

**FREEHEARTS AFRICA REACHOUT  
FOUNDATION (FAROF)**



**PROCUREMENT POLICY AND  
PROCEDURE MANUAL**

**2023**

**ACRONYMS**

CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
DDFG	Deputy Director Finance and Grants
DDP	Deputy Director Programs
DDM&E	Deputy Director Monitoring and Evaluation
EOI	Expression of Interest
FAROF	Freehearts Africa Reachout Foundation
GRN	Goods Received Note
HOD	Head of Department
ICB	International Competitive Bidding
ISO	International Standard Organization
ITB	Invitation to Bid
LIB	Limited International Bidding
LPC	Local Procurement Committee
LPO	Local Purchase Order
NCB	National Competitive Bidding
RFP	Request for Proposal
RFQ	Request for Quotation
SO	Service Order
SOW	Scope of Work
TOR	Terms of Reference
VAT	Value Added Tax
WHT	Withholding Tax
WO	Work Order

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## **1. INTRODUCTION**

All procurement of goods, works or services by Freehearts Africa Reach Out Foundation (FAROF) deserve the highest degree of public trust and must be conducted within the standards of global best practice.

This manual shall serve as a guide to all FAROF staff engaged directly or indirectly in the procurement of goods, works and services to ensure that best practice, efficiency, effectiveness, economy and competitiveness are achieved.

## **2. CARDINAL PRINCIPLES**

To provide an efficient and effective procurement system that ensures optimal value in the acquisition of goods and services, procurement in FAROF shall be anchored upon the following cardinal principles:

### **2.1. Value for Money**

FAROF shall in all procurements seek to obtain efficiently, ethically and with best judgment, the best value for monies spent on goods, works and services.

### **2.2. Transparency and Accountability**

Procurement in FAROF shall be conducted in a manner that will enhance credibility and public trust in all process without impropriety or any appearance of impropriety. All procurement transactions on behalf of FAROF must be reflected accurately and fairly in accordance with best commercial practice and ethical standards and shall be subject to both internal and external audit.

### **2.3. Competition**

Competition shall be FAROF procurements and all vendors shall be given a fair opportunity to participate without discrimination or preferential treatment. All cases requiring waiver to competition shall adhere to strict reviews and approval process to ensure that it is not abused.

### **2.4. Minimization of Risk**

Procurements in FAROF shall seek to minimize risks by appropriately apportioning risks, liabilities and obligations to all parties involved in procurement contracts. It shall also seek to guard against non-compliance with specifications and terms of contract, over-payment for goods and services, loss of commercial opportunity, acceptance of defective supplies, unnecessary exposure to uninsured liabilities, as well as financial and reputational loss in all procurements.

## **3. POLICIES**

It is important for FAROF to fulfill social responsibilities demanded of a corporate organization. Based on this understanding, procurements in FAROF shall adhere to the following policies:

- a) **Adherence to National Legislations, International Regulations and Social Standards of Conduct**

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Local and international laws, regulations, standards, legal restrictions and morals etc. shall be observed in FAROF procurements and all actions shall be with noble intentions.

b) **Securing Safety and Health**

Safety and health measures shall be emphasized, observed and secured in all procurements.

c) **Sustainability of the Environment**

FAROF upholds the principle of “green procurement” and shall seek to procure goods and services that lessen the burden on the environment and ensures its sustainability in their production, use and final disposition, whenever possible and economical.

d) **Management and Protection of Information**

All classified or otherwise sensitive information obtained through procurement activities shall not be divulged without the express written consent of the other party. Such information shall be treated as confidential.

e) **Provision of Fair Participation Opportunities**

All eligible bidders both foreign and local shall be given the same information and equal opportunity to compete in providing goods, works and services.

f) **Selection of Vendors/Suppliers**

Aside the cost, other factors such as reliability of management, quality, timeliness, safety, accuracy of supplies, after-sales service etc. shall be reviewed as a whole before selection is made.

g) **Establishment of Mutual Trust with Suppliers**

FAROF shall seek to establish mutual trust with vendors through fair purchasing transactions; and shall work to establish a trade relationship that lasts and allows both parties to prosper in the long run.

h) **Strict Adherence to FAROF Financial Policy**

All procurements shall be carried out in strict adherence to and without deviation from financial regulations stipulated in FAROF Financial Policy Manual.

i) **Adherence to FAROF Sub-contract Terms:** Procurements shall be carried out in accordance with the terms of grant.

j) **Debarment Certification of Vendors**

Vendors shall be made to complete the Vendor Debarment Certification Forms for all procurement of goods, works and services with value from One million (NGN 1,000,000) and above. (or Foreign Currency equivalent –e.g. USD as applicable to various awards)

## 4. PROCUREMENT ETHICS

FAROF shall seek to increase public confidence in its procurement process by allowing vendors to compete for transaction opportunities on a fair basis. Staff associated with the procurement function shall be responsible for protecting the integrity of the procurement process and maintaining fairness in the treatment of all suppliers.

The Standard of conduct for all staff involved in procurement activities shall include:

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- a) At the pre-bidding phase, staff **shall not** allow supplier(s) access to information on a particular acquisition before such information is made available to the business community at large.
- b) Staff **shall not** use unnecessary restrictive specifications or statements of work that may discourage competition.
- c) Staff **shall not** solicit or accept, directly or indirectly any gratuity, gift, favor, entertainment or any promise of future gratification from anyone who has obtained or is seeking to obtain contract with FAROF.
- d) Any staff member found to have financial interest in the bidding process **shall be** prohibited from any involvement in the procurement action.
- e) Staff **shall not** disclose proprietary and source selection information, directly or indirectly, to any person other than a person authorized to receive such information.
- f) Any staff that procurement authority is delegated to, **shall ensure** that he/she obtains high quality goods and services at the lowest possible cost and must ensure that all procurement procedures are conducted in a fair and impartial manner without any impropriety or appearance of impropriety.
- g) Procurements **shall not** be split into smaller units with the intention of side-tracking or circumventing existing procurement procedures.
- h) To avoid conflict of interest, vendors related to officials involved in procurement shall not be allowed to participate in procurement process.

### **5. DELEGATION OF PROCUREMENT AUTHORITY**

Procurement functions shall include all actions necessary for the acquisition, by purchase or lease, of goods, works and services.

