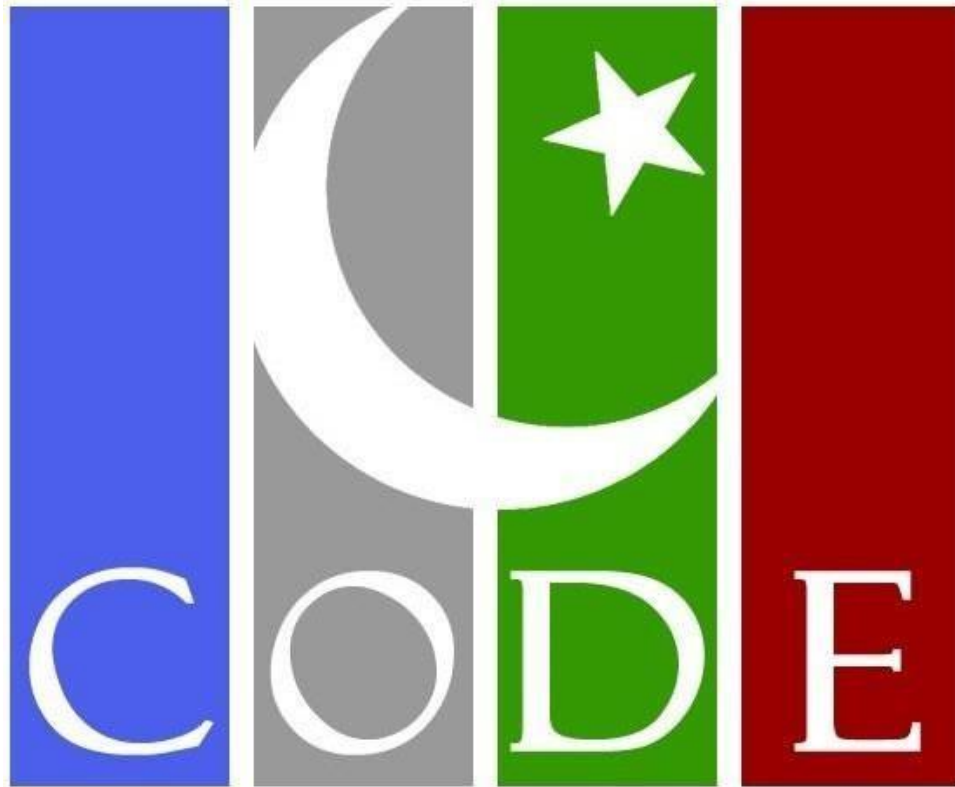


PROCUREMENT POLICY



**CURSOR OF DEVELOPMENT
AND EDUCATION PAKISTAN**

CODE PAKISTAN

2023

1.0. PROCUREMENT POLICY

It is the policy of CODE PAKISTAN to ensure cost effective procurement management through responsible purchasing guidelines. In support of this policy, every effort should be made to locate the lowest and best quality vendors for project purchases.

2.0. ESSENTIAL E'S AND VFN

The underlying principle is that contracts should normally be awarded while keeping in view the three essential E's, i.e., economy, efficiency, and effectiveness. Value for money (VFM) being the prime consideration, all contracts will be, as far as possible, awarded on the basis of competitive tenders. Only in special cases should contracts be awarded on the basis of selective or single tendering. The laws and practices for carrying out procurement should not discriminate between foreign and local products, suppliers, or contractors and the procedures should be transparent and fairly applied.

CODE PAKISTAN will purchase all the goods and services based on the principles of stewardship of resources and competitiveness.

3.0. ETHICAL STANDARDS AND RESPONSIBILITIES

- Staff members must adhere to the ethical standards and responsibilities that apply to procurement activities in order to protect the integrity, fairness and transparency of the procurement process
- All business must be conducted in the best interests of CODE PAKISTAN, avoiding any situation which may impinge, or might be deemed to impinge, on impartiality.
- Public money must be spent efficiently and effectively and in accordance with Government policies.
- Procurement must be done without favour or prejudice to any entity or individual and to maximize value in all transactions.
- Procuring entity must maintain confidentiality in all dealings.
- Personnel involved in procurement must decline gifts, gratuities, or any other benefits which may influence, or might be deemed to influence, equity or impartiality
- Staff involved in the procurement process must adhere to the highest ethical standards while implementing the procurement principles.
- All potential suppliers/contractors must be provided with identical information upon which to base tenders and quotations and must be given equal opportunity to meet the requirements.
- Establish and maintain procedures to ensure that fair and equal consideration is given to all tenders and quotations received.
- Offer a prompt and courteous response to all reasonable requests for advice and information from potential or existing suppliers/contractors.
- Promote fair and open competition and seek value for money for the donor.
- Be equitable in the treatment of all suppliers/contractors.
- Seek to minimize the cost to suppliers/contractors of participation in the procurement process.
- Protect confidential information, deal honestly with suppliers/contractors, keep accurate records to justify the process and any decisions made.
- Complete a conflict of interest declaration and take steps to avoid involvement in any procurement activity where any conflict of interest (actual or perceived) may arise.

