

# PROCUREMENT POLICY

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Status: <b>APPROVED</b>	Implementation date: 22 November 2020
Board Resolution No: TM/BR/2020/008	Approved Date: 22 November 2020
AMENDMENT/ REVIEW	
Status: - <b>APPROVED</b>	Implementation date: - 14 May 2023
Board Resolution No: -TM/BR/2023/005	Approved date: - 14 May 2023

## Purpose

The purpose of the Procurement Policy is to set out the principles, policies and procedures and templates that apply in procuring goods and services for Transparency Maldives.

This Procurement Policy is guided by TM's organizational values of transparency, accountability and integrity and achieve value for money and meet our obligations to donors and our stakeholders.

TM aspires to implement good practice, operate fairly and transparently, and procure ethically taking into account environmental concerns, risks to employees and TM as a whole.

TM's Procurement Policy has been developed and will be reviewed in accordance with the Transparency International's Procurement Policy.

## Scope

This policy applies to all purchases of all goods and services, including consultancy services, irrespective of the source of funds or who is authorised to approve on behalf of TM. This policy shall be adhered to by all TM staff, volunteers, and interns and TM Board members. This policy may also apply to the staff of partner organisations and consultants where the partner organisation or consultant does not have a procurement policy that meets TM's standards.



## Principles

TM is committed to transparency and accountability in procuring goods and services to support its work. This applies to internal procurement as well as procurement that engages with external parties including sub-contractors and suppliers. TM commits to:

- ⇒ Effectively managing its procurement processes in accordance with all related policies and procedures;
- ⇒ Ensuring that procurement processes reflect and are consistent with Transparency Internationals' Procurement Policy;
- ⇒ Implementing a review process to strengthen procurement processes, reflect required standards and achieve best practice;
- ⇒ In all procurement related activities, managing an effective and ethical procurement process that reflects our values as an organisation while also procuring and delivering goods and services in a timely and cost-effective manner and that are fit for purpose.

TM adheres to the four core principles of procurement, namely:

- ⇒ Transparency and accountability;
- ⇒ Value for Money;
- ⇒ Ethical Procurement Practices
- ⇒ Adherence to Procurement Policy and Procedures

Achieving value for money is an underlying principle which applies to all aspects of procurement and shall consider financial and non-financial costs and benefits (explained further below). Ethical procurement practices ensure that all procurement must be conducted in a transparent and accountable manner. This is inherently linked to achieving value for money outcomes and providing quality responses to procurement needs. Adherence to TM's procurement policy ensures that TM team members must make suppliers aware of Donor policies and obligations during the procurement process to ensure that only suppliers able to meet these obligations are selected for the provision of goods and services.

## Value for Money Approach

TM will apply a value for money (VfM) approach in all procurement activities seeking an appropriate balance across the concepts of effectiveness, efficiency and economy. TM's VfM methodology also recognises that organisational ethics and a conscientious approach to risk management must underpin all procurement practices to promote accountability in dealing with stakeholders and constituents.



Value for money does not dictate that TM accepts the cheapest quote or tender. Valid reasons for not doing so include but are not limited to:

- ⇒ The quality of goods or services being offered
- ⇒ The ability of the supplier to deliver on time
- ⇒ The track record of the supplier
- ⇒ The alignment of the supplier to TMs values and objectives

The process of selection between competing quotes or tenders should be documented and that document will form part of the approval process. Any reasons for not accepting the cheapest quote or tender should be clearly spelt out

TM will through its procurement processes:

- ⇒ Encourage competition for procurement of relevant goods and services;
- ⇒ Ensure non-discrimination in procurement;
- ⇒ Use available resources in an efficient, effective and ethical manner; and
- ⇒ Ensure that procurement decisions are made in a consultative and transparent manner.

## Responsibilities

Detailed roles and responsibilities are outlined in Appendix A. Any exceptions to this policy must be approved by the Executive Director.

## Practice

All relevant, tendering and contracting connected with TM will follow a standardised process of assessment and approval to ensure compliance with key procurement principles and obligations noted in this policy. In general terms, all procurement decisions must be made based on the availability of budget and with the approval of the relevant TM staff member and in accordance with the approved level of delegation/approval authority. The evaluation criteria used for selecting goods and services will vary according to the type of procurement requested, however several key criteria will underpin TM's approach

- ⇒ Cost effectiveness including whole of life costs;
- ⇒ Quality of goods and services;
- ⇒ Relevant experience and expertise including performance history;
- ⇒ Flexibility and innovation;
- ⇒ Ethical approach including responsible supply chain management.



