

MASAKA DIOCESAN HEALTH OFFICE

LOWER LEVEL HEALTH UNITS'

PROCUREMENT AND DISPOSAL

GUIDE



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LIST OF ACRONYMS

ASL	=>	Approved Suppliers List
CC	=>	Contracts Committee
EC	=>	Evaluation Committee
HC	=>	Health Centre
HOD	=>	Head of Department
HR	=>	Human Resource
HUMC	=>	Health Unit Management Committee
LLHU	=>	Lower Level Health Units
LPO	=>	Local Purchase Order
MD	=>	Masaka Diocese
PCAC	=>	Procurement Complaints Appeals Committee
PDC	=>	Procurement & Disposal Committee
PO	=>	Purchasing Officer
POO	=>	Pre-Qualification Questionnaire
Qty	=>	Quantity
SOW	=>	Scope of Work
SYD	=>	Sum of the Year Digits
TOR	=>	Terms of Reference
UD	=>	User Department
VAT	=>	Value Added Tax
Wt	=>	Weight

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FOREWORD

This Guide has been prepared after sighting numerous and persistent procurement and disposal deficiencies in many of our Health Centres.

In today's fast-paced operational environment, the importance of the procurement function in maximizing benefits out of the apparently limited resources, cannot be overlooked.

Similarly, what was seen as just a purchasing function, procurement-is now a topical issue that is not only key in ensuring smooth operations, but also crucial in improving the Health Units' bottom line.

In fact many are beginning to approve that the role of the procurement function belongs at a senior level. A reason, it is considered the main responsibility of the most senior person(s) in an entity.

This is why the In-Charges (of the HCs) are considered the chief accounting officers for all procurements.

Also many entities are now shifting from a decentralized to centralized structure where all procurements go through one central section.

Besides allowing more comprehensive control and optimization of inventory / stock, centralization avoids duplication or redundancy of efforts which means lower costs and standardized processes.

Otherwise, good procurement no longer just picks the cheapest item, but chooses a product/service that can demonstrate the best value across its entire life cycle.

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So, best value in the health context can among others, mean that a product/service produces better clinical outcomes, lasts longer, or is of better quality.

We are hopeful that this manual will guide all staff members involved in the various procurement and disposal actions conducted in the Lower Level Health Units of Masaka Diocese.

1. INTRODUCTION

This Guide mainly focuses on procurement, however it has a section for disposal. Both aspects play a very significant role in determining an entity's success or failure.

Whereas procurement is the process of sourcing and acquiring purchases to satisfy a specific need, disposal is the action or process of formally getting rid of long term (fixed assets) by either reallocation, donation, write off, sale, loss / theft.

Good procurement and fixed assets disposal practices ensure value for money as well as the effective and efficient operation of our HCs.

2. PURPOSE OF THE GUIDE

This Guide is meant to ensure uniformity and standardization in procurement and fixed assets disposal, amongst HCs in Masaka Diocese.

The Diocesan Health Coordinator's Office is desirous to have in place a harmonized policy, procedures and guidelines in acquiring purchases and disposing off of fixed assets in all its HCs.

Whereas a purchase is something bought or paid for, a disposal is an action or process of getting rid of a fixed asset. In simplicity, a fixed asset is an asset that has a useful life of more than one year.

3. HIGHLIGHTS ON PROCUREMENT

3.1. Defining Procurement

Procurement is the process of obtaining purchases that a HC requires to fulfill its internal and external needs.

This process among others, involves identifying/ sourcing, shortlisting, selecting, negotiating and acquiring suitable purchases from a given supplier or service provider through a direct purchase, competitive bidding, or tendering while ensuring timely delivery in the right quality and quantity.

3.2. The importance of Procurement

Procurement should be viewed as a strategic function intended to

1. Improve our HCs' bottom line / surplus/ profitability.
2. Maximize benefits / outputs i.e. by getting more out of the limited funds available.

The procurement function is concerned with obtaining the required purchases from appropriate suppliers so as to enable the HC meet its strategic objectives.

For our HCs, the limited funds available, ought to be managed in a manner that is accountable and which demonstrates both integrity and value for money.

3.3. Scope and classification of purchases

3.3.1. Scope of purchases

By definition, purchases are items acquired or services obtained by paying money or its equivalent.

Within an institution, expenditure is made up of two distinct elements - pay expenditure (salaries and wages) and non-pay expenditure (i.e. all other expenditure).

Procurement encompasses all spending activity, excluding pay expenditure to staff. Non-pay expenditure includes the day-to-day running costs of the institution as well as its capital expenditure.

3.3.2. Classification of purchases

Generally, the HCs' purchases have been classified into 4 categories as follow:

1. Goods and Supplies e.g. Drugs & medical supplies, stationery items;
2. Works e.g. Constructions and cost of technical designs and drawings of all works;
3. Services e.g. Consultancy fees and transport charges;
4. Hybrid purchases i.e. that consist of a combination of any or all of the above.

3.4. Procurement Principles

Just like any other function of financial management, procurement should be guided by principles that guide practitioners and all other officials directly or indirectly associated with the procurement process.

So, all procurement and disposal activities in HCs should be conducted in accordance with the following basic principles so as to assist in obtaining the best with less spending:

1. **Integrity** – This is basically about the reliability of the procurement process, and that of procurement practitioners. Conduct in a manner that builds trust and confidence.
2. **Competition** – All procurements to be conducted in a manner that allows maximization of competition and achievement of the best value for money.
3. **Separation of Duties** - in a manner that does not give control to one individual.
4. **Effectiveness** - Procurement activities to be conducted in accordance with the needs or predetermined plan and within a certain time frame.
5. **Economy and efficiency** – Procurement processes to be carried out as cost effectively as possible to avoid the wasteful use of the limited resources.
6. **Transparency** - All procurements to be made in a clear manner. Leaving paper trails and use of Committees to minimize the influence of individual staff in the procurement decisions.
7. **Openness and fair dealing** – Openness to all qualified persons, treating all bidders equally. Providing them same amount of information and in a way that does not favor one over others.
8. **Accountability** – Everyone involved in the procurement process to be responsible for their actions and decisions. And to keep the proper records.

3.5. Riddles in Procurement

3.5.1. *Public vs Private Procurement*

The most basic distinction between private and public entities is ownership, i.e. by private individuals and government, respectively.

While private procurement has little in the way of legislation, certain legal requirements must be met for public procurement. For instance in Uganda we have the PPDA Act 2003.

We are not public entities, neither can we match government in resources. Shaping of a HC's internal procurement process is influenced by a number of factors like the HC's size, HR, organogram etc.

3.5.2. *Procurement vs Purchasing*

Whereas procurement concentrates on the strategic process of sourcing purchases, for example researching, negotiation and planning, the purchasing process focuses on how goods, services and works are acquired and ordered, such as raising purchase orders and arranging payment.

Thus, purchasing is a small subset of the broader procurement function that is limited to transactional roles associated with acquiring of purchases that the HC requires.

3.6. Procurement Records

Procurement records are critically helpful in depicting the history of past procurement and disposal performance. It should be possible to reconstruct the entire procurement and contract administration processes from these records.

The In-charge shall have the responsibility of ensuring that records are managed effectively and efficiently. Otherwise, these records should be given due attention in terms of resource allocation, personnel, equipment, space and accommodation.

3.6.1. Use of Procurement Records

Procurement records shall be used for the purposes of transacting official business. The users of procurement records may include:

1. In-Charge,
2. PDC,
3. Finance and other departments,
4. Auditors and Procurement reviewers,
5. End users of goods or services works,
6. Authorized persons,

3.6.2. Paper work required in the Procurement Process

Much as there is a lot of paperwork associated with procurement, every event in the procurement process must be recorded and all records appropriately filed so as to maintain an audit trail from the purchase requisition to the closing out of the contract.

3.6.2.1. Standard documents (internally generated)

1. Purchase requisition / Purchase Request,
2. Local Purchase Order,
3. Goods Received Notes,
4. Payment Requisition ,
5. Payment Voucher,
6. Bid matrix, Purchase decision record (or equivalent).

3.6.2.2. Source Documents (from suppliers)

1. Quotations and proforma invoices obtained,
2. Proposals (e.g. for technical works and consultancy services),
3. Contracts (e.g. for services),
4. Invoices,
5. Delivery Notes,
6. Receipts.

3.6.2.3. Other documents needed for reference

1. Budgets,
2. Contract / Agreements,
3. List of authorized suppliers with addresses and person contacts,
4. Minutes of all procurement meetings and relevant approvals in writing,

<i>NB: -</i>	<i>Just like purchase acquired using the HC's funds, all donations received in-kind by the HC, ought to be acknowledged formally using LPOs or other appropriate documentation.</i>
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3.7. Procurement Organisation and Structure

For small HCs, one or perhaps a few people undertake all of the necessary procurement functions and processes with no clear division of responsibilities. But as these Units grow, this ad-hoc approach no longer applies.

Because of the advantages of economies of scale, and greater coordination and control of activities, today many entities are shifting from a decentralized to centralized structure where all procurements go through one central section.

This because, centralized structures have the benefit of a bulk purchase as opposed to the decentralized system that leaves the procurement control with the various departments which also at times delegate the purchasing roles, duties and responsibilities to the actual users.

3.7.1. *The hybrid structure that is proposed for adoption*

Our HCs are to adopt a hybrid structure that marries some aspects of the centralized and decentralized structure.

This structure is premised on the assumption that procurement is not everybody's responsibility. This function belongs at a senior level which is obliged to see to it that there is an appropriate framework within which purchases are made.

So with this structure, the big purchases can be competitive and centralized while for the small purchases (micro purchases), the respective roles may be delegated to the user departments.

The proposed structure is shown in Appendix 5.2.

This structure not only depicts persons / organs that share-out the different duties /responsibilities, but also shows how procurement information is to flow at different levels within the HC.

The following persons / organs have roles and responsibilities in the procurement cycle of the HC.

1. Masaka Diocese Health Office – which is the regulatory authority
2. The In-charge – who is the chief accounting officer responsible for all procurement / fixed assets management activities in the HCs.
3. The HUMC – which is the CC whose major role is to award contracts, other functions are given in Section 3.8.2 of this Guide. It also acts as the Procurement Complaints Appeals Committee (PCAC) – i.e. the last stage in complaints resolution process (Refer 3.15.8).
4. The Evaluation Committee – which is an ad-hoc and not a permanent committee that is formed on a case by case basis with approval of the CC to evaluate bid proposals received and make the required recommendations for contract award.
5. The Procurement and Disposal Committee (PDC) – which made up of staff and is charged with the responsibility for managing the day today procurement and disposal activities.
6. The Purchasing Officer (PO) – The person identified to buy the required items (purchases) for the HC
7. The User Departments (UD) – which initiate procurement and disposal requirements. These are the end user of all requirements.

3.7.2. Delegation of authority and Segregation of duties

Clear delegation of authority and a segregation of duties should be identified for proper procurement management.