#### **5.1. Procurement Officer**

The oversight authority for all procurement functions is delegated to the Procurement Officer or designate as approved by the CEO. S/He shall coordinate and oversee all procurements at FAROF head office.

##### **5.1.1. Responsibilities of Procurement Officer**

The duties and responsibilities of the Procurement Officer shall include the following:

- Coordinate all procurement activities of FAROF in order to ensure timely and consistent supply of all goods, works and services required.
- Review procurement requisitions submitted by departments or sections to ensure compliance with FAROF procurement procedures.
- Oversee preparation and dispatch of tender/bid notices and follow up replies.

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- Carry out comparative evaluation and shortlist firms to be included in requests for quotation and invitations to bid.
- Keep accurate records of market trends, data on the prices of products, lists of vendors of various products and services.
- Prepare contracts and service level agreements for FAROF, liaise and negotiate to finalize terms/conditions of contracts as well as raise and issue out Local Purchase Order (LPO)/ Work Order (WO) to FAROF vendors in conjunction with the DDFG.
- Monitor and follow-up deliveries, verify goods, works and services received to ensure strict compliance to specifications and conditions of contracts, fill the Goods Received Note (GRN) and rate supplier performance.
- Maintain proper records and files on procurement activities.
- Maintain cordial relationship with other units and departments by providing professional/expert information and advice on their procurement needs.

### **5.2. Direct Contracting/Procurement**

For procurements less than three hundred thousand naira (**NGN 300,000**), the procurement authority shall be the Procurement Officer or representative from the Finance Unit who will be designated to procure the required product/service. However, the authorized official must ensure that he/she gets the required product/service at the best price. In some Case He/She may be supported by other Staff of the User department to procure such item.

### **5.3. Procurement Committee (PC)**

PC shall be constituted by the CEO in the head office and shall be responsible for the overall efficient and cost-effective procurement. PC shall comprise of a minimum of three members and shall be responsible for all procurements valued above three hundred thousand naira (**NGN 300,000**). Its membership shall comprise of:

- CEO who will lead the Committee or He/She May designate a representative if in-absentia
- Procurement Officer;
- A representative of Finance unit;
- A representative of Compliance unit;
- A representative of User department

Kindly note that if the Foundation at that time do not have a procurement officer, then the Finance Manager will double as Procurement Officer and will lead the committee

The terms of reference of the PC shall include:

- Examine the financial, legal and technical implications of all procurement contracts
- Ensure that appropriate funds are available to cover the cost of all proposed procurements
- Ensure that all procurement processes are in accordance with FAROF financial and procurement policies
- Review procurement process to ensure that it is fair, competitive, transparent and provides best value for money



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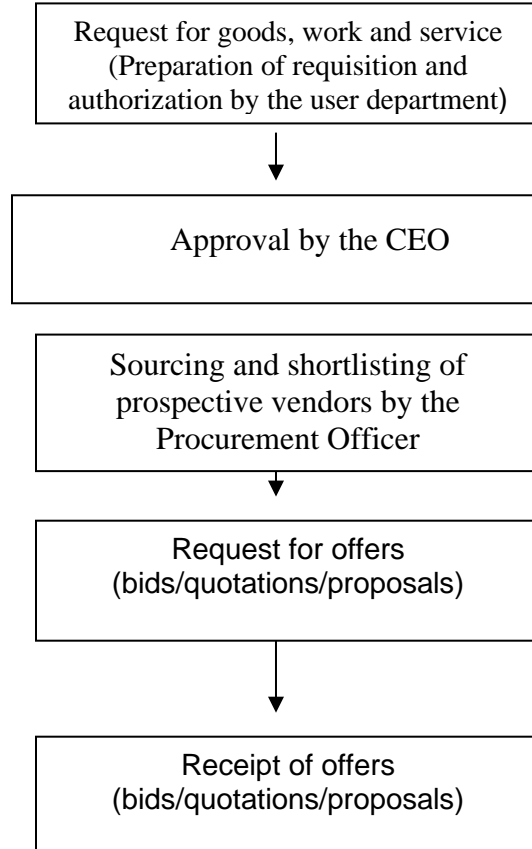
- Evaluate all offers for proposed procurements and make recommendations to management.

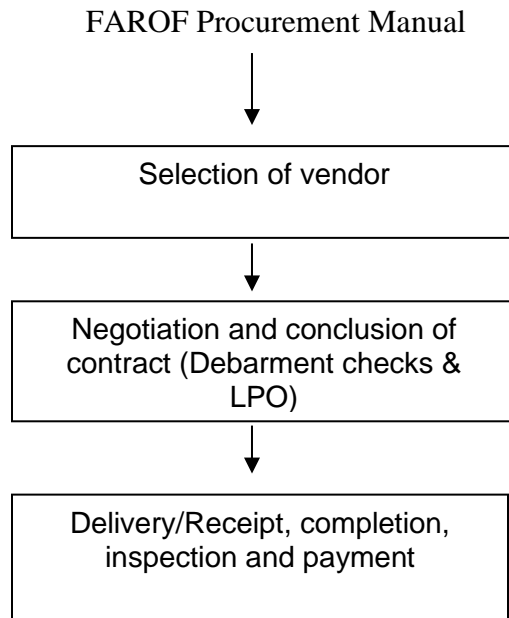
5.4. **Third Party Sub-Granting Procurement:** this policy permits a third party sub-granting of procurement under the following conditions:

- a. Shall be a legally registered company
- b. Evidence of VAT payment for the past 1 year
- c. Shall not be an individual
- d. Shall submit an Expression of interest

## 6. PROCUREMENT PROCEDURE

The standard operating procedure for procurement of goods/services in FAROF shall be as follows:





**a) Request for Good/Service (Preparation of Requisition and Authorization)**

The procurement process shall commence as soon as a request is received from a section, unit or department that needs a particular product or service. The department/unit requiring a particular goods, work or service shall make justification for the request and obtain the authorization from the head of department (HOD) then proceed to prepare a Purchase Requisition (see [Annex II and III](#)) detailing the specifications and forward it to the CEO for approval then to the Procurement unit (procurement entity). Approval for Requisition can be obtained via e-mail. However, for traceability purposes, copies of such approval shall be printed and attached to the requisition.

For procurements that require RFQ, the requisitions shall allow for a lead time of two weeks, while procurements that involve RFB or RFP shall have a minimum of six weeks lead time unless it falls under emergency procurement. At least three (3) quotes must be obtained for amount from **N300, 000** and above.