- Abstain from soliciting or accepting remuneration or other benefits from a supplier/contractor for the discharge of official duties.

4.0. CONFLICT OF INTEREST

- CODE PAKISTAN should develop and maintain a process for the recording of conflict of interest declarations. Records kept must include details of the action taken to manage the conflict of interest.
- Within the procurement environment, a conflict of interest may arise in connection with such private interests as personal investments and assets, political or other outside activities and affiliations while in the service of the CODE PAKISTAN, the receipt of a gift that may place the staff member in a position of obligation.
- A conflict of interest also includes the use of CODE PAKISTAN assets, including human financial and material assets, or the use of office or knowledge gained from official functions for private gain or to prejudice the position of someone the staff member does not favour.
- A conflict of interest may also arise in situations where a staff member is seen to benefit, directly or indirectly, or allow a third party, including family, friends or someone they favour, to benefit from the staff member's decisions.
- Staff is prohibited from any involvement in a procurement action with a supplier/contractor in which they have a financial interest.

5.0. SCOPE

The policies and procedures indicated in this policy apply equally to the purchase of goods and services. Services consist of any work performed by an independent contractor wherein the service rendered does not consist primarily of acquisition of equipment or materials, or the rental of equipment, materials, and supplies. Services Contract between CODE PAKISTAN and a service provider will be used to established terms and conditions for purchasing services.

All applicable regulations and procedures regarding the use of and accounting for government and other donor funds must be specifically followed. Any deviation from donor regulations or contractual terms, including emergency situations, will be undertaken only after the written approval of the appropriate authorizing official of CODE PAKISTAN and/or the donor. Any questions about these procedures or possible non-compliance should be referred to the President/Executive Body.

These procedures apply to all purchases of goods and services. Project Managers should review grant or other donor agreements to ensure compliance.

Employees conducting business transactions on behalf of CODE PAKISTAN hold a position of trust, which dictates that their actions should be governed by the highest standards of personal and business conduct. All transactions must be undertaken for the exclusive benefit of CODE PAKISTAN and its mission, and not for personal gain.

6.0. BUSINESS RELATIONSHIP AND EHTICS

Ethical business standards will govern all transactions to maintain an atmosphere of honesty and integrity in the procurement. CODE PAKISTAN staff must be aware of situations and circumstances requiring prudent action, including the following:

- a. Proprietary Information: Proprietary information, e.g., specifications, proposal, or quotation particulars, proofs, printing plates, drawings, etc. exchanged during transactions will be treated as confidential and will not be shared outside CODE PAKISTAN's office and, specifically, outside the procurement office without prior approval from the supplier.