3.7.2.1. Delegation of authority

Delegation of authority is the process of transferring responsibility for a task to another person / organ. In the context of this Guide, a delegated authority is that person / organ with the mandate to authorize the effecting of the procurement decisions by signing the respective documentation.

For the case of HCs, the delegated authority is majorly split between these two: -

- a. The **HUMC** (which is to play the role of the CC) and the
- b. The **In-Charge** (who, heads the administration team) The In-charge's authority in regard to procurement is exhibited through the PDC which reports to him / her).

So, based on the above, procurement decisions should be made by the appropriate delegated authority.

Accountability (by the delegated authority) for any purchase can only be maintained if the use of the following 3 key roles in the procurement process (i.e. Preparation, Review & Approval, and Authorization) is based on approved budgets, signed agreements, purchase orders, among others.

3.7.2.2. Segregation of duties

Decision making in respect of procurement management in each HC should be based on the principle of separation duties / responsibilities.

To ensure proper separation of duties, procurement roles should be assigned to different people. With proper segregation, no single person should have complete control over all buying activities.

Besides minimizing confusion, clearly defining and separating the delegated roles ensures transparency and avoids: - 1) Conflicts of interest; 2) Confusion over who is responsible for what; and 3) Combining responsibilities that should otherwise be separated.

The segregation of duties in respect of the 3 key procurement roles should be as follows: -

1. Preparation – of request and other supporting documentation by the Purchasing Officer.
2. Review and approval – by the PDC through the respective HOD, to ensure that the procurement fits within the budget. (This person does not authorize the payment, but approves that the purchase is within the required specifications or budget line)
3. Authorization – of the purchase and payments by the correct delegated authority as per the agreed authorization thresholds.

Otherwise, the potential consequences if duties are not separated are:

- a. Unauthorized or unnecessary purchases made
- b. Improper charges made to department budgets
- c. Excessive costs incurred
- d. Items purchased for personal use

Based on the above, in regard to the clear separation of duties, the following are to apply: -

- a. In-Charges are to be the chief AOs in HCs because they are highest-ranking managers responsible for the overall operations and resources in their respective Units.
- b. The HUMCs are to play the role of the CC, while certain selected ad-hoc committees will play the role of the EC. The different departments of the HCs are to be referred to the User Departments.
- c. Within each HC, the In-Charge is required to ensure that there is a procurement and disposal team among his / her staff to establish a PDC.
- d. Refer to Appendix 5.3 for the Table that depicts the delegation of authority and segregation of duties in HCs

NB: -	<p><i>In the context of this Guide: -</i></p> <ol style="list-style-type: none"> 1. <i>Delegated authority is an authority obtained from another that has authority.</i> 2. <i>“AUTHORIZATION” means the sign-off by the delegated authority; in contrast “APPROVAL” means getting a formal recommendation from the Finance staff / HODs / Budget Holder.</i> 3. <i>A Purchasing Officer is any member of staff who impliedly or expressly places an order that is ratified by delegated authority. S/he is considered the Purchasing Officer for that made purchase.</i> 4. <i>Budget holders are the Heads of Department.</i> 5. <i>It is this delegated authority that gives the official permission to make a purchase. Their authorization is by signing the respective documentation.</i>
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3.7.2.3. Documentation Raising, Review and Approval

Appendix 5.4 provides a quick reference point for easy identification of who prepares which documents, who needs to review and approve these documents, and who should authorize the documents.

This provides transparency to ensure that roles and responsibilities are divided appropriately between the respective staff members.

Note that Appendix 5.4 should be used in conjunction with Appendix 5.3 to ensure adherence to the delegated authority and responsibilities.

3.8. Functions and Reporting

The In-Charge, the CC, the PDC and the UDs and all other persons / organs at the HC (as shown in 3.7.1) should each act independently in relation to their respective functions and powers.

3.8.1. Functions of the In-Charge as the Accounting Officer.

3.8.1.1. Responsibility of the In-Charge

The In-Charge shall have overall responsibility for the successful execution of the procurement and disposal process in the HC and shall:

1. Work in consultation with the governing body i.e. HUMC which also doubles as the CC in the execution of his or her functions and powers for procurement and disposal of assets.
2. Certify the availability of funds prior to the commencement of any procurement activities;
3. Ensure that a market assessment is undertaken prior to commencement of a procurement process. This is to aid in comparing the market price with that of the best evaluated bidder;
4. Implement the recommendations of the Authority;
5. Seek formal consent from the higher authority in case of any requirement to deviate from the prescribed guidelines.

3.8.1.2. Disagreements between the In-Charge and the CC.

Where there is disagreement between the In-Charge and CC, the decisions of the CC shall take precedence.

3.8.2. Functions of the Contracts Committee.

As already highlighted, the role of the Contracts Committee shall be played by HUMC. This CC is to help the HCs in realizing the following, among others: -

1. Ensuring the application of fair, competitive, transparent, non-discriminatory and value for money procurement and disposal decisions.
2. Approving recommendations from the PDC and awarding of contracts.
3. Monitoring compliance with the adopted policies and guidelines by all staff and committees concerned with procurement and disposal issues.

3.8.2.1. Roles and powers of the Contracts Committee.

In particular, the CC shall be responsible for:

1. Approving all appointments to the PDC.
2. Resolving of recommendations from the PDC
3. Approving the HC's annual procurement plan and any amendments to the plan;
4. Approving evaluation reports from the EC;
5. Ensuring that before it is approved, a procurement is in accordance with the procurement plan;

6. Approving procurement and disposal procedures;
7. Approving bidding and contract documents;
8. Approving membership of the EC and negotiation teams;
9. Approving contract amendments;
10. Approving the reserve price for assets to be disposed of;
11. Verifying assets identified for disposal, ensuring they are valued and proving the reserve price.
So, the following activities, for the purposes of disposal of a HC's assets: -
 - a. Assessing and verifying assets identified for disposal by a UD or Board of Survey / Selected Committee for Disposal.
 - b. Causing the assets identified (in a) to be valued.
 - c. Approving the reserve price for the assets to be disposed of;
12. Approving pre-qualified suppliers for the HC's repeat purchases.
13. Ensuring adherence to this Guide;
14. Awarding contracts for all purchases that exceed 500,000/=.

3.8.2.2. Declaration of personal interests.

Where a members of a CC has any pecuniary or other interest that may conflict with the performance of the functions of the member, the member shall disclose the interest at the meeting.

Where a member has or discloses an interest in any matter before the CC, that member shall not take part in the proceedings or exercise if any powers by the committee relating to the item or the matter in which the member has an interest.

3.8.2.3. Decision making procedure relating to submission.

The CC shall consider each submission made, the recommendation of the PDC and approve or reject the submission made with a reason.

The decision of the CC should be unanimous or, where unanimity cannot be achieved, should be by simple majority of the members present.

3.8.2.4. Disagreements between the CC and the PDC.

Where there is disagreement between the CC and PDC, the decisions of the CC shall take precedence.

3.8.2.5. Proceedings of the Contracts Committee meetings.

Procurement and Disposal issues may be attended to in the routine HUMC sittings or stand-alone CC meetings depending on the urgency, economic value and other factors of the issue at hand.

The PDC is to be represented by its Chairperson on the CC.

For all stand-alone CC meetings, the Chairperson of the PDC should be Secretary to the CC. He/ she should record minutes of all procurement and disposal proceedings.

The CC Chairperson is responsible for guiding the Secretary in drawing up the agenda. He/ she shall ensure that the agenda specifies:

1. The date, time and venue of the CC meeting;
2. The submission to be considered;
3. Issues to be discussed; and any advisor to attend the meeting.

The minutes of each CC shall include: -

1. A register of attendance, signed by all members, advisors and observers;
2. A record of the decision made for each submission considered by the CC together with the details of any conditions to approved submissions, and reasons for the rejected submissions.

3.8.2.6. Responsibilities of the Secretary of a CC.

The Chairperson of the PDC, who indeed is the Secretary to the CC is responsible for:

1. Assisting the CC Chairperson in convening meetings and preparing agenda related to procurements and disposal of assets;
2. Organizing and providing of the necessary facilities for meetings of the CC;
3. Ensuring that the agenda, submissions and any other documentation are distributed to the CC members within a reasonable time before any meeting;
4. Recording the minutes of the meetings;
5. Keeping all procurement and disposal records of the CC including submissions and minutes;

6. Promptly notifying the relevant officials of the decisions of the CC;
7. Coordinating all procurement and disposal activities of the CC;
8. Preparing reports of the CC to the different stakeholders;

3.8.2.7. Co-opting of advisors and observers by the CC.

The CC may co-opt an advisor to assist it in the discharge of its functions. An advisor shall not take part in the decisions of the CC and shall only attend to the related part of the meeting, which considers the matter on which the advice is required.

The CC may rely on the Chairperson of the PDC or request any member of the PDC, a UD, an EC or negotiating team to attend a CC meeting as an adviser to offer clarification on a submission.

3.8.3. Functions of the Procurement & Disposal Committee

The HC should have a PDC charged with the responsibility of managing the day to day procurement and disposal activities. This Committee is subordinate to HUMC which is the Contracts Committee.

3.8.3.1. Establishment of the PDC.

The In-Charge shall cause the establishment of the PDC whose membership is selected among staff members. Staff members who are not in administration could also be represented on the Committee.

The membership on this PDC shall be determined by the anticipated: -

1. Number of procurement and disposal requirements;
2. Value of the procurement and disposal requirements;
3. Complexity of the procurement or disposal requirements.

This Committee should report to the In-Charge of the HC. It should have either 3 (three) members or 5 (five) members. The quorum of this Committee is of 3 (three) members.

This PDC should unless otherwise be chaired by the Assistant In-Charge.

A person shall be a member of the Team in his or her individual capacity. Where a member of this PDC is unable to attend a meeting, s/he shall not nominate an alternate members or proxy.

3.8.3.2. Roles and powers of the PDC.

The PDC shall:

1. Manage all procurement activities in HCs except, adjudication / resolution and award of contracts;
2. Advise the UDs on the individual procurement methods;
3. Perform the functions of the Secretary of the CC (under xxx)
4. Implement the decisions of the CC;
5. Consolidate the procurement and disposal plan of the HC;
6. Recommend procurement and disposal procedures;
7. Review and prepare the Statement of specification/ requirements, works for procurement;
8. Manage bid opening and closing;
9. Prepare bid documents;
10. Prepare advertisement of bid opportunities;
11. Issue bidding documents and receive bids;
12. Maintain a suppliers / providers' list for the HC's repeat purchases;
13. Prepare contract documents;
14. Maintain and archiving records of the procurement and disposal process;
15. Prepare monthly reports for the CC;
16. Prepare any such report as may be required from time to time and report any significant departures from the terms and conditions of the awarded contract;
17. Require reports from the UDs relating to contracts management;
18. Provide clarifications on bid documents;
19. Recommend the composition of ECs and negotiation teams for the approval of the CC;
20. Access independent advice as may be necessary in the discharge of its function;
21. Ensure compliance with the Manual and best practices.
22. To award contracts below 500,000/=

3.8.4. Functions of the User Departments

Every UD ought to prepare a procurement plan based on the approved budget which should be submitted to the PDC for implementation and may seek technical assistance, where necessary.