**b) Sourcing and Shortlisting of Prospective Vendors**

Prospective vendors for a particular requisition shall be short listed from **FAROF Vendor Database**, market survey or sourced through placements of tender notice in national newspapers with wide circulation; depending on the value and nature of the procurement.

**c) Request for Offers (Quotation/Bid/Proposal)**

FAROF procures goods, works or services by means of competitive bidding where three or more potential vendors shall be asked to make offers unless justification can be made for single source procurement. Bids/quotations/proposals shall be deemed valid only if they meet FAROF deadlines, specifications and conditions.

**d) Selection of Vendor**

The reliability of management, cost, quality, safety of the product, accuracy of the supply and work schedule, consideration for safety and health, technical ability, after-sales service, stable supply ability, response during a problem, corporate stance and other corporate

social responsibility (CSR) view points shall be reviewed as a whole before selection is made.

**e) Negotiation and Conclusion of Contract**

As a general rule, FAROF shall negotiate the final price with the lowest evaluated bidder. Unsuccessful bidders shall be informed by the Procurement Officer in all high value contracts (Five million naira and above); in low value contracts, unsuccessful bidders shall be informed only upon request.

Contracts shall be drafted in accordance with clauses prescribed by FAROF when placing order for goods/services. However, when circumstance necessitates (for complex procurements), contracts may be drawn up in accordance with the terms and conditions agreed upon by FAROF and the vendor.

**f) Delivery/Completion, Inspection and Payment**

Products and services shall be inspected upon delivery/completion to confirm their conformity with the contract stipulations. The inspection shall be carried out by the ALPC with the end user and after acceptance; the supply shall be entered into the Goods Received Note (GRN). However, for technical supplies/services, an expert shall be hired to carry out the inspection with the procurement entity. The vendor's presence or that of his/her representative shall be requested at such inspection.

Payment shall be made in accordance with the terms agreed in the contract.

## **7. SOURCING AND EVALUATION OF VENDORS**

FAROF is desirous of engaging the services of only professional, competent, reputable and experienced vendors to provide goods, works and services required. Such vendors shall be sourced through the following means:

### **7.1. Market Research**

The first step in sourcing for vendors shall be through market research, particularly if the good, work or service has not been procured before. This could be done through checking of procurement related websites, consulting trade publications, directories, supplier catalogues, professional journals, or by consulting organizations that had purchased similar products or services.

### **7.2. Registration of Prospective Vendors**

The Procurement Officer shall, on behalf of FAROF, invite, pre-qualify and register vendors desirous of rendering services, and supplying goods to FAROF. S/He shall create and maintain a Common Vendor Database for local and international vendors. Maintenance of such register shall include vendor re-qualification and vendor performance monitoring. The Procurement Officer shall update the list of registered vendors periodically. The aim of this exercise shall be to establish a list of capable vendors while ensuring that a proper level of competition is safeguarded.

The standard vendor registration requirement shall include the following:

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- Application letter which must indicate the scope of service to be provided and the service code
- Certificate of Incorporation and Article of Association
- Company profile which must indicate the location of Head Office and branches
- Tax clearance certificate
- VAT registration certificate
- Evidence of financial capability
- Letter of attestation of good financial standing from a reputable bank

In addition to these, the FAROF Vendor registration Form and Vendor Debarment Certification Form shall be obtained, completed and submitted together with the above-mentioned documents to FAROF Office.

### **7.3. Pre-qualification of Vendors**

Pre-qualification shall be required for civil works, special or complex goods and contracting of professional services. In pre-qualification, interested vendors shall be invited to participate in a pre-qualification exercise which shall be used to identify vendors with the required capacity and expertise to deliver.

Where this is used, the procurement entity shall make a decision with respect to the minimum criteria required from vendors and shall evaluate them based on those criteria set out in the pre-qualification document only.

### **7.4. Evaluation of Vendors**

After registration of potential vendors, there shall be a constant evaluation/appraisal of each vendor. The key guidelines for the evaluation shall be as follows:

- a) Technical capacity to deliver the goods/service as per schedule
- b) Financial strength and capacity to deliver the goods/service required
- c) Evidence of meeting national or international quality standards for the product offered; or evidence of national and international acceptance of its services (in case of professional or consultancy service)
- d) Capacity to provide after-sales service and in some cases training, for the goods or services provided
- e) Quality assurance program such as ISO 9000 certification
- f) Environmental impact assessment
- g) Compliance with FAROF terms and conditions

### **7.5. Performance Rating of Existing Vendor**

This shall be carried out at the post-contract stage to aid in developing a list of reliable vendors. Rating of vendors shall be based on the following:

- a) Compliance with Delivery schedule (in terms of time and ordered quantity)
- b) Quality of the product or service provided
- c) The quality of after-sales service provided
- d) Accuracy of documentation e.g. invoicing
- e) Prompt response during problem etc.

## 8. PROCUREMENT METHODS

The methods used by FAROF for procurement of goods, works and services shall be as follows:

- a) Direct Contracting/Procurement
- b) Request For Quotation (RFQ)/Shopping
- c) Request For Proposal (RFP)
- d) Invitation To Bid (ITB)/Placement of tender notices

### 8.1. Direct Contracting/Procurement

FAROF shall use direct contracting without competition as an appropriate method of procurement under the following circumstances:

- a) The value of the procurement is less than three hundred thousand naira (NGN 300,000). However, the buyer needs to ensure that he/she gets the required product/service at the best price.
- b) At least three (3) quotes must be obtained for amount from N300, 000 and above.
- c) There is no competitive market-place for the requirement such as where monopoly exists, where prices are fixed by legislation or government regulation, or where the requirement involves proprietary product or service.
- d) There has been a previous determination or there is need to standardize the requirement.
- e) Offers for same requirements have been obtained competitively in the last one month and the prices and conditions offered remain competitive.
- f) A formal bidding conducted for the same or similar item within the last three months has not produced satisfactory results.
- g) There is a genuine exigency for the requirement.
- h) The proposed procurement contract relates to obtaining services that cannot be objectively evaluated.
- i) The CEO otherwise determines that a formal bidding will not give satisfactory results.
- j) For common user items such as computers, office supplies, office equipment Microsoft software etc for which FAROF has entered into long-term agreement with some vendors for some strategic reasons.