- b. Gifts: CODE PAKISTAN staff will not solicit, request, accept, or agree to accept any significant gift from a supplier or prospective supplier. A gift is defined as any tangible item, service, favor, credit, or discount of value, not available to others, that could influence actions. If a CODE PAKISTAN employee receives or is even offered remuneration or a gift, they will report it immediately to the President or the Vice President. Failure to do so will result in immediate termination. No more monies or gifts can be accepted from a vendor for any reason whatsoever. In addition, CODE PAKISTAN's funds should not be used to provide gifts to suppliers or any other group.
2. Eligibility: CODE PAKISTAN, in the form of a Microsoft Excel sheet, will maintain the list of the approved vendors that are able to competitively supply goods and services to the organization.
- a. Procurement Department must evaluate potential vendors with regard to the quality of product and service, price, reliability, delivery time, and overall value.
 - b. On receipt of a duly approved PRF, the purchasing unit will prepare and send out a bid invitation to vendors.
 - c. The invitation will allow at least 5 working days for the vendors to submit their bids. CODE PAKISTAN permits firms and individuals from all parts of the country to offer goods, works, and services. Any conditions for participation will be limited to those that are essential to ensure the firm's capability to fulfill the contract in question. CODE PAKISTAN will not exclude a firm from open competition for a contract for reasons unrelated to its capability to perform the contract in question, unless, as a matter of law or official regulation, the circumstances prohibit relations with the firm.
3. Fraud and Corruption: It will be CODE PAKISTAN's policy to require that bidders, suppliers, contractors, and consultants observe the highest standards of ethics during the procurement and execution of such contracts. In pursuance of this policy, CODE PAKISTAN defines terms set forth below as follows:
- i. 'Corrupt practice' means the offering, giving, receiving, or soliciting of anything of value to influence the action of an official, or the threatening of injury to person, property, or reputation, in connection with the procurement process or in contract execution in order to obtain or retain business or other improper advantage in the conduct of business.
 - ii. 'Fraudulent practice' means a misrepresentation of facts in order to influence a procurement process or execution of a contract to the detriment of CODE PAKISTAN, and includes collusive practice among tenderers (prior to or after tender submission) designed to establish tender prices at artificial, non-competitive levels, and to deprive CODE PAKISTAN of the benefits of free and open competition.
4. In view of the above 'practices', when established, CODE PAKISTAN will;
- i. Reject a proposal for award if it determined that the supplier, contractor, or consultant recommended for award has engaged in corrupt or fraudulent practices in competing for the contract in question;
 - ii. Cancel the portion of the contract for goods, works, and services if it, at any time, determines that corrupt or fraudulent practices were engaged in during the procurement or the execution of that contract;
 - iii. Declare a firm ineligible, either indefinitely or for a stated period of time, to be awarded a contract if it at any time determines that the firm has engaged in corrupt or fraudulent practices in competing for a contract;

- iv. Reserve the right, where a client or a firm has been found by a judicial process or another official inquiry to have engaged in corrupt or fraudulent practices,
- v. Cancel all or part of the contract;
- vi. Declare that such a firm is ineligible, either indefinitely or for a stated period of time, to be awarded a contract; and
- vii. Have the right to require that a provision be included requiring suppliers, contractors, and consultants to permit CODE PAKISTAN to inspect their accounts and records relating to the performance of the contract and to have them audited by auditors appointed by CODE PAKISTAN.

7.0. PROCUREMENT RULES FOR OPERATIONS

7.1. GENERAL

- a. Competition is the foundation for good procurement practice. In addition to economy and efficiency, procurement requires transparency and accountability for the use of funds, and this affects the choice of the procurement method and the documentation and procedures that are used.
- b. Therefore, CODE PAKISTAN requires its clients, in all appropriate cases, to obtain goods, works, and services through open tendering procedures in accordance with the rules outlined in this section. Other methods, (quotation) may be appropriate for special circumstances, depending on the nature and value of the goods, works, or services to be obtained, the required completion time and other considerations. All exceptions to open tendering should be clearly justified and agreed by CODE PAKISTAN and the client, and specified in the legal documentation.
- c. The demand for any required item can be raised by the CODE PAKISTAN staff on the prescribed PRF, which includes technical specifications of item, date of demand, date of requirement, complete account line of the project, and budget available in the given account.
- d. Purchase Requisitions can be raised by a relevant staff member with the exception of being a member of the Procurement Department. The role of the Procurement Department is to supervise and support the process, making sure the process is done quickly and in a compliant manner.
- e. Original receipts, all bid documents, the offer comparative statement and goods receiving note will be assembled and attached to the check payment request for Finance Office to proceed with the payments.
- f. If a similar item(s) is requested within three months of the approval of bid comparison then the requested item can be purchased by referring and attaching bid comparison without going to another bidding process. However, if there is a significant increase or decrease in the prices of the items, a new bidding process is required.
- g. Throughout the purchasing process, the Procurement Officer is responsible to follow up the pending or outstanding purchase requests and notify concerned parties if there are any perceived delays or problems with the requested items.
- h. The requisitioning staff will provide all the necessary information and specifications to ensure that the purchased goods fulfill the requirements of the program.

The Procurement Department will be bound to act only on PRFs that are complete in all respects and received well within reasonable lead time (this may vary from case to case depending on the nature of demand). This allows the Procurement Department enough time for ensuring transparency and ascertaining value for CODE PAKISTAN in all procurements.

