assessment of the usefulness of the equipment and of its market possible value.

13.2.7 In the interest of promoting probity, fair dealing and openness, the office must not sell or otherwise transfer surplus assets to staff (or their relatives of friends) unless arising from a public competitive process, i.e. public auction, tendering or advertised sale which is open to the public.

13.2.8 Where a member of the public and the staff member offer an equal price, the item must be sold on first pay first served basis.

13.2.9 All disposal must be made with the board's full authority in accordance with the approved Limits of Authority.

13.1 The following guidelines must be followed when obtain bids from potential bidders.

13.3.1 E20 to E1000.00: Obtain at least three written and signed bids through adverting To YSSCC employees.

13.3.2 E1000.00 to E50 000.00: A Closed Auction may be advertised to YSSCC employees and members. Once an agreed date has been secured, the auction will proceed as Indicated in the advertisement

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14. ADOPTION OF RULES

14.1 It is an agreement of the Management Committee of Yetfu Sonkhe Savings & Credit Co-operative Society that rules as presented and modified shall form the written Procuremet Policy of Yetfu Sonkhe Savings & Credit Co-operative Society and shall be strictly followed by both members and officers of the society.

14.2 This policy comes into effect as of 01 day of 07 20.18

Thus signed by Executive Committee Members on the day of ______________

CHAIRMAN

VICE CHAIRMAN

TREASURER

SECRETARY