### 8.2. Request for Quotation (RFQ)/Shopping

RFQ calls for a written quotation from a pre-selected list of vendors. This shall be used in procuring goods, services and works, if the contract amount is or above three hundred and thousand naira (NGN 300,000). RFQ shall be made to carry all necessary details such as goods required, the appropriate quantity, exact specification, validity period, submission instructions and the dateline for submission of quotations. There shall be a minimum of three responsive offers to any RFQ for the evaluation to be objective.

**For every purchase less than or exceeding three hundred thousand naira (N300, 000), an advance approval of the CEO is necessary before using this method.**

### **8.3. Requests for Proposal (RFP)**

RFP shall be used when the inputs and/or outputs cannot be quantitatively expressed at the time the invitation is made, for example, when consulting or similar services are sought. This means, the vendor is required to propose technical approaches to a project activity, or to offer management or supervision of an activity. RFP shall also be used for purchase of complex goods when the procurement entity is not sure of the functional specifications and wish to seek for proposals.

### **8.4. Invitation to Bid (ITB)/ Placement of Tender Notice**

ITB shall be used when the vendor is to provide the cost requirements to meet precise specifications sought by FAROF. This shall apply when goods, contracts and services can be expressed quantitatively and qualitatively. ITB shall be carried out by way of ICB, NCB or LIB. The process calls for open advertisement in at least three national newspapers (unless there is a prior registration of competent vendors) followed by shortlisting of vendors that meet the requirements. This is suitable only in complex or high value procurements (worth ten million naira and above).

## **9. TYPES OF COMPETITION**

As a general rule, FAROF employs competition in procurement of goods, works or services. Such competition shall be as follows:

- a) NCB- National Competitive Bidding (Local Competition)
- b) LIB - Limited International Bidding (Limited International Competition)
- c) ICB – International Competitive Bidding (Open International Competition)

### **9.1. National Competitive Bidding (NCB)**

NCB shall be appropriate for use when there is sufficient number of local vendors that have the technical and financial capacity to execute the required service (e.g. civil works and other professional services) or low value purchases for which it will be uneconomical to engage international vendors. It shall also be used in procurement of services that are by law or national legislation, reserved for nationals (e.g. cabotage, local content policy etc.).

### **9.2. Limited International Bidding (LIB)**

This is limited to a short-list of qualified suppliers selected in a non-discriminatory manner from vendor database, rosters, pre-qualifications, expressions of interest and other sources. LIB shall be appropriate where ICB is unsuitable for economical and efficient procurement because of the value, urgent demand or limited availability of the required goods, works or services.

The non-discriminatory method of selection and shortlisting shall include the following:

#### **a) Pre-qualification:**

For complex or specialized goods, works or services, pre-qualification shall be undertaken in order to identify suppliers with appropriate competence, expertise and who have the capacity to deliver. Only vendors that are pre-qualified following evaluation are entitled to participate in further procurement proceedings.

**b) Expression of Interest**

This is an invitation/request for eligible service providers to formally express their interest for the purpose of providing a specific required service. Interested consultants and service providers shall be requested to provide the minimum information required to make judgment on their suitability to be shortlisted. The selection shall be based on assessment of the data provided by the vendors.

**9.3. International Competitive Bidding (ICB)**

ICB shall be used where there is interest by foreign vendors in supplying the required goods, works and services. It shall be initiated by open advertisement inviting a wide range of vendors as practicable to participate in the bidding process. ICB shall be appropriate for large and complex contracts of goods, works and services in which there is no specific urgency in processing the procurement. The advertisement shall be placed in at least three national newspapers with wide circulation, FAROF website and/or any publication of wide international circulation.

**10. EXCEPTIONS TO COMPETITION (WAIVER OF COMPETITIVE BIDDING)**

Competition is the foundation of FAROF procurement. Waiving it without valid justification is one of the most serious deviations a procurement entity can make. A strict review and approval process therefore, has been established to ensure that the waiver process is not abused.

All requests seeking waiver of competitive bidding (i.e. for contracts exceeding three hundred thousand (NGN 300,000) must be submitted to the CEO for approval together with reasons for waiving competition, or approval by the Board of Trustee only on special grounds. The submission shall be reviewed against the following list of permissible reasons and justifications for its use:

<b>Permissible Reasons</b>	<b>Justifications/Practical Considerations</b>	<b>Approval</b>
1. Established prices/rates	Indicate name of regulatory body or law that controls the rates or established prices. Attach a printed rate schedule, if available.	CEO
2. Proprietary product or service obtainable from only one source (monopoly)	Explain why other sources do not have the capacity to perform adequately.	CEO
3. Standardization for compatibility	Provide plain, simple, direct information based upon facts that a person without technical expertise can follow the rationale.	CEO
4. Competitive bidding conducted for the same item in the last one month and prices offered remain unchanged	Provide detailed information on the bidding procedure and the prices obtained. There should be no increase in prices.	CEO
5. Competitive bidding conducted in the last three months has not produced satisfactory results	Provide details of the previous competitive bidding process and its outcome.	CEO

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6. Procurement or leasing of real property with uniform rates	Provide the prevalent market rates in the area.	CEO
7. Urgency (genuine exigency)	A description of the urgency (the urgency cannot be as a result of slow administrative processing), an explanation of how the non-competitive purchase will meet the schedule, a brief discussion of the adverse impact that FAROF would suffer if the schedule were modified to permit competition.	CEO
8. Professional services that cannot be objectively evaluated	This relates to research and development or specialized professional services. Give reasons why it cannot be objectively evaluated.	CEO
9. Formal bidding cannot give satisfactory result	Give logical reasons and provide detailed cost estimates.	CEO
10. Items that FAROF has entered into long-term agreement with some vendors for strategic reasons.	Provide details of the agreement. Such agreement must be endorsed by FAROF management.	CEO
11. Waiver on procurement/expenses of goods and services where it is extremely difficult for FAROF to engage a reliable vendor., such as remote communities, engagement of local vendors etc.	Provide details minutes endorsed by the board of trustee for payment to be made through the CEO or a designated project staff; final Retirement shall contain Minute of meeting of the Board of trustee stating logical reason for using CEO or Designated Staff account to pay for goods and/or service; attach detailed report of activities to the financial retirement report.	Board of Trustee

In seeking for waiver, focus shall be on why obtaining other bids or proposals is impracticable, rather than on side issues such as the reputation of or experience of the proposed supplier. In addition, there is the need to provide some indication on why the price is fair, reasonable and competitive.