All items with value equal to or less than PKR 30,000 will be purchased with the approval of the Department/ Project manager.

- i. Items worth more than PKR 30,000 will need approval of the Purchase Committee. The procurement committee will consider if advertisement is required for the procurement of the goods/services. If yes, suppliers will send in quotations for the provision of the advertised good/services. Otherwise, request for quotations will be issued to three potential suppliers seeking quotations. Upon receiving the quotes, these will be evaluated on the Procurement Assessment Form for selection of qualifying supplier.
- j. Purchase Order is mandatory for all purchases valuing more than PKR 30,000.

7.2. PROCUREMENT OF CONSUMABLES ITEMS (SUPPLIES)

- a. Consumable items with a value of less than PKR 30,000 shall be included in the supplies.
- b. Assets, which are not capitalized and have useful life of more than one year can be included in the Store and spares for supplies.
- c. Purchases of consumable items whose value for quarterly purchases is more than PKR 30,000 have to be brought into the store and spares of supplies.

7.3. GOODS RECEIPT NOTE

- a. Admin unit should ensure that Good Receipt Notes is prepared against each and every delivery of goods.
- b. GRN will be matched with the PO and attached with the AFP for payment processing.

7.4. SUPPLY REQUISITION

- c. Consumables shall be requisitioned on the Supply Requisition Form by the end-user. Requisition will be made directly to the Administration Department.
- d. Upon supply of requisitioned consumables, Administration Department will prepare the GRN to record delivery.
- e. It is the responsibility of the Administration Department to ensure that all consumable items are available in stock at all times. The reorder level should be appropriately assessed according to the requirements.

7.5. PROCUREMENT THROUGH DONOR FUNDS

- a. Procurement from donor fund is mandated in the donor agreement.
- b. Program manager should share the Procurement Plan for goods and services at the time of preparation of the working budget for the project.

7.6. PAYMENT TO VENDORS

Responsibilities Related to Payment:

- a. The Procurement Department will take the overall ownership responsibility of the procurement process.
- b. The Procurement Department is responsible for collating all documents from the vendors, transporters and/or quality surveyors through logistics unit, requisitioning departments or field offices, to ensure that payment is made within the prescribed duration.
- c. The Procurement Department will be responsible for fielding questions from the accounting department of service providers on billing issues.

8.0. CONTRACT NEGOTIATIONS

During contract negotiations, the selected consultant's or firm's proposal may be modified by mutual agreement between CODE PAKISTAN and the consultant/firm. CODE PAKISTAN should indicate any changes that may be

desirable in the scope of services and in the staffing if required, proposed by the consultant, and appropriate adjustments in the price of services should then be agreed.

9.0. CONTRACT ADMINISTRATION

CODE PAKISTAN is responsible for managing and administering the consultant's work to ensure high-performance standards, authorizing payments, making contract changes as may be needed, resolving claims and disputes, ensuring timely and satisfactory completion of the assignment and evaluating the performance of consultants. CODE PAKISTAN will also have the right to verify the credentials of the consultant/ firm through any means. This may include affirming consultant's /firm's qualification, experience, reputation, and any other relevant information.

If CODE PAKISTAN finds that the procurement or administration of a contract has not been carried out in accordance with the agreed procedures, the contract would no longer be eligible for further proceeding and would be canceled without putting any liabilities on CODE PAKISTAN in favor of the firm/consultant. Similarly, in case CODE PAKISTAN finds that the performance of the firm/consultant engaged in any assignment is below the required standards, the contract will be terminated with proper communication to the consultant/firm.

- a. The Procurement Department will ensure compliance with donor procurement regulations, especially those of government and its agencies.
- b. Under no circumstances will a member of the staff collect payment on behalf of the vendor.

10.0. PROCURING RECURRING GOODS AND SERVICES

For regular supplies or services like stationery items, office consumables, general repair maintenance of premises, travel agents, vehicle routine repair/ maintenance, courier services, hotel accommodations, insurance agencies, CODE PAKISTAN will enter into annual contracts with the selected vendors, after completion of the canvassing and selection. Annual contracts may be renewed with the same service supplier if there are no variations in prices up to a maximum of up to 2 years. This will be documented by the Procurement Department and put up for approval by the CEO/President. The contract will be reviewed on an annual basis or even during the tenure of the contract if there are abnormal price fluctuations in the market and as required by both parties.