Otherwise, the UD of a HC should perform the following functions:

1. Liaise with and assist the HC throughout the procurement or disposal process to the point of contract placement;
2. Initiate procurement and disposal requirements and forward them to the PDC;
3. Propose technical inputs to the statement of specification/ requirements, works for procurement to the PDC;
4. Certify invoices for payments to providers;
5. Report any departures from the terms and conditions of an awarded contract to the PDC;
6. Forward details of any required contract amendments to the PDC;
7. Maintain and archive records of contract management in liaison with the Purchasing Officer;
8. Prepare any reports required for submission to the PDC, CC or the In-Charge.

3.8.5. Tasks and duties of a Purchasing Officer

As already highlighted, a Purchasing Officer is any member of staff who impliedly or expressly places an order that is ratified by delegated authority.

So, any member of staff in a given UD who accepts the responsibility of buying goods, works and services for the HC, is considered to be the Purchasing Officer for that purchase.

But, in all situations, this Purchasing Officer is required to ensure that the actions of the supplier(s) and the HU are in line with the contractual obligations.

The tasks and duties of the Purchasing Officer are, but not limited to the following: -

- a. Researching suppliers.
- b. Comparing and evaluating supplier offers.
- c. Working within set budgets while negotiating contract terms and pricing.

- d. Presenting approved orders (LPOs) as needed.
- e. Tracking orders and ensure smooth delivery.
- f. Assessing and monitoring the quality of purchases.
- g. Maintaining working and duplicate copies, while sending pertinent documents to other concerned departments (such as finance).
- h. Monitoring stock levels.
- i. Coordinating with stores staff to ensure storage requirements are met.

3.8.6. Functions of the Evaluation Committees

ECs are adhoc, not permanent and are based on the procurement transaction being evaluated based on the competency, skills and knowledge.

They are to be formed on a case by case basis with approval of the CC to evaluate quotations or bid proposals received so to recommend the most suitable for the contract award.

The main purpose of ECs is to assist in the evaluation high value procurements (i.e. whose total value exceeds 5,000,000/=).

The evaluation of micro procurements need not be evaluated by an EC. The PDC can conclude this by comparison of at least three quotations.

So, all evaluations of suppliers for high value purchases ought to be done by ECs, which in this respect report to the CC.

3.8.6.1. Establishment and Composition of the EC.

It is the In-Charge shall cause the establishment of the EC, by suggesting names to the CC for consideration.

The EC is to comprise of 3:5 members whose composition (in terms of quality and quantity) should to be based on the value and complexity of the procurement requirement.

Majority of the members should be those with technical expertise in the specific item being procured. Staff from UDs with appropriate skills and experience can also be enrolled.

The PDC should be represented on the Committee, but it is preferred that members of the PDC have a lesser number on the EC. Implying 1:2 in case of the 3:5 membership.

Members of the EC may be external to the HC where the required skills or experience are not available within the HC.

The CC may raise the number of members on the Committee (i.e. from 5) as deemed fit, but always, an odd number is recommended for voting purposes.

NB: -	<ol style="list-style-type: none"> 1. <i>Just like other committees, ECs have to record minutes of all their evaluation proceedings.</i> 2. <i>In order to maintain independence of functions and powers, a member of a CC shall not be a member of an EC.</i>
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3.8.6.2. Roles of the EC.

ECs shall basically carryout bid evaluation in an effort to acquire goods, works and services necessary to achieve the goals of the HCs.

Synonymous terms with bid evaluation are, quotation review panel, bid review board or tender review committee, to name a few.

Bid evaluation is the process that takes place after the tender submission deadline. It involves the opening and examining of the bids to identify the preferred supplier(s) for the HC.

The committee's work must be strictly conducted on a basis of impartiality and fairness, with due attention to considerations of economy, efficiency and transparency among eligible bidders.

Preferably, the EC should evaluate bids based on the predefined criteria and should recommend award to the Supplier that provides most economically advantageous deal to the HC.

Following are the major roles of the Evaluation Committees.

1. Determining and applying the agreed evaluation criteria;
2. Evaluating bids / proposals individually and/or discuss;
3. Ranking and/or developing a shortlist;
4. Interviewing/obtaining clarifications;
5. Preparing evaluation reports;
6. Recommending in the reports which bidder(s) should be awarded the contract;
7. Maintaining confidentiality throughout the process.

3.8.6.3. Meetings of the Evaluation Committee

There could be multiple ECs at a given time depending on the required procurements.

The following should also be noted: -

1. A meeting of the EC shall not be held unless all members of the committee are present.
2. A decision of the EC shall be unanimous except where the evaluation methodology requires individual scores or marks.
3. Where the EC is unable to reach a decision unanimously, the decision of the majority shall be the decision of the EC and shall be stated as such in the evaluation report
4. The minutes of a meeting of the EC shall be signed by all members of the committee and shall form part of the records of the procurement for which the evaluation is conducted.
5. The minutes of a meeting of the EC shall be an annex to the evaluation report.
6. The evaluation report shall state the disagreements of the members, if any, including the reasons for the disagreement, the discussions held on the issue in disagreement and the views of the members of the EC on the matter.
7. The evaluation report shall be signed by all the members of the EC.
8. Where a member of the EC does not or is not able to sign the report, the member shall in writing give reasons why he or she did not or was not able to sign the report.

3.8.6.4. Chairperson of the EC.

The Chairperson of the EC shall be responsible for: -

1. Chairing all the meetings of the Evaluation Committee;
2. Conducting the evaluation is in accordance with the bidding document;

3. The security of the bids and the other documentation before the Evaluation Committee;
4. Submitting the report of the EC to the CC or PDC within the prescribed time;
5. Communication between the Evaluation Committee and a bidder or any other person.

3.9. Procurement Procedures & Thresholds

3.9.1. Procurement Procedures

Procurement procedures are the methods used to acquire the required purchases. These methods can be competitive and non-competitive. Competitive methods of procurement are preferred given their tendency to promote transparency, economy and efficiency, and limit favoritism.

Basically we have two main procurement procedures which include: - the Negotiated Procedure (i.e. procurement which does not require advertising) and the Tendering Procedure (i.e. procurement through advertising/invitation for bids).

So, whereas for the Tendering Procedures one has to advertise, this does not apply for Negotiated Procedures.

3.9.1.1. Negotiated Procedure.

Negotiated Procedure is a direct procurement method through which an entity can get the required purchases by merely approaching one or more potential suppliers and negotiates for specific price or service arrangements.

All Negotiated Procedures do not require advertising. Instead, the procuring person or entity directly get in touch with the possible suppliers and negotiates a contract with them. Under this procurement procedure we have the following major categories: -

1. Local shopping / micro procurement: –

This is a simple direct method of procurement used for very low price and small – volume items that are not routinely used by the HC. It is a process of obtaining supplies and services from local or indigenous sources.

This method of procurement shall be used for very low procurements and shall be used to achieve efficient and timely procurement where value does not justify competitive procedures.

It is to be used for procurements whose single time contract or annual aggregated purchase value does not exceed Ugx 200,000/= or Ugx 2,400,000/=, respectively. Such payments are usually from petty cash and are considered very low value procurements.

NB: -	<p><i>The following should be met when using this Local shopping / micro method of procurement;</i></p> <ol style="list-style-type: none"> <i>a. The original invoice or receipt evidencing the supplies procured and the price paid shall be obtained and signed by the official procuring the supplies.</i> <i>b. The PO in charge shall be responsible for ensuring that value for money is obtained to the extent practical under the procurement procedures.</i> <i>c. The method shall not be used where there are required continuous or repeated procurement of services or supplies.</i> <i>d. The method shall not be used to split procurements in order to avoid using the appropriate procurement method.</i>
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2. Single quote / single bid / single source: –

Single source procurement is where a single supplier is selected from a number of suppliers. Here the required purchase is of a relatively high value (i.e. not a micro procurement), but, exceptional circumstances prevent the use of competition.

This is also considered a direct procurement as a purchase is made directly from a single supplier at a quoted price. This procedure is usually used where there is insufficient time for any other procedure such as in an emergency situation.

Besides emergencies, the other circumstances which call for the Single bid / single source / direct procurement are:

- a. If only one supplier is available and qualified to fulfill the requirements*
- b. If the advantages of using a certain supplier are abundantly clear*
- c. If the procurer requires a certain product or service that is only available from one supplier*
- d. For the continuation of work that cannot be reproduced by another supplier*

NB: - This direct procurement method may at times go beyond the ceiling for the Negotiated Procedure (i.e. Ugx 5,000,000/=), a reason any required purchase under this procedure should undergo a strict approval process. Such authorizations are only by the CC.

3. Triple quote / competitive negotiation / quotation procurement:-

This is the method of procurement used by comparing price quotations obtained from a number of suppliers. It is used to ensure a fast procurement process, since it does not require a lot of paperwork.

With is this procedure, essentially quotes are got from a minimum of three suppliers or service providers. A comparison of quotes is analyzed and the best selection determined.

This procurement method shall be used by the HC to obtain competition and value for money. It is used for procurements whose single time contract or annual aggregated purchase value exceeds Ugx 500,000/= or Ugx 6,000,000/=, respectively.

This method is usually appropriate for non-routine purchases. It is used when there are few suppliers for a given requirement or when special terms or specifications are required by the HC for items not widely available.

NB: -	<i>This direct procurement method may at times go beyond the ceiling for the Negotiate Procedure (i.e. Ugx 5,000,000/= for single time deal), a reason any required purchas under this procedure should undergo a strict process that is approved only by the CC.</i>
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3.9.1.2. Tendering Procedure.

Tendering requires advertising. It is a competitive procurement procedure used whenever there is a requirement to advertise, publicize or make announcements for getting the required suppliers.

It involves the invitation of potential suppliers to bid for the supply of high value purchases that must be delivered within a finite deadline.

Similarly, unlike the Negotiated Procedure, the Tendering procedures are often considered time consuming and cumbersome as they have a number of steps to follow and documents to use. But they allow transparency and equality of opportunity to suppliers.

The tendering procedures has the following advantages, among others: -

- a. Decisions are made by a Committee (in this case the EC) which looks at multiple considerations when evaluating and selecting the most qualified bidders.
- b. Tenders are a good mechanism for avoiding fraud. Because of the competitive identification and selection of bidders. This depicts equitability or fairness in the process.
- c. Price is known at the award of the contract, and since the tendering process has to be documented, this creates clearness, visibility and liability.