**11. BIDDING DOCUMENTS**

Bidding documents shall be used to request offers for goods, works or services required by FAROF. The details and complexity varies according to the nature and value of the contract. It shall contain all information necessary to prepare a bid, proposal or quotation that will provide the best value for the required goods, works or services.

**11.1. Preparing Bidding/Tender Documents**

While drafting bidding documents, the following factors shall be considered in close collaboration with the end user:

a) **Invitation on Lump-sum Basis**

Offers shall be invited on a lump-sum basis when the bidding document covers a large number of low-cost items, in respect of which separate contract awards would not be advantageous to FAROF for logical reasons. However, FAROF by specific clause in the bidding documents shall also retain the option to convert lump-sum offer prices into pro-rata unit prices.



**b) Grouping of Similar Items**

Similar items shall be grouped together; but in cases where items are dissimilar, they shall be split into separate invitations.

**c) Changes in Quantity**

Where the exact quantity required is not known in advance, a definite quantity may be indicated on an invitation, with a provision that FAROF reserves the right to increase or decrease the indicated quantity. However, the maximum permissible increase or decrease shall be 25%.

The bidding/tender documents shall include, as appropriate, the following:

- a) Invitation to bid/tender
- b) Instruction to bidders/tenderers
- c) Form of tender (bid/proposal)
- d) General conditions of contract
- e) Special conditions of contract
- f) Technical Specifications/Terms of Reference/Statement of Works
- g) Evaluation criteria and minimum qualification requirements

**11.2. Invitation to Bid**

Invitation to bid shall include:

- FAROF name and address
- Bid/proposal reference and title
- Bid/proposal funding source
- Brief description of goods/service
- List of documents issued
- Bid/proposal security, if required
- Bid/proposal due date and time for submission.
- Place, date and time for bid/proposal opening
- Procedure for obtaining complete bid/proposal document
- Date and place of submission and bid opening

**11.3. Instructions to Bidders**

These shall be prepared to meet the particular requirements of individual contracts. The purpose of the document is to convey information and instructions that will govern the preparation, submission and evaluation of bid. Instruction to tenderers/bidders shall contain instructions on:

- Eligibility of bidders
- Preparation of bid
- Bid/proposal security (if required)
- Validity of bids/proposal
- Opening of bids/proposal
- Evaluation criteria and basis of award
- Performance bond/bank guarantee, (if required)

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- Advance payment bond/bank guarantee, (if required)
- List of documents required to form a complete tender.

Adequate time shall be given to vendors to prepare tenders/bids, taking into account the size and complexity of the proposed contract. It may vary from one week to six weeks depending on whether it is standard off-the-shelf item or requires a detailed proposal.

### **11.4. Alternate Proposals**

Suppliers shall be informed if alternative proposals will be considered. If so, the alternative proposals shall include full details of specifications, and costs in order to allow for a fair technical and financial evaluation of the alternative proposal.

### **11.5. Modifications to Bids/Proposals**

Bidders shall be informed on whether or not, modifications and corrections shall be entertained. Unless circumstance necessitates, FAROF shall not entertain modifications or corrections to an already submitted bid/proposal.

### **11.6. Currencies and Payments**

Specific instructions shall be given concerning the currencies to be used in the preparation of bids. For goods and services originating in Nigeria, vendors shall bid in Naira only and no payments shall be considered in any other currency. For goods and services originating outside Nigeria, vendors may bid in the currency of the country of origin or in Naira. The vendors shall also be informed of the conversion rates.

### **11.7. Bid/Proposal Securities**

This shall be required for high value contracts (exceeding five million naira (NGN 5,000,000) in order to discourage the participation of unqualified/frivolous vendors. The purpose of bid/proposal security is to ensure that the bidder whose bid is accepted will enter into formal contract, as failure to do so will result in forfeiture of the bid security.

Bid/proposal security shall be 5% of the estimated contract value and shall be stated as a specific sum rather than as a percentage of the contract value. All bid/proposal security payments shall be made in certified bank draft payable to “Freehearts Africa Reachout Foundation (FAROF)”.

The period of validity of the bid/proposal security shall equal the period of validity of the bid plus the time allowed for the supplier to provide the performance bond under the terms of the eventual contract between FAROF and the contractor.

FAROF shall return the bid/proposal security of all unsuccessful bidders promptly upon expiration of the acceptance period or emergence of a successful bidder.

### **11.8. Performance Bond**

This shall be required to guarantee the performance of the contract in accordance with the agreed terms and specifications. It is essential for all high value contracts. The performance bond shall be in the form of a bank guarantee and shall be equivalent to at least, 20% of the contract amount.

**11.9. Advance Payment Bond**

This shall be required by FAROF before payment of advance/mobilization to vendors, particularly when the contract is of high value. This is to secure the advance payment and also to guarantee that the funds advanced shall be duly utilized for the intended purpose.

**11.10. Force Majeure**

These shall form part of FAROF contract document and shall vary depending on the nature of the contract. Force majeure shall stipulate that failure on the part of either parties (FAROF or the contractor) to perform its obligations under the contract will not be considered as default if such is as a result of an event covered under the force majeure defined in the conditions of contract.

**11.11. Bidders' Queries**

FAROF shall handle bidders' queries by correspondence, by pre-bid/proposal conference or by a combination of these methods.

**a) Correspondence Method**

Any bidder requiring clarification on bidding document shall submit such queries to the Procurement Officer in writing. The Procurement Officer shall prepare and dispatch written replies to all queries. These replies together with the text of the queries shall be sent to all bidders without quoting the source of the queries.

**b) Pre-Bid/Proposal Conference Method**

With the conference method, queries from the bidders shall be dealt with at a pre-bid/proposal conference. As much as possible, oral answers shall be given by the Procurement Officer during the conference.

Within a reasonable time after the conference, the Procurement Officer shall send to all bidders, whether present at the conference or not, full minutes of the conference, including the queries and the formal replies.

**11.12. Checklist for ITB and RFP**

The following checklist shall guide the preparation of instructions to vendors and indicates subjects to be covered:

- The language of the offer
- The number of copies of the offer that is required
- Validity period of the offer
- Any document other than those issued as part of the bidding document, which the vendor must include in his offer (e.g. technical description or drawings, quality control, environmental impact, pre-qualification documents etc.)
- Procedure for issuing addenda to the bidding documents
- Procedure for dealing with questions/queries raised by vendors
- Instructions for packing, labeling and addressing the offer
- Circumstances under which alternatives may be submitted
- Arrangement for opening of tenders
- Procedure for dealing with arithmetic errors found in offers during evaluation
- Information about the evaluation criteria

- Rules relating to disqualification/rejection of offers (e.g. late arrivals, altered figures, incomplete submissions and deviations)

## **12. SUBMISSION, RECEIPT AND OPENING OF OFFERS**

### **12.1. Submission of Bids/Proposals**

It is the responsibility of bidders to ensure that their bids/proposals are submitted by the due submission date and time; and properly signed by authorized signatories. Bids/proposals received after the stipulated time shall be immediately returned unopened, accompanied by an explanatory letter, indicating the date and time of receipt.

### **12.2. Receipt of Offers (Quotations/Bids/Proposals)**

- a) In the case of RFQ, the offers shall be received directly by the concerned procurement entity either by hand, mail, fax or e-mail.
- b) In the case of ITB or RFP, all bids/proposals shall be time/date stamped upon receipt and placed in a bid box or locked container such as cabinet or safe until the bid opening time and date.
- c) Access to the container shall be restricted to authorized personnel only.
- d) Any bid or proposal inadvertently opened before the bid due date shall be brought to the attention of the procurement entity and CEO.
- e) Unsolicited bids/proposals shall be rejected.

### **12.3. Opening of Bids/Proposals**

- a) All bids shall be opened at the time and place specified in the invitation to bid.
- b) All bids received shall be listed along with an abstract covering the following information:
  - Vendor's name
  - Bid price
  - Price of alternative bids, if applicable
  - Bid security (if requested)

The foregoing shall be recorded and signed by the opening officer and appropriate witnesses.

- c) Only vendors who submitted bids or their representatives shall attend the bid opening.

Public opening for proposals received in response to RFP is not essential, since the financial proposals cannot be opened without completing the evaluation of the technical proposals.

## **13. EVALUATION OF OFFERS**

### **13.1. Evaluation of Quotations**

In the case of quotations received through RFQ, the evaluation shall be based on the following factors:

- Conformity to specifications/TOR
- Product quality i.e. conformity to national/international product standards
- Promised delivery time
- Compliance with FAROF terms and conditions
- In –country after sales maintenance facilities
- Landed price
- Safety of the product
- Payment terms

The evaluation shall be carried out by the appropriate procurement entity (ALPC, PO or authorized procurement official) based on the above factors.

### **13.2. Evaluation of Bids**

After the opening of bids, the bids shall be evaluated by the ALCC. If necessary, a specialized consultant shall be engaged to assist in the analysis of bids. The evaluation of the bids shall be based on the factors listed on the ITB. These shall be as follows:

- Conformity to specifications
  - Product quality i.e. conformity to national/international standards
  - Delivery time
  - Compliance with FAROF terms and conditions
  - After-sales service
  - Spare parts availability for at least five years
  - Technical and financial capacity of the vendor
  - Landed price
- a) All bids shall be tabulated on a summary sheet. Only bids offering items with features that meet or exceed those in the specification shall be considered as acceptable.
- b) The delivery date shall be stated in the invitation and bids that did not meet the delivery schedule shall be rejected.

If all bids are disqualified and re-advertising is not feasible, it shall become necessary for the COE to enter into a negotiated contract.

### **13.3. Evaluation of Proposals**

The evaluation team shall follow the process and criteria indicated in the RFP. Proposals shall be evaluated accordingly; starting with technical proposal then the price proposal.

#### **a) Technical Evaluation**

The following shall be considered in technical evaluation of proposals:

- General and specific relevant experience of the firm
- Methodology and approach
- Qualifications of key staff
- Training

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- Participation by nationals and opportunities for transfer of knowledge

### b) **Financial Evaluation**

Only the price proposal of vendors that meet qualifying requirements during technical evaluation shall be opened. The evaluation shall include all reimbursable expenses and the vendor with the lowest price shall be selected. At this stage, the unsuccessful vendors shall be notified.

Proposals shall be considered qualified and responsive only if they meet FAROF requirements and specifications. Those that did not meet the requirement shall be rejected as being “non responsive”. Price proposals shall also provide the detailed cost estimate such as consultancy rate per day, number of work days and travel estimates.

## **14. DELEGATION OF APPROVAL AUTHORITY**

Approval authority for all procurements shall be determined by the value of the procurement. The approval authority and the limits of authorization for different spend level includes:

<b>Procurement Value (NGN)</b>	<b>Approving Officer</b>
1-5000,000	Chief Executive Officer
Above 5,000,000	Board of Trustees

Approvals can be obtained through e-mails. However, copies of such e-mails shall be printed and attached to procurement documents for traceability purposes. Conversely, verbal approvals shall not be accepted as basis for carrying procurements.

## **15. VALUATION AND AWARD OF CONTRACT**

### **15.1. Valuation of Contract**

Unless otherwise stated, the estimated value of goods, works or service being procured by FAROF shall include:

- a) All forms of remuneration, including premiums, fees, commission, interests, insurance and other revenue streams that shall be provided for in the contract
- b) The total maximum value of the good/service being procured, including the value of options in the proposed contract and other incidental expenses; and
- c) All taxes, duties or charges, including goods and service tax (VAT).

### **15.2. Basis of Award**

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- a) In the case of RFQ, contracts shall be awarded to the qualified and responsive vendor that submitted the lowest bid.
- b) In the case of ITB, contract shall be awarded to the lowest evaluated bidder, not necessarily the lowest submitted price. The term “lowest evaluated bidder” incorporates the cost of other elements.
- c) In the case RFP, contracts shall be awarded to the vendor whose technical proposal meets the minimum requirement and whose price proposal is the lowest.

### **15.3. General Consideration in Award of Contracts**

- a) Contract shall be entered into via issuance of LPO signed by the authorized signatory.
- b) Contract shall be awarded within the period of the validity of offers
- c) No changes shall be made in the terms and conditions of the bid after submission and acceptance of bid. However, if required, special conditions appropriate to the nature and location of the project/contract shall be included.
- d) The contract shall clearly define:
  - The detailed specifications/TOR of the goods works or services to be procured.
  - The rights and obligations of FAROF and the supplier.
  - The functions and authority of anyone hired by FAROF in the supervision and Procurement of the contract.
- e) If performance security is required to ensure performance, the contract shall be signed only after the receipt of the performance bond in the form of bank guarantee.