NB: -	<p><i>The Tendering procedure requires advertising. If no advertisement is made, then a Negotiated Procedure is being used.</i></p> <p><i>So, the HC shall advertise when using the tendering procedure or when pre-qualifying suppliers for common user items. But: -</i></p> <ol style="list-style-type: none"> <i>a. Advertisements are to be made in newspapers, notices boards at the HC and other well used and assessable public places like churches, mosques etc.</i> <i>b. Advertisements shall give adequate time for prospective bidders to prepare their bids and also be able to submit them.</i> <i>c. A minimum of 21 days shall be allowed between the first day of the advertisement and the closing date for the bids.</i>
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Under the Tendering procurement procedure, the HCs are to have the following major categories for consideration: -

1. Open or closed (restrictive) tendering: –

Whereas open tenders are the tenders which are open to bidding by everyone, restrictive / selective tenders are not open to everybody. As the name suggests these are restrictive tender for only selected people.

With open tendering, the entity publically advertises and whoever feels can apply submits his / her quotation/ bid for consideration. Otherwise, an open tender is open for all.

With the restrictive tender, the entity can before or after advertising for a given requirement, share certain specific information with them and bidders are selected and rejected based on the information they submit. This method of procurement is also called: Limited Bidding and Selective Tendering.

2. Local or international tendering: –

Whereas with local tenders the advertisement specifically targets prospective bidders from within the Country, while with international tender, the invitation to bid goes across the borders.

Unless others, HCs are to only use the local tendering procedure with a blending of either the open or restrictive tendering.

3.9.1.3. Determining the procurement procedure to be used

The choice of a procurement procedure shall be in accordance with the following guidelines, and shall be on the basis of: -

1. The estimated monetary value of the purchase; or
2. The nature and complexity of the purchase ; or
3. The circumstances pertaining to the purchase.

The estimated monetary value of the purchase shall be the main criterion for determining the choice of procurement procedure to be used. This calls for having in place Procurement Thresholds.

In consideration of the above note, the circumstances pertaining to the purchase to be procured may be used as additional criteria in determining the choice of procurement procedure.

3.9.2. Procurement Thresholds

A threshold is a boundary beyond which, results in another condition. Therefore, procurement thresholds depict monetary limitations or brackets within which a given purchase can be made.

Procurement thresholds:

1. Are financial spending boundaries that help in the ascertainment of the most appropriate procurement procedure to be used
2. Help in determining the most efficient procedure of procurement to be used.
3. Apply to the aggregate financial value of all requirements for a year. For any purchase, it is the total annual budgeted value in a given financial year that is used to determine the proper threshold and the resultant procurement procedure to be used.

But PDCs must always know what kind of purchase they want to make –in the category of goods, services and works. While both goods and services have the same procurement threshold, works on the other hand can have a higher limit.

Splitting of purchase orders to avoid any threshold is not permissible, as the aggregation rule applies. I.e. to desist from splitting contracts in bits so as to fall below a certain threshold.

3.9.2.1. Aggregation in procurement

Aggregation in the above context refers to the grouping of similar purchases to ascertain their respective total monetary value in order to determine the right threshold and the ensuing procurement procedure to be used in getting them from suppliers.

Similar and regular contracts must be aggregated for the purpose of calculating the total value.

As a guide to determining the correct procurement thresholds, HCs: -

- 1. Ought to assess aggregation every time they are to procure something. If the HC makes multiple purchases of the same thing within a 12 months period, then the value of each purchase aggregates together to determine whether a procurement threshold is breached.*
- 2. Are not allowed to bypass the rules simply by splitting a given contract into pieces. Splitting the requirements into bits will not remove the responsibility to treat a given requirement as being above the threshold.*

3.9.2.2. PDC's role in the aggregation of purchases

The key procurement responsibilities for the PDC regarding thresholds:

1. Grouping or classifying of similar and regular purchases;
2. Determining if the requirement is a good, service or work (works usually have a higher threshold than goods or services, this can be re-set by the CC);
3. Estimating the value of each category of the potential purchases to determine the appropriate thresholds.

Following are the procurement thresholds that need to be followed when seeking to purchase the HC's goods, services and works.

These thresholds and procedures are among others, aimed are ensuring that HCs make purchases at the right price, from the right sources, at the right specifications that meet user needs, in the right quantity and for delivery at the right time.

Table 1: Procurement thresholds and the applicable procurement procedure

Amount (Ugx)	Managing office / Committee	Authorizing Person	Procurement Procedure	
1 - 200,000	UDs	In-Charge	1. Negotiated (Thru Direct Purchasing)	Petty cash / micro procurement
200,001 - 499,999	UDs	In-Charge		Local shopping / micro procurement
500,000 - 4,999,999	PDC	HUMC Finance		Competitive negotiation
5,000,000 - 9,999,999	PDC	HUMC Finance	2. Tendering (Thru Advertising)	Restricted Bidding
10,000,000 - 14,999,999	PDC	HUMC Finance		Restricted Bidding
15,000,000 - 49,999,999	CC	HUMC Chair		Open Bidding
50,000,000 - 99,999,999	CC	HUMC Chair		Open Bidding
100,000,000 and above	CC	HUMC Chair		Open bidding

NB: -	<ol style="list-style-type: none"> 1. <u>Local shopping / micro procurement:</u> – <ol style="list-style-type: none"> a. <i>The estimated value of the procurement should not exceed Ugx 200,000/=.</i> b. <i>A minimum of 1 written quote from a supplier is required. However, if one is able to get additional quotes, the better.</i> 2. <u>Single quote / single bid / single source:</u> - <ol style="list-style-type: none"> a. <i>This procedure is not reflected on the table because of its surpassing nature.</i> b. <i>This is direct single supplier procurement procedure that is above the micro threshold of 200,000/=.</i> c. <i>It is a non-competitive method that should only be used under specific circumstances like emergencies.</i> d. <i>The single quote / single bid / single source approach may at times exceed the ceiling of Ugx 5,000,000/= for the Negotiated procedure.</i> e. <i>So, use of this procedure must only be authorized by the CC, because of its outstanding nature.</i> 3. <u>Triple quote / quotation procurement:-</u> <ol style="list-style-type: none"> a. <i>A minimum of 3 suppliers are approached to negotiate for a given procurement.</i> b. <i>This procedure is used for procurements whose estimated value exceeds Ugx 200,000/= but does not exceed Ugx 5,000,000/=.</i> c. <i>An EC is required for all purchases over Ugx 5,000,000/=.</i> 4. <u>Tendering:</u> - <ol style="list-style-type: none"> a. <i>Tendering in brief, is an invitation to bid for large purchases through advertising.</i> b. <i>It is a formal and structured procedure for generating competing offers from different potential suppliers.</i> c. <i>This procedure is used for procurements whose estimated value exceeds Ugx 5,000,000/= but does not have a limit.</i> d. <i>We have open or restrictive tendering and local or international tendering procedures.</i> e. <i>Unless, otherwise, only the local tendering procedure is to be used in HCs, with a blending of either the open or restrictive tendering.</i>
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3.10. Procurement Process

A procurement process is a series of steps that an entity identifies and follows in order to obtain goods, works or services for its goals and objectives.

The procurement process involves much more than just ordering and paying for a purchase.

This process includes everything involved right from identifying which purchases the HC needs, to the maintaining right documentation and records after the purchases have been received and paid for.

3.10.1. Availability and confirmation of funds

The PDC is responsible for acquiring goods, services and works for the HC. But confirmation of the availability of funds shall be made by the In-charge or by any officer authorized by him/ her before the start of the process of procurement.

A HC shall not initiate any procurement proceedings or activities, for which funds are neither available nor adequate, except:

1. Where the delivery of goods, services or supplies and consequent payments to a provider are anticipated to be effected from subsequent financial years.
2. In the case of framework contracts, funds will be committed at the time of issue of each specific call off order that falls under a given framework agreement.

The procurement may be initiated in accordance to with this Guide, before the receipt of funds, but a contract shall not be awarded before the availability of funds.

3.10.2. Due diligence before engaging suppliers

Due diligence in the context of this Guide refers to the requirement of carrying out duties carefully and thoroughly, and avoiding careless practices or techniques.

This shall require all activities by Purchasing Officers to be pursued in a manner that goes beyond the minimum effort, and this shall entail:

1. Checking the references of potential suppliers,
2. Developing impartial evaluation criteria,
3. Analyzing carefully the offers received,
4. Not cutting corners for the sake of convenience.

3.10.3. Procurement Cycle

In the context of this Guide, the Procurement Cycle begins with the identification of a need and ends with the conclusion of the awarded contract.

The goal of procurement is to award timely and cost-effective contracts to qualified suppliers and service providers.

A clearer understanding of the cycle can be gained once the goal of procurement is understood.

Otherwise, following is a quick overview of the steps in the procurement process:

1. Needs identification – Identification of the requirement or need
2. Procurement planning and budgeting – consolidating the purchase requirements and knowing what purchases will be required, how and when well in advance and the corresponding costs involved.
3. Checking in the stores for the availability of the requirements and if not available, proceed with the ascertainment and assessment of the market price.
4. Procurement requisition – i.e. initiation of the purchase requisition by the UD.
5. Confirmation of availability of funds and approval of the requisition by the HOD.
6. Preparation of bidding documents or expression of interest - specifications / TOR / SOW.
7. Approval and authorization of the purchase transaction.
8. Approval of procurement procedure / method, bidding documents & shortlist of bidders where applicable.
9. Either
 - I. Sourcing for quotations through the Negotiated Procedure i.e. competitive negotiation If the requirements are below Ugx 5,000,000/=. The concerned Purchasing Officer should engage the PDC for advice on the appropriate procurement method to be used.

OR

 - II. Sourcing for quotations through Tendering / advertising if the purchase requisition is above Ugx 5,000,000/=.
 - a. Invitation of bids / Request for Quotations
 - b. Receipt and opening bids.
 - c. Evaluation of bids.
 - d. Review of evaluation report (Approval or Rejection)
 - e. Selection of the best supplier and award of Contract – to one who maximizes value.
 - f. Negotiating and contracting the selected supplier - the pricing structure, the scope of work, terms and conditions, timelines of delivery, etc.
 - g. Contract management & monitoring: -
 - *Creating purchase orders / placing orders*

- *Delivery - receiving and inspecting of the purchases - three-way matching.*
- *Paying for the received items and attaching all supporting documents.*

10. Appraising performance of provider (s).

11. Ending or terminating the contract - as per the terms stipulated in the contract

NB: -	<p><i>a. The PDC must ensure the proper filing every document generated all through the cycle.</i></p> <p><i>b. A three-way match is the process of matching the invoice, purchase order, and receiving report to validate the details of a purchase before making a payment. The purpose of this process is to reduce the risk of fraud and financial loss by preventing the reimbursement of unauthorized purchases.</i></p>
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3.11. Procurement planning

Procurement planning is the process of identifying and consolidating requirements from different UDs with the aim of having them as and when they are required. This process that finally results in a procurement plan. The example of a Procurement Plan is in Appendix 5.6

The procurement plan is an instrument for implementation of the budget. It defines the procurement requirements for the HC. It helps in the early identification of the key procurement activities that will be required in a given period.

Following are some of the key considerations in designing and completing a Procurement Plan:

1. Use the HC's budget to identify the goods, services and works needed to be procured by the HC.
2. Ascertain the items' specifications, the quantities required for each item and the respective estimated cost as per the budget.
3. Put naturally grouped items together (e.g. computers & computer software) so as to ensure that contracts are not split to fall in lax procedures.
4. If the items to be used are from the existing stocks, to make sure that these already stored items are well documented on the plan.
5. Use the procurement thresholds to identify what purchase procedures will be needed for each purchase.
6. Identify the cost for the implementation of particular procedures e.g. adverts, documentation, meetings, etc.

NB: -	<i>After finalizing the Procurement Plan, the PDC's next main assignment is to identify who the HC's Suppliers are to be. I.e. by coming up with an Approved Suppliers List (ASL) that is generated through the pre-qualification process.</i>
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3.11.1.Pre-qualification of Suppliers

Prequalification is a screening process whereby suppliers are assessed against pre-determined criteria such that only those who satisfy the prequalification criteria are invited to offer goods/services/works.

It is this screening process that is to result into the HC's pre-qualified suppliers' list. To appear on the list of approved suppliers, all enlisted suppliers should at one time have undergone through such an assessment.

Pre-qualification can also be referred to as a multi-use list or a register of suppliers.

The prequalification of suppliers' strategy is best used when the HC intends to procure common user items regularly over a period of time. So it is used where purchases are of a routine nature.

Supplier prequalification, if well managed, is a method which can reduce the risk and administrative burden created by repeated approaches to the market;

3.11.1.1.Guidelines of establishing and managing a prequalified supplier list

The HC's pre-qualification process shall be two-fold:

1. Develop an approved supplier list to be agreed to by the CC and update the supplier database.
2. Allow for a shortlist of suppliers to tender for supplies leading to framework agreements.

Following are the step-by-step guidelines on how HCs are to establish and manage a prequalified supplier list:

1. Categorize all regularly made purchases into appropriate groupings- as drugs & medical supplies, stationary items, etc.
2. Establish supplier lists under each category using existing HC's suppliers / providers.
3. For categories that have gaps, supplier should be asked to formally apply for the pre-qualification along with profiles and references.

4. All suppliers deemed suitable, should be listed per category and their details entered into a spread sheet.
5. All suppliers who participated in the process should be contacted. Unsuccessful suppliers should be thanked for their engagement in the process.

NB: -	<ol style="list-style-type: none"> 1. <i>The list of pre-qualified providers shall be updated periodically at least annually to enhance completion;</i> 2. <i>It is the CC shall approve the HC's list of pre-qualified providers;</i> 3. <i>Much as the prequalification process is distinct from the bidding process—which concentrates on the technical and financial aspects of specific bids, when establishing pre-qualified supplier list, a similar process to that of an Invitation to Tender should be followed.;</i>
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3.11.1.2. Supplier Identification Procedure

The EC shall seek to make an initial determination of the suitability of the applicants and will request information on the following:

1. The applicants profile / details, including organization structure and ownership,
2. Details of products and/or services (category) the applicant seeks to provide,
3. Contracts and values undertaken by the applicant over the last two years,
4. A minimum of three trade references from reputable firms made in the last two years,

Suppliers will procure and fill in the Pre-Qualification Questionnaires (PQQ) at the HC. Applicants shall organize the PQQ and its supporting information in a bound format before submission.

3.11.1.3. Receipting and categorizing of Completed PQQs

1. The bound PQQ package shall be delivered in person at the HC,
2. The package shall be received and recorded in presence of the vendor representative making the submission,
3. All submissions shall be within 21 days of the advertisement date,
4. An opening committee shall be constituted to open the bids in the presence of the applicant's representatives,
5. Each applicant and the category applied for shall be recorded,
6. Within a pre-determined timeline, an EC shall meet to evaluate all applicants based on the pre-determined scores.

3.11.1.4. Suppliers' Evaluation

Making the right choice of suppliers is critical for HCs. Any inaccuracy in the suppliers' selection process can lead to time loss, disruptions and inefficiencies in the health service provision exercise.

Supplier evaluation refers to the process of assessing and approving potential suppliers by quantitative and qualitative assessment. The purpose is to ensure that a range of best Suppliers is available for use.

However, besides the potential suppliers, this process is also applied to the current suppliers in order to measure and monitor their performance for the purposes of: -

1. Reducing costs of the purchases required on the regular basis,
2. Mitigating the chances of risk involved, and
3. Driving continuous improvement in their performance.

Supplier Selection Factors

Much as there is no one best way to select suppliers, as entities use a variety of different approaches, regardless of the approach employed, the overall objective of in the selection process should be to reduce procurement risk and maximize overall value to the buying HC.

For many HCs, affordability may be a key consideration in choosing a supplier. However, cheap suppliers don't always represent the best value for money. So, it is always important to strike a balance between price / cost and other factors.

Also, for any assessment, "killer factors" (for any category of suppliers) ought to be agreed upon - These are principally the most relevant factors for a given assignment. Whoever does not meet or realize these factors, is rendered unsuitable.

As a criteria for assessing the suitability of a potential supplier, HCs may make use of the following Supplier Selection Factors:

<p>a. <u>Dr. Ray Carter's 10 Cs of Supplier Evaluation:</u></p> <ol style="list-style-type: none"> 1. Competency 2. Capacity 3. Commitment 4. Control 5. Cash 6. Cost 7. Consistency 8. Culture 9. Clean 10. Communication 	<p>b. <u>Other factors of Supplier Evaluation are:</u></p> <ol style="list-style-type: none"> 1. Reliability 2. Stability 3. Location and accessibility 4. Delivery and Transportation 5. Service provision 6. Engagement terms and conditions
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How the HC weighs up the importance of these different factors should be based on its priorities and strategies.

These supplier selection factors can also be used in the HC's tendering process.

Otherwise, the most effective suppliers are those who offer items that match - or exceed - the needs of a given HC.

For example, if it wants to cut down the time it takes to serve its clients, suppliers that offer faster delivery will be rated higher than those that compete on price alone.

<p>NB: -</p>	<p><i>But HCs should:</i></p> <ol style="list-style-type: none"> 1. <i>Desist from buying from too many suppliers – a limited number of sources / fewer suppliers are easier to manage - and probably more cost.</i> 2. <i>Avoid having a single supplier - it's always worth having an alternative supply source ready to help in difficult times.</i>
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Analysis against the agreed criteria: -

- a. Each category of suppliers should be assessed differently. However, the potential suppliers therein should be scored using the EC's agreed criteria.
- b. In scoring, the EC should preferably use a Decision Matrix (which is a grid-based analysis tool – in Appendix 5.9) to score each supplier against each against the agreed factors.

- c. A decision matrix is a list of values in rows and columns that allows the EC to systematically identify, analyze, and rate the performance of relationships between sets of values and information.
- d. The decision matrix analysis helps in deciding between several options, where there is a need to take many different factors into account.
- e. Usage / application of the Decision Matrix
 - 1. *For supplier's selections, it works by listing options (i.e. the different suppliers) as rows on a table, and the factors (i.e. for their selection) as columns. So, it is important to first lay out the table (i.e. options as rows and factors to be considered as columns).*
 - 2. *Then score each option/factor combination using numbers from 0 (poor) to 5 (very good). Thereafter, allocate weights to show the relative importance of each of these factors.*
 - 3. *This is then followed by multiplying each score by the weight of the factor, to show the contribution of each option to the overall selection.*
 - 4. *Finally the total scores for each option are added up to get the highest scoring option, which ideally becomes the best option.*
- f. This decision matrix helps in making a decision by weighing up different factors. It is also known as Grid Analysis or a Multiple Criteria Decision Aid or Multiple Criteria Decision Management.
- g. So, with this grid based tool, the EC is helped to choose the supplier that scores best, against the conditions that are most important to the HC. For better understanding on how to use the decision matrix analysis please refer to Appendix 5.9.

The results shall be analyzed as follows:

- a. Applicants who fully meet the pre-set score,
- b. Applicants who meet the minimum pre-set score,
- c. Applicants who do not meet the minimum score.

After analyzing the results:

- a. The EC shall notify the established / best suppliers of the HC's intention to include them in their vendor list,
- b. A site visit will be arranged for any new qualifying applicants while a letter of regret will be sent to unsuccessful applicants,
- c. The EC shall make a record of all its deliberations and decisions,
- d. The survey team prepares a report on their findings, overall opinion and recommendation,

- e. All members must sign on the report before submission to the CC who shall assess and make a final recommendation on an applicant.

It should be noted that Suppliers may be exempt from the pre-qualification procedure where the CC deems this as not practical e.g. where the supplier is the only provider of the item.

3.11.1.5. Creation of New Supplier List

1. All recommended applicants shall be collated by the committee into a New Supplier/Vendor List, broken down into the respective procurement categories,
2. Each category must have at least two suppliers and a maximum of 4 suppliers.

3.11.1.6. Approval of New Supplier List

1. The Suppliers List shall be presented to the PDC for final review, input and approval,
2. Once approved, a Vendor is included on the approved vendor list,
3. Once in force, vendors outside the approved list shall not be used to provide supplies unless through an open tender process,
4. A supplier pre-qualified to provide a particular item, category of products or services shall not be used to provide any other item, goods or services,
5. If there is need to use a supplier to supply a category for which the supplier was not originally pre-qualified, such a supplier will be pre-qualified afresh and subsequently approval by the Management shall be required.

NB: -	<i>Buying from carefully agreed suppliers could have a number of benefits. It eases the control the HC's suppliers, the HC can become more important to these suppliers, and there is a higher possibility of HC making deals that give it an extra competitive advantage.</i>
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3.11.1.7. Steps to be taken in ordering for a given purchases

After selecting a given supplier, the following are the steps to be taken in ordering for the required purchases from the pre-qualified suppliers (i.e. on the ASL).

1. The Purchasing Officer raises an LPO
2. The LPO is approved by the authorized signatory depending on the threshold
3. The Finance sends back the LPO to the Purchasing Officer

4. The Purchasing Officer sends the LPO to the supplier
5. The supplier delivers items to stores with a Delivery Note and an Invoice
6. Stores attach all documents and sends them to the Purchasing Officer
7. The Purchasing Officer forwards the documents to Finance for payment
8. Finance sends the documents to the paying cashier
9. The paying cashier prepares the payment voucher and cheque for the supplier
10. Finance captures the information in the system.

For any Supplier to be enlisted on the ASL or eligible for receiving an order from the HC, s/he must once have gone through the Tendering Process. If not then, the PO should send the purchase requisition to the EC for bid invitations, analysis and the resultant recommendation for award of contract

3.12. Procurement Contracts

Procurement contracts are types of contracts used to “procure” or purchase goods or services in exchange for payments. They are at times referred to as purchase contracts. They establish a legally binding business relationship between the procuring HC and the respective supplier.