### **15.4. Checklist on General Conditions of Contract**

- Applicable laws
- Payment terms
- Inspection and test
- Warranty/defect liability period
- Performance guaranty
- Price adjustment mechanism, if required
- Packing instructions
- Incidental services
- Duties and taxes
- Delay in supplier performance
- Force majeure
- Dispute resolution modalities
- Termination of contract

### **15.5. Negotiation and Award of Contract**

Negotiation shall be conducted with the selected vendor/contractor to finalize payment terms, special terms and conditions, mode of shipment, packaging, markings, delivery, warranty/defect liability period (for civil works) etc. It is of utmost importance that the negotiation results in a clear understanding on the responsibilities of both parties under the contract.

### **15.6. Amendment of Contract**

- a) Amendments shall only be required in two situations:

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- When it becomes imperative that certain aspects of the contract needs to be changed or modified; or
  - The original contract has been executed as planned and it is decided that further related services should be rendered by same entity
- b) The amendment shall be conveyed in a cover letter from the authorized procurement official offering the amendment, attaching replacement clauses and TOR which shall cancel and supersede the initial provisions.

### **15.7. Debriefing of Unsuccessful Bidders**

FAROF shall debrief unsuccessful bidders in all high value contracts. In low value contracts, bidders shall be informed only upon request. The scope of the debriefing shall be limited to identifying the technical or other deficiencies of the offeror's bid/proposal. The debriefing shall not include the financial/cost information, offers or proposals of other bidders.

### **15.8. Protest Procedure**

Unsuccessful bidders who wish to protest the selection procedure shall write a formal letter to the Procurement Officer within one week of the award of contract. Protest letters that do not indicate the basis for protestation shall not be entertained. Upon receipt of such letter, the Procurement Officer shall provide a formal response notifying the unsuccessful bidder the decision of the procurement entity and the basis upon which it was made.

However, if unsatisfied with the response of the Procurement Officer, the unsuccessful bidder can go further to write the Chief Executive Officer indicating the basis of his action. The Chief Executive Officer shall send a written acknowledgement and set up a panel to investigate the selection procedure. Upon completion of the investigation, the vendor shall be notified in writing, the decision of the panel.

## **16. Goods Receipt and Intake Procedure**

The receipt and intake procedure for all contracts of supplies shall include the following:

- I. The receiving official shall ensure that there is an LPO for every supply and shall confirm that the delivery date is adhered to.
- II. The receiving official shall verify to ensure that the material specification conforms to that stated in the LPO.
- III. Raise GRN for all goods accepted. The GRN shall be distributed as follows:
  - a) Original: Supplier
  - b) Duplicate: Accounts
  - c) Triplicate: Procurement file
- IV. Goods that fail to conform to specifications stipulated in the LPO shall be summarily rejected.



## **17. TERMS OF PAYMENT**

Payment terms in FAROF shall be in accordance with the international commercial practices applicable to the specific goods, works and services to be procured or based on the terms and conditions agreed upon by FAROF and the vendor.

In contracts for the supply of goods, FAROF shall provide 50% advance payment on acceptance of the contract offer in order to facilitate timely delivery and balance of 50% payment upon delivery, inspection and acceptance. For contracts involving installation and commissioning, complete payment shall be made after the contractor has complied with all the obligations under the contract. However, if the contract so stipulates, advance or progressive payments shall be made after submission of valid advance payment bond by the contractor.

In contracts for works/services FAROF shall provide mobilization advances depending on the circumstances, nature of the contract as well as terms agreed upon in the contract. Subsequently, progressive payments shall be made with reasonable retention so as to ensure compliance with FAROF work specifications or TOR.

The appropriate withholding tax based on the prevailing rate shall be withheld and remitted to the Federal Internal Revenue Service (FIRS)

## **18. VENDOR PERFORMANCE EVALUATION**

To develop and maintain a list of qualified vendors, existing vendors shall be evaluated. The evaluation shall be based on a review of their performance with respect to the requirements under the following criteria:

- Quality of goods and services
- Timely delivery/completion
- Warranty/defect liability period
- After-sales service
- Accuracy of documentation
- Prompt response during problem

This calls for grading of vendor's performance under the above listed criteria. The grading shall be:

- "Exceeds the expectation"
- "Met the expectation"
- "Did not meet the expectation"

After reviewing the above grading, the vendor may be rated as "good", "satisfactory" or "not satisfactory". This shall be used to determine whether a vendor will be retained, suspended or debarred from the FAROF Vendor Database. This vendor performance evaluation will be prepared independently by the Compliance Officer and approved by the DBO and CEO. The final evaluation report will be used to determine future dealings with the vendor.

**19. GENERAL PROCUREMENT CHART**

Procurement Value (NGN)	Procurement Method	Use of Debarment Form	OFFICERS	
			Procurement Entity	Approval Authority
Below 300, 000	Direct Procurement	No	PO	DDFG
1 – 5Million	RFQ (minimum of three quotes)	Yes	ALPC	CEO
Above 5Million	RFB (placement of tender notice in at least 2-3 different Adverts platforms online or newspapers)	Yes	ALPC	CEO & BOT

**20. LEASE-PURCHASE ANALYSIS AND DECISION**

The decision to lease or purchase will be considered on a case-by case evaluation of comparative costs and other factors. The Procurement entity will conduct a cost/ benefit analysis to determine the appropriate contracting method.

**Lease-Purchase Decision** is a decision based on the results of a cost/benefit analysis of the costs to own, costs to lease, and the advantages and disadvantages of any relevant qualitative factors. (ISM,2000).

**21. DISPOSAL OF FAROF PROPERTY**

Disposal of any FAROF property or asset, whether listed in the asset register or not, shall be conducted by the ALPC. Before slating any FAROF property for disposal, the authorization of the Chief Executive Officer **must be sought** through the DDFG who will then authorize preparation for the valuation report of such property by an independent evaluator or any professional with the appropriate competence to carry out the valuation.

Any asset for disposal shall be disposed on “as is” basis and such disposal shall be timed to take place when the most advantageous returns can be obtained for the asset in order to maximize revenue accruing to FAROF.