Procurement contracts provide a blueprint that allows both parties to collaborate confidentially. These contracts protect both parties throughout the term of engagement and they should preferably be generated by the HC (as the buyer).

3.12.1. Elements of procurement contracts

In procurement contracts, parties generally layout the foundation of their relationship in form of the fundamental elements of the agreement.

The following are considered the core procurement elements:

1. Scope: - Also referred to as “specifications”. The scope defines exactly what is required and includes a detailed description of the design and materials. It also defines what is included and excluded as part of the scope. The scope is the “what” of the procurement.
2. Time: - This refers to the timing of when the scope is to be delivered. Timing also refers as to when the payment is to be made.
3. Price: - This determines the value to be paid and the terms of payment. This can be either upfront, in instalments or within a certain period of time.
4. Specification: - This refers to the technical and quality requirements of what is required. The specific sizing, delivery criteria, quality criteria, are among the things that may be specified.

5. Terms: - These are generally the terms and conditions that among others highlight the contractual rights and obligations of parties.

For every engagement, HCs should plan ahead for what happens if either party (i.e. the HC or the supplier / provider) decides to break the terms of the contract.

For both parties, abiding by the agreed upon terms and conditions is crucial. Otherwise there is a risk of legal claims or litigation for noncompliance.

3.12.2.Types of contracts

Procurement results in obtaining appropriate purchases that meet standards of time, location, quality, and quantity at the best possible cost. In a Health Centre setting, in respect of a procurement activity, the relevant delegated authority should use any or a combination of the contract types specified below:

1. Lump sum/ fixed price contract: - A lump sum contract is to be used where the content, duration and Outputs of the procurement are well defined.
2. Time-based contract: - This contract is to be used where the scope and duration of the procurement requirement is difficult to define.
3. Framework contract: - This contract is to be used where a requirement is needed “on call” but where the quantity and timing of the requirement cannot be defined in advance; or where the requirement is needed repeatedly or continuously over a period of time.

Framework agreements can last anywhere from a few months to over a decade but typically last between 2 and 5 years.

These contracts are mostly suitable for purchases that are required on a regular basis such as drugs and medical supplies, foodstuffs, stationary and any other items of routine nature.

Otherwise, HCs are to make framework contracts only under the following circumstances. I.e. when: -

- a. *The same goods or services are needed “on call”, but where the quantity of the requirement cannot be defined in advance.*
- b. *These goods or services are needed throughout a time period, typically one year.*
- c. *The unit cost can be well-defined and details can be specified.*

- d. *A single supplier is capable of delivering throughout the length of the contract.*
- e. *Ordering in quantity facilitates more favorable contract terms, such as bulk discounts.*
- f. *Making impromptu deliveries minimizes the stocking risk and costs.*
- g. *Payment can be made on the basis of goods supplied or services done.*

NB: -	<i>Framework contracts / blanket order purchases should never be made where the price of the required purchase is not guaranteed, where the quality of the product is unreliable, or where the supplier cannot be trusted.</i>
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4. Percentage based contract: - This is to be used where it is appropriate to relate the fee paid directly to the estimated or actual cost of the subject of the contract.
5. Cost reimbursable contract: - This is to be used for emergency work where there is insufficient time to calculate fully the costs involved; or for high risk works, where it is more economical for the HC to bear the risk of price variations than to pay the supplier / provider to accept the risk or where the supplier / provider does not accept the risk.
6. Target price contract: - This contract is to be used instead of a cost reimbursable contract where a target price can be agreed and cost savings may be achieved by offering an incentive payment to the Supplier for any cost savings below the target price.
7. Retainer contract: - This contract is to be used to retain a supplier / provider to provide services over a prescribed period of time, without defining the level and actual amounts of services required.
8. Success fee contract: - This contract is to be used to link the fees of a supplier/ provider to an achieved objective to provide an incentive to the successful completion of a particular task, event or action.

3.13. Invitation for bids

An invitation for bid or invitation to bid or invitation to tender (or sometimes 'invitation to treat') is a formal invitation to make an offer for the supply of goods or services.

It is an invitation to suppliers, through a bidding process, to submit a proposal on a specific project to be realized or product or service to be furnished.

It is used in situations where potential suppliers or service providers differ principally on price. It differs from a request for proposals, in that the objective is to obtain the supplier's proposals concerning the costs with less emphasis on the bidder introducing his / her own ideas on how to perform the service.

So, it entails competitive bidding mainly on price, and this can be done either through open or closed tendering / bidding.

3.13.1. Letter of Invitation

A letter of invitation to bid is a formal competitive call for “sealed bids”. In case of an open bid, it will require an advertised public opening conducted at the time and date specified in the invitation.

The bids are to be evaluated and the contracts awarded to the best bidders with the lowest price and have met the specifications requested for. These are the major considerations in the award process.

Otherwise, the letter of invitation to bid shall contain but not limited to the following:

1. Detailed specifications/requirements for the goods and services to be ordered,
2. Initial time-lines requirements, including any pre-bid meetings for the bid,
3. Instructions to bidders,
4. Currencies and terms of payments,
5. Submission of bidders,
6. Any other vital information that will be considered while selecting the best bid.

3.13.2. Bid Evaluation Process

As highlighted before, all evaluations of suppliers for high value purchases ought to be done by ECs, which in this respect report to the CC.

1. Evaluate and tabulate bid responses for award,
2. Award the best bidder as recommended, inform the best bidder and post results within 72 hours,
3. Award letter is issued by the CC to the selected supplier,
4. Preparation and review of the draft contract documents,
5. Two sets of contract documents are be sent to successful supplier for signature, and upon return, the HC will keep record.
6. Fully signed copy of the contract is issued to the supplier, a copy of the original kept by the finance (with duplicate copy to the UD).

3.14. Contract management

Procurement does not end when the contract is awarded, effective post-award contract management is essential. Managing a contract after its award is important to ensure that a procuring HC gets the value it expects from the money it spends.

3.14.1. Interpretation of contract management

In the context of this Guide, contract management is the process of managing suppliers' contracts, deliverables, deadlines, contract terms and conditions so as to serve to the agreed to expectations of both principal parties (i.e. the HC and the Supplier).

Contract management is based on the idea that the contract is an agreement, a partnership with rights and obligations that must be met by both sides to achieve the goal. So, it is aimed not at finding fault, but rather at identifying problems and finding solutions together with all contracting parties involved.

3.14.2. Responsibilities under contract management

For significantly large and/or complex services, such as framework contracts that run for more than one year, elaborate contract management is required. Spot (one off) purchases and simple/minor contracts may not require such, though monitoring performance of these contracts is important.

The responsibility of contract management is vested in HC's In-Charge who in liaison with the PDC and the respective Procurement Officer is responsible for following up and ensuring that the actions of the supplier and the HC are in line with the contractual responsibilities.

So, s/he is responsible for ensuring that any claim or dispute is resolved amicably according to the terms of the contract.

3.14.3. Contract performance monitoring and control

The HC through the PDC shall monitor procurement contracts, particularly multi-year contracts in order to ensure that suppliers / providers meet their contractual obligations.

Contract management largely entails contract monitoring and documenting performance. If deemed necessary, a special contract management team might be instituted to monitor specialized works or services.

Observing and collecting of the required contract information is to be directed at the following four general control points. These include:

1. Cost control
2. Schedule control
3. Compliance with specifications, terms of reference, statement of work (quality assurance and control)
4. Compliance with terms and conditions, paperwork requirements, and administrative aspects of the performance.

During the execution of a contract, record keeping shall be a key function particularly with regard to documenting the progress and performance of the contract including contract variations.

Some of the important documents generated in contract execution are to include:

1. The contract agreement,
2. Contract work plan,
3. Payment schedules,
4. Progress reports,
5. Minutes of contract review meetings,
6. Contract amendments
7. Variation applications,
8. Approval of amendments,
9. Completion certificates.

3.14.4. Contract Payments

All payments shall be made according to the terms and conditions spelt out in the contract and final payments shall be made after submission of the certificate of completion dully approved by HC representative.

3.14.5. Breach and termination of contract

Parties to the contract must fulfill their duties as agreed-upon. If this does not happen, then the contract is to no longer be valid and shall be terminated. However, acceptable breach conditions shall vary according to what was specified within the contract.

3.15. Procurement complaints management

3.15.1. Complaint definition

In simple terms, a complaint is an expression of dissatisfaction.

It is an issue or concern expressed by a supplier in relation to the process and probity applied by a HC when carrying out a procurement activity.

3.15.2.Purpose of complaints management

Complaints handling is an invaluable opportunity for HCs to identify areas of improvement. Allowing such expressions of dissatisfaction to be met with positive responses and actioning improvements is crucial to any successful business.

So, complaints management is about resolving individual complaints and identifying opportunities to make systemic improvements.

3.15.3.Eligibility for complaining and ways of getting Complaints

Persons who can complain about the HC's procurement operations or activities may include but are not limited to suppliers, any staff of the HC, stakeholders affected by the HC's transactions.

So, staff are to be encouraged to facilitate suppliers / their representatives to make suggestions, raise concerns and make complaints.

Complaints can be made in writing, by phone, email, or in person. However, formal complaints must be made in writing either directly from the complainant or via someone acting on their behalf.

3.15.4.General principles of complaints

1. All complaints should be dealt with as quickly and efficiently as possible.
2. Complainants should give as much detail as possible but there is no mandated scope or format
3. Complainants should be requested to provide contact details so that a response can be made to them as well as requests for additional information if required.
4. Where the HC receives an anonymous complaint there is no duty to pursue the matter and if investigated, the results may not be distributed.
5. All complaints will be recorded and detailed notes of any complaints will be retained by the HC for a period of not less than three years after lodgment.
6. Confidentiality will be maintained at all times and the complainant will not be victimized or harassed as a result of any complaint.
7. The complaints handling process is to be provided free of charge to the complainant.

3.15.5. Formal Procedures for complaints

The formal procedures will need to be used when initial attempts to resolve the issue are unsuccessful and the person raising the concern remains dissatisfied and wishes to take the matter further.

So, formal complaints are those concerns which have not been resolved informally, and which are thus set out in writing, and forwarded to the HUMC for resolution.

For complainants who can't write, a staff member, or a community representative, may take on this role of acting on behalf of the complainant if they are contacted directly about a complaint.

3.15.6. Framework of principles

The HC's complaints procedure will aim to:

1. encourage resolution of problems by informal means wherever possible;
2. be easily accessible to all concerned stakeholders;
3. be simple to understand and use;
4. be impartial;
5. be non-adversarial / confrontational;
6. allow swift handling with established time-limits for action and keeping people informed of the progress;
7. ensure a full and fair investigation by an independent person where necessary;
8. respect people's desire for confidentiality;
9. address all the points at issue and provide an effective response and appropriate redress, where necessary;
10. provide information to the HC's senior management team so that services may be improved.

3.15.7. Investigating complaints

At each stage, the person investigating the complaint will ensure that they:

1. establish what has happened so far, and who has been involved;
2. clarify the nature of the complaint and what remains unresolved;
3. meet with the complainant or contact them (if unsure or further information is necessary);

4. clarify what the complainant feels would put things right;
5. interview those involved in the matter and/or those complained of, allowing them to be accompanied if they wish;
6. conduct the interview with an open mind and be prepared to persist in the questioning;
7. keep notes of the interview.

3.15.8.Resolving Complaints

A three stage process for considering complaints resolution is to be in operation in the HC. If the aggrieved person feels offended or intimidated by the would-be person to investigate the complaint at a given level, s/he may lodge the complaint directly to the next level in the row.

The 3 stage process as follows: -

1. **Stage 1:** It is expected that the majority of complaints by suppliers and others will be resolved at Stage 1 informally, through discussion with the supplier, any staff. If satisfied the supplier or other person should say so and the matter is at an end. If they are not satisfied the supplier or other person should go to the HOD. If not in agreement, the complainant should put their complaint in writing to the HC In-charge.
2. **Stage 2:** At this stage the complaint will be investigated by the In-charge or member of the PDC. If satisfied the supplier or other person should say so and the matter is at an end. If they are not satisfied the supplier or other person should be advised to put their complaint in writing to the HUMC Chairperson.
3. **Stage 3:** At this stage the complaint will be considered by the HUMC as a Procurement Complaints Appeals Committee (PCAC) or Procurement Tribunal. It will be considered, investigated and action will be determined by the HUMC members who will inform the supplier or other person of their decision in writing. Further guidance for the PCAC is in the Appendix.

At each stage in the procedure, the person investigating the complaint, should keep in mind ways in which a complaint may be resolved. It might be sufficient to acknowledge that the complaint is valid in whole or in part. In addition it may be appropriate to offer one or more of the following: -

1. an apology;
2. an explanation;
3. an admission that the situation could have been handled differently or better;
4. an assurance that the event complained of will not recur;
5. an explanation of the steps that have been taken to ensure that it will not happen again;

6. an undertaking to review HC's procedures in light of the complaint.

3.15.9. Vexatious Complaints

There will be occasions when, despite having followed procedures, the complainant remains dissatisfied. If the complainant tries to reopen the same issue, the chair of the HUMC is to inform him / her in writing that the procedures were exhausted and that the matter is now closed.

3.15.10. Time-Limits

An effective complaints procedure will have realistically drawn time limits for each action within each stage. However, where further investigations are necessary, new time limits can be set and the complainant sent details of the new deadline and an explanation for the delay.

3.15.11. Official misconduct

The HCs are to make clear statement to all staff that fraud, corruption or serious or systemic misconduct or maladministration is not to be accepted and will not be tolerated.

Official misconduct is an offense that occurs when a staff member violates the rules or regulations of their role. Therefore, the In-Charge has an obligation of reporting any matters concerning allegations of corrupt conduct or gross misconduct in relation to procurement to the HUMC.

Gross misconduct is described as an act that is so serious or having such serious consequences that it may call for dismissal without notice for a first offence.

Acts or omissions that will amount to gross misconduct should be those that destroy the relationship of trust and confidence between the HC and the respective staff, making the working relationship impossible to continue. Such acts may include, but are not limited to fraud, theft and gross negligence.

3.16. Procurement Performance Evaluation and Measurement

3.16.1. The purpose of performance evaluation and measurement

Performance evaluation and measurement of procurement as a function is a good practice undertaken to ensure that procurement services are continuously improved.

3.16.2. Key Evaluation Indicators

Performance evaluation should focus on understanding the extent to which internal customers are satisfied; understanding different factors that may be causing problems; focusing attention on priority areas when seeking solutions to problems and identifying new approaches to improving performance.

3.16.3. Performance measures and targets setting

1. The realistic and measurable targets for key performance indicators are to be developed by the PDC.
2. The targets will be reviewed from time to time whenever circumstances warrant such reviews.
3. The areas to be covered when measuring the HC's performance in regard to procurement should be based on internal customer satisfaction in terms of:
 - a. Timeliness;
 - b. Availability of supplies in terms of supply range, quality, continuity of supply;
 - c. Reduction of lead time in the procurement process;
 - d. Quality in terms of appropriateness to requirements;
 - e. Cost reduction and cost avoidance; and
 - f. Customer service in terms of provision of information and technical support to customers and problem solving.

3.16.4. Evaluating and Measuring Suppliers' Performance

1. The supplier's performance may have a positive or negative impact on the HC's overall performance, so it has to be incorporated into the performance management programme.
2. Performance gaps, if identified, will be communicated to the supplier(s) as feedback in order to improve performance by addressing and eliminating weaknesses. The eventual result should aim at having capable and reliable suppliers.
3. Suppliers who have not improved on their performance should be removed from the register of suppliers.

4. HIGHLIGHTS ON DISPOSAL

4.1. Defining disposal

Disposal is the action or process of getting rid of something. In the context of this guide, it implies formally getting rid of long term assets either reallocation, donation, write off, sale, loss / theft.

4.2. Fixed assets management

Fixed assets management is an accounting process that seeks to track fixed assets for the purposes of financial accounting, preventive maintenance, and theft deterrence.

4.3. Fixed assets disposal

Given that disposal in an aspect of fixed assets management and indeed the last stage of the fixed assets management cycle (as the cycle literally begins with procurement), it is hereby elaborated in the standalone fixed assets management guide and not in this guide.

Otherwise, based on the above interpretation, fixed asset disposal is the removal of a long-term asset from the HC’ accounting records. Fixed assets disposal is considered an important concept because capital assets are essential to successful business operations.

5. APPENDICIES

5.1. Approval of the Guide

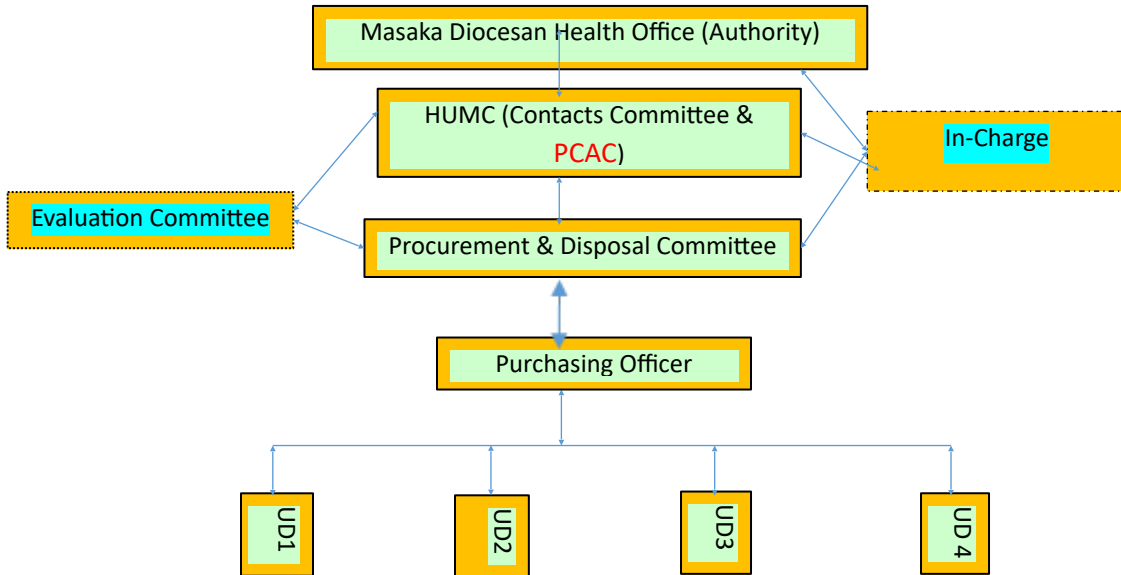
The following persons on behalf of Masaka Diocesan Health Board hereunder cause their respective hands in approval this Guide on this day of and shall be in effect from the day of

	Designation	Name	Telephone	Signature
1.				
2.				
3.				

Stamp /Seal

5.2. Procurement and Fixed Assets Management Structure in MDLLUs

PROCUREMENT AND FIXED ASSETS MANAGEMENT STRUCTURE IN MASAKA DIOCESAN HEALTH CENTRES



Key:

HUMC – Health Unit Management Committee

5.3. Delegation of Authority and Segregation of Duties in HCs

Person / Organ	Description of roles & responsibilities	1 -	200	500	5,00	10,0	15,0	50,0	100
		200	,00	,00	0,00	00,0	00,0	00,0	,00
		0	1 -	0 -	01 -	00 -	00 -	00 -	00
		,00	499	4,9	9,99	14,9	49,9	99,9	99,9
		0	,99	99,	9,99	99,9	99,9	99,9	&
			9	999	9	99	99	99	abo
									ve
UDs	Initiate procurement and disposal requirements	✓	✓	✓	✓	✓	✓	✓	✓
HOD	Identifies purchases required for implementation the HC's planned activities.	✓	✓	✓	✓	✓	✓	✓	✓
Cashier	Manages petty cash requests & prepares petty cashbook.	✓							
In-Charge	Authorizes payments.	✓	✓						
In-Charge	Reviews documentation prior to preparing payments	✓	✓	✓	✓	✓	✓	✓	✓
Purchasing Officer	Conducts procurement process and completes all procurement documentation.	✓	✓	✓	✓	✓	✓	✓	✓
PDC	Conducts budget reviews to ensure funds are available for proposed purchase.	✓	✓	✓	✓	✓	✓	✓	✓
PDC	Guides the delegated authority to ensure that all purchases are competitively and properly executed in the best interest of the HC.	✓	✓	✓	✓	✓	✓	✓	✓
PDC	Awards contracts	✓	✓						
CC	Awards contracts			✓	✓	✓	✓	✓	✓
Delegated authority – Level 1 (In-Charge)	Authorizes payments and ensures procurement meets compliance requirements.	✓	✓						
Delegated authority – Level 2 (HUMC)	Authorizes payments and ensures procurement meets compliance requirements.			✓	✓	✓	✓	✓	✓

5.4. Documentation raising, review and approval guide

Document	Prepared by:	Reviewed & approved by:	Authorised by:	Sent to:
Purchase Request Voucher	Any staff member	Budget holder	Delegated authority	Purchasing Officer
Request for Quotations / Tender	PO	Budget holder	Delegated authority	Suppliers
Bid Matrix - Items under 500,000/=	PO	Budget holder	Delegated authority	Purchasing Officer
Bid matrix - Items over 500,000 -4,999,000/=	PDC Secretary	Budget holder	Delegated authority	Purchasing Officer
Bid Matrix - Items over 5,000,000/=	EC Secretary	Budget holder	Delegated authority	CC
LPO	PO	Budget Holder / Finance Staff	Delegated authority	Appointed supplier
GRN	Store keeper	Budget holder	Delegated authority	Supplier & Finance Staff
Goods Request Voucher	Any staff member	Budget holder	Delegated authority	Store keeper
Payment Requisition	PO	Budget Holder / Finance Staff	Delegated authority	Finance Staff for record keeping

- NB:** - 1) *Budget holders are the Heads of Department.*
- 2) *A delegated authority is that person / organ with the mandate to authorize the effecting of the procurement decisions by signing the respective documentation.*

For the case of HCs, the delegated authority is majorly split between the HUMC (which is to play the role of the CC) and the In-Charge (who, heads the administration team).