**21.1. Method of Disposal**

The following methods shall be used for the disposal of FAROF property:

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- a) **Public Auctioning:** A public auctioning shall be held only to dispose off surplus property. Auctioning notices shall be placed in newspapers and the services of an auctioneer obtained. The auctioneer will assess the property/ asset and produce an accurate report, which shall be issued to the potential buyers to give them details about the property/asset. The auctioneer will also manage the bidding process in order to ensure that the required target is reached.
- b) **Closed or In-house Auctioning:** This form of auctioning shall be restricted to only the employees of FAROF (at the program offices, sites and satellites) or a particular target group which must be determined prior to the commencement of auctioning process. This kind of auctioning shall be managed and conducted by the Disposal committee setup by the CEO.
- c) **Sales by Sealed Bid:** This procedure is similar to the purchase of goods via invitation to bid (ITB) except of course that, in this case, the award is made to the highest bidder.
- d) **Set Price:** This shall be used when other methods are not practicable. Such asset shall be priced at a fair market value and offered for sale on a “first come first served” basis. However, conscious effort shall be made to ensure that the public or target group is aware of the time and place of the sale.
- e) **Negotiated Sale:** For this to be used as a method of disposal of FAROF property, other methods must have been attempted without success. The price shall be negotiated by the Disposal committee and the potential buyer.
- f) **Abandonment or Destruction:** This shall be used only when a property is certified unusable, determined to have no commercial value (by both the end user and the Disposal committee) or the cost of sale would exceed the expected returns. However, documentation shall be made on such property and signed by the person who destroyed the property as well as the Chief Executive Officer of FAROF.

### 21.2. Documentation

As with other procurement related transactions, actions taken regarding the disposal of any FAROF property must be fully documented to indicate the why, who, what, when, where and how as well as the necessary approvals obtained for the transaction.

## 21.3. CODE OF CONDUCT

### A. Conflict Of Interest

No FAROF member, employee, consultant, elected official, appointed official or designated agent of FAROF will take part or have an interest in the award of any procurement transaction if a conflict of interest, real or apparent, exists. A conflict of interest occurs when the official, employee or designated agent of FAROF partners of such individuals, immediate family members, or an organization which employs or intends to employ

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any of the above has a financial or other interest in any of the competing firms.

No FAROF member, employee or designated agent of FAROF may acquire a financial interest in or benefit in any way from any activity which uses any portion of HOME funding, nor shall they have any interest in any contract, subcontract or agreement for themselves or any family members, nor shall they ever occupy such HOME-assisted unit.

NOTE: These rules apply to all named parties and shall be effective for the period of service and for one year after leaving said position (or office, in the case of elected officials).

### **B. Acceptance of Gratuities**

No FAROF member, employee or designated agent of FAROF shall solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors, subcontractors or potential subcontractors.

### **C. Penalties**

Any FAROF member, employee or designated agent of FAROF who knowingly and deliberately violates the provisions of this code will be open to civil suit by FAROF without the legal protection of FAROF. Furthermore, such a violation of these procurement standards is grounds for dismissal by FAROF (if an employee) or such sanctions as available under the law (if an elected official).

Any contractor or potential contractor who knowingly and deliberately violates the provisions of these procurement standards will be barred from future transactions with FAROF.

## 21.4. SUMMARY OF FAROF PROCUREMENT PROCESS

### **Steps-By-Step**

- Check the MoU between the FAROF and Donor Agency, if procurement is approved.
- If purchase is approved by Donor, next is to raise a procurement form, stating what you intend to procure.
- The form will be raised by the person responsible and it will be given to the budget holder for approval.
- When the procurement is approved, an RFQ (Request For Quotation) will be raised stating requirements, for example, if in the procurement policy it states that any procurement above **NGN300,00** should go through procurement process, it will be

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sent to vendors to quote through email, within a given timeframe. This stage does not require Advert to newspaper or online platform.

- At least three (3) quotes must be obtained for amount from **N300, 000** and above.
- The vendors will send in their quotations through a designated email address, a committee will be set out at the end of the timeframe
- The committee will be headed by the CEO as the chairman of the committee, the procurement personnel, the finance personnel and the program personnel that intend to use the item should be part of the committee.
- The procurement focal person will collate the quotation and do the bid analysis, from the bid analysis, those that submitted quotation will be known for example, pick the least that meets the specification, the lowest quote meets the specification.
- A physical verification will be carried out after picking the least Vendor that meets the specification.
- After vendor selection, issue a PO (Purchase Order), spelling out what is expected of the vendor and the timeframe for delivery.
- After the vendor delivers what is purchased, the vendor gives out the invoice
- After invoice is given, a payment request (PR) will be raised by the finance personnel which will be given to the budget holder to approve, the senior finance personnel can be given to review while the CEO will approve the payment.
- Once payment is approved on the payment voucher, it is expected of the finance personnel to raise a BPV (bank payment voucher).
- The payment will be uploaded by your platform; the finance personnel will upload the payment whereby the final authorization will be given by the CEO.
- Once payment is received by the vendor, you collect the receipt to acknowledge the payment.
- The receipt will be attached to the payment advise that shows that payment was made to the vendor, the transaction is completed.
- **But in the case whereby the amount that is involved is greater than NGN5, 000, 000**, you are expected to publicize the advert through newspaper or any online advert, including FAROFs websites.
- it is expected that the organization prints out where the publication was made and attach it to all the procurement retirement documents and the same process as above will be followed.

## **FAROF Procurement Policy**

The Manual is intended to give advice and assistance to procurement staff/ Committees to help them carry out their procurement responsibilities, and explains in more detail how specific aspects of procurement should be handled in line with the policies referred to above. It is a source of “how-to” information about the tasks and elements that comprise the procurement process in FAROF.

## 22. INVENTORY/STORE MANAGEMENT POLICY

The Inventory policy has been developed separately to stand as an entity. Kindly make request to read.

 FAROF STORE MANAGEMENT POLIC	<b><u>Prepared/Compiled by: Trustee Member (Certified Financial Expert)</u></b> <b><u>Approved by: FAROF Board of Trustee</u></b>
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*This policy is signed and approved by:*

**Chairman Board of Trustees:**

**Chief Executive Officer**

*Date: 28<sup>th</sup> November 2023*

*Date: 28<sup>th</sup> November 2023*

*Signature*



*Signature:*