5.5. Extract of a Purchase Request Voucher**ABC HEALTH CENTRE III****P.O.BOX, 1 MASAKA****PURCHASE REQUEST VOUCHER (PRV)**

PRV No:	
Requesting Department:	
Project Name:	
Date of Request:	
Planned date of Delivery:	

REQUEST FOR DETAILS:	
Name of Requesting Officer:	
Mobile Telephone:	
Signature:	

The above Officer Requests for the following items: -				
DETAILS OF GOODS:				
No.	Item Name	Description / Specifications	Qty	M. Unit

DELIVERY PARTICULARS:		PRV APPROVED BY:	
Delivery Address		Name:	
Contact Person		Position / Designation:	
Mobile Telephone		Signature & Date:	

ADDITIONAL REMARKS / NOTES

Appendix

Continuation of List i.e. DETAILS OF GOODS:				
No.	Item Name	Description / Specifications	Qty	M. Unit

5.6. Sample of a Procurement Plan

ABC HC III - 2020 / 2021 Procurement Plan										
UD	Type of purchase	Item required	Item Specification	Qty	Estimate in UGX – '000'	Procurement procedure	When the item needed	When procurement must start	Funding Source	Comments / Notes
In patents	Goods	Beans	Kanyeebwa	8,000 kgs	12,000	Open bidding	September	Immediately	User fees	
In patents	Goods	Mosq. nets	Blue 3x6 ft	120 pcs	1,440	Competitive negotiation	October	Beginning August	UCMB	
Fin. & Admin	Service	Auditing	External	1	8,100	Restricted bidding	At the year end	August	User fees	
Maternity	Works	Ward repairs	Roofing	1	60,000	Open bidding	October	August	RHSP	Funds received

5.7. Extract of an Approved Supplier List

ABC HC III - 2011 / 2012 Approved Supplier List								
	Name of Supplier	Date of 1 st engagement	Item Group / Classification	Description of Items /services supplied	Business' Physical Location	Business' Postal & Email Address	Name of Contact Person	Telephone of Contact Person
1.	Muto Hardware	2021	Hardware Materials	Cement, iron sheets, nails etc	Plot 5 Edward Mawogola Street, Masaka Town		Kaliisa Moses	077-2-425027
2.	Shiva Maize Millers	2010	Maize Flour	Maize flour	Bukakata Road, Nnyendo		Waliggo Emmanuel	077-2-523876
3.	Tusabe Petro Station	2018	Vehicle fuel and lubricants	Vehicle fuel and lubricants	Masaka – Kamapala Rd. Opp. Ambiance		Herman Muzeeyi	
4.	Pax Insurance Co.	2007	Insurance services	Policies for motor 3 rd party, fire, Burglary etc	Plot 6 Edward Avenue, Masaka Town		Muyanja Chris	077-2-476 259

5.8. Additional Guidance for the Procurement Complaints Appeals Committee

GUIDANCE FOR THE PROCUREMENT COMPLAINTS APPEALS COMMITTEE

The Responsibility of the Procurement Complaints Appeals Committee

The PCAC can:

1. dismiss the complaint in whole or in part;
2. uphold the complaint in whole or in part;

3. decide on the appropriate action to be taken to resolve the complaint;
4. Recommend changes to the HC's systems or procedures to ensure that problems of a similar nature do not recur.

There are several points which any governor sitting on the PCAC needs to remember:

1. It is important that the appeal hearing is independent and impartial and that it is seen to be so. No governor may sit on the panel if they have had a prior involvement in the complaint or in the circumstances surrounding it. In deciding the make-up of the panel, members need to try and ensure that it is a cross-section of the categories of governor and sensitive to the issues of race, gender and religious affiliation.
2. The aim of the hearing, which needs to be held in private, will always be to resolve the complaint and achieve reconciliation between the HC and the complainant. However, it has to be recognized the complainant might not be satisfied with the outcome if the hearing does not find in their favour. It may only be possible to establish the facts and make recommendations which will satisfy the complainant that his or her complaint has been taken seriously.
3. An effective PCAC will acknowledge that many complainants feel nervous and inhibited in a formal setting. Suppliers often feel emotional when discussing an issue that affects their business. The panel chair will ensure that the proceedings are as welcoming as possible. The layout of the room will set the tone and care is needed to ensure the setting is informal and not adversarial.
4. The members sitting on the PCAC need to be aware of the complaints procedure.

Roles and Responsibilities

The Role of the Clerk

The panel or group of members considering complaints must be clerked. The clerk would be the contact point for the complainant and be required to:

1. Set the date, time and venue of the hearing, ensuring that the dates are convenient to all parties and that the venue and proceedings are accessible;
2. Collate any written material and send it to the parties in advance of the hearing;

3. Meet and welcome the parties as they arrive at the hearing;
4. Record the proceedings;
5. Notify all parties of the panel's decision.

The Role of the Chair of the PCAC

The Chair of the PCAC has a key role, ensuring that:

1. The responsibility of the PCAC is explained to the parties and each party has the opportunity of putting their case without undue interruption;
2. The issues are addressed;
3. Key findings of fact are made;
4. Suppliers and others who may not be used to speaking at such a hearing are put at ease;
5. The hearing is conducted in an informal manner with each party treating the other with respect and courtesy;
6. The PCAC is open minded and acting independently;
7. No member of the PCAC has a vested interest in the outcome of the proceedings or any involvement in an earlier stage of the procedure;
8. each side is given the opportunity to state their case and ask questions;
9. Written material is seen by all parties.

If a new issue arises it would be useful to give all parties the opportunity to consider and comment on it.

Notification of the PCAC's Decision

The chair of the PCAC needs to ensure that the complainant is notified of the PCAC's decision, in writing, with the PCAC's response; this is usually within a set deadline which is publicized in the procedure. The letter needs to explain if there are any further rights of appeal and, if so, to whom they need to be addressed.

Checklist for a PCAC Hearing

The PCAC needs to take the following points into account:

1. The hearing is as informal as possible.

2. Witnesses are only required to attend for the part of the hearing in which they give their evidence.
3. After introductions, the complainant is invited to explain their complaint, and be followed by their witnesses.
4. The In-charge may question both the complainant and the witnesses after each has spoken.
5. The In-charge is then invited to explain the HC's actions and be followed by the HC's witnesses.
6. The complainant may question both the In-charge and the witnesses after each has spoken.
7. The PCAC may ask questions at any point.
8. The complainant is then invited to sum up their complaint.
9. The In-charge is then invited to sum up the HC's actions and response to the complaint.
10. Both parties leave together while the PCAC decides on the issues.
11. The chair explains that both parties will hear from the PCAC within a set time scale.

5.9. Understanding Decision Matrix Analysis Tool

Description and purpose of a decision matrix

1. A decision matrix is a list of values in rows and columns that allows one to systematically identify, analyze, and rate the performance of relationships between sets of values and information.
2. Decision matrix analysis is a useful technique to use for making a decision. It aids in making a decision by weighing up different factors. It is also known as Grid Analysis.
3. It's particularly powerful where you have a number of good alternatives to choose from, and many different factors to take into account.
4. Decision matrix analysis helps to decide between several options, where you need to take many different factors into account.
5. This makes it a great technique to use in almost any important decision where there isn't a clear and obvious preferred option.

How to Use the Tool

1. To use the tool, the EC will lay out its options as rows on a table and also set up columns to show the factors it needs to consider. It will then score each choice for each factor using numbers from 0 (poor) to 5 (very good), and then allocate weights to show the importance of each of these factors.

2. Thereafter, it will multiply each score by the weight of the factor, to show its contribution to the overall selection.
3. Finally it will add up the total scores for each option. So, the highest scoring option will be the best option.

Illustrative Example

Assuming HC X needs to find a new supplier for its drugs and it has four options of potential suppliers. Supposing the factors that it wants to consider when selecting the required supplier, are: - cost, quality, location, reliability and payment options, you are required to make use of the decision matrix to come up with the best supplier.

Steps to take: -

Step 1

Draw up a table (as shown in the following figure 1) and list all options of the potential suppliers as the row labels on the table, and list the factors that are needed to consider as the column headings.

Step 2

Next, work your way down the columns of the table, scoring each option for each of the factors in your decision. Score each option from 0 (poor) to 5 (very good). Each option should be scored by how well it satisfies each factor.

Note that you do not have to have a different score for each option – if none of them are good for a particular factor in your decision, then all options should score 0.

Figure 1: Example Decision Matrix Analysis Showing Un-weighted Assessment of How Each Supplier Satisfies Each Factor

Factors:	Cost	Quality	Location	Reliability	Payment Options	Total
Weights:						
Supplier 1	1	0	0	1	3	
Supplier 2	0	3	2	2	1	
Supplier 3	2	2	1	3	0	
Supplier 4	2	3	3	3	0	

Step 3

The next step is to work out the relative importance of the factors in your decision. Show these as numbers from, say, 0 to 5, where 0 means that the factor is absolutely unimportant in the final decision, and 5 means that it is very important.

Note that it is perfectly acceptable to have selection factors with the same importance.

Step 4

Then multiply each of your scores from step 2 by the values for relative importance of the factor that you calculated in step 3. This will give you weighted scores for each option/factor combination as shown in figure 2. This is to be helpful in deciding the relative weights for each of the factors.

Step 5

Finally, add up these weighted scores for each of your options as shown in figure 2. The option that scores the highest wins!

Figure 2: Example Decision Matrix Analysis Showing Weighted Assessment of How Each Supplier Satisfies Each Factor

Factors:	Cost	Quality	Location	Reliability	P a y m e n t Options	Total
Weights:	4	5	1	2	3	
Supplier 1	4	0	0	2	9	15
Supplier 2	0	15	2	4	3	24
Supplier 3	8	10	1	6	0	25
Supplier 4	8	15	3	6	0	32

This makes it clear to the HC that Supplier 4 is the best option, despite the lack of flexibility of its payment options.

- NB:-*
- a. If your intuition tells you that the top scoring option isn't the best one, then reflect on the scores and weightings that you've applied. Unless otherwise, this may be a sign that certain factors are more important to you than you initially thought.*
 - b. Also, if an option scores very poorly for a factor, decide whether this rules it out altogether.*