## Procurement Categories

The common categories of procurement for TM are noted below:

Procurement Category	Types of procurement
Office supplies and services	Stationery, consumables, printing supplies, IT hardware, software related to operations,
Fixed Assets	Equipment, furniture
General Expenses	Rent, utilities, subscriptions, insurance, professional services (Auditors, legal fees etc)
Project Related Costs	Meeting venue hire, refreshments, transportation, service contracts (eg: translations, layout design, IT support services, graphic designing etc)
Travel	Flights, launch, dhoni, ferry, taxi, accommodation, meals, miscellaneous expenses
Consultancy services	Consultancy fees and associated costs

## Procurement Process

The overall process of procurement for goods and services is set out below although not all of these steps may be needed in every case.



## Thresholds

Decision-making responsibilities will vary in accordance with the value and nature of the procurement in question. Goods and Services procurements of a higher monetary value or higher risk level require more rigorous review and assessment and a higher level signing authority, whereas lower value and low risk procurements can be approved through standardised procurement processes established within the finance and administration departments.

Quotations will be sought for all program procurement to promote competition and demonstrate openness

For **low value (Category A)** procurements can be made on the basis of cost effectiveness (i.e. lowest price) and via verbal or written quotations from suppliers. Three quotations should always be sought and where three quotations cannot be sought, a justification should be provided.

For **medium value (Category B)** procurements, at least three formal written quotations should be sought and documented. Where applicable, specific quality and ethical supplier-based selection criteria should be used as well as cost effectiveness to determine a preferred supplier. Where three written quotations are not available, a justification should be provided.

For **high value (Category C)** of high risk procurements or procurements assessed to be high risk, a formal quotation or tendering process should be followed. This approach should include more detailed selection and assessment criteria which emphasize both cost and quality requirements and the use of a quotation or tender assessment panel to determine the preferred supplier. Suppliers may also be interviewed where required.

**Framework agreements:** For recurring purchases of goods and services, framework agreements could be established with suppliers. Before a framework agreement can be established a tender for the services/goods must be performed and the supplier with the best value for money offer shall be selected following the process for purchases. All framework agreements shall include the agreed price that the supplier will charge. Every 2 years, the agreement should be reviewed and procurement process initiated if required.

For all service contracts, professional services and consultancy services, an agreement or engagement letter should be made.

**Splitting of Transactions** - Splitting of transactions with the intention of avoiding the thresholds or approval processes is not allowed, unless budget restrictions or constraints requires phased procurement. In such cases, full written justifications shall be provided for splitting a transaction, and shall be approved by the Executive Director (**or Financial Controller for procurements of over MVR 300,000**).

The threshold values are to be applied on the anticipated total expenditure, accumulated over the term of the contract or a one-year period, whichever is the shorter, and include GST.

## Procurement Methods

Except as otherwise provided for in this policy, supply of goods, and of services to TM shall be procured on basis of competitive bidding.

**Preferred Suppliers** – For lower value procurements where suppliers have been assessed to provide value for money and have demonstrated they are able to meet the key requirements of the goods, works or services required –including cost, timeliness and quality –they may be engaged without the need to formally undertake a procurement process.

Specific details of Preferred Suppliers shall be maintained by the designated procurement personnel and should be reviewed and monitored every two years by the Executive Director.

**Procurement from Overseas or online Suppliers-** If a product or services is to be procured from overseas or online, direct purchase may be considered from credible and licensed vendors or procurement may be done through an authorized agent. Procurement thresholds and approval processes shall remain the same as any other procurement for good and services and full value for money assessment should be made and documented. Until such time that TM starts using a corporate credit card, TM staff may use their personal credit or bank cards, which should be promptly submitted for reimbursement with the relevant supporting documents.

## Engaging Suppliers

For external contracting of individuals or parties to perform work for TM, the procurement method will depend on the specific nature of the work involved as described in the terms of reference.

Procurement options include:

a. **Public Tenders**– Publicly announcing for request of proposals or quotations from reputable suppliers who are able to provide the required goods/services. This method provides the best opportunity for active competition amongst suppliers.

b. **Selective Bidding** - Request for Proposals or quotations sent to selected suppliers based on specific criteria's (i.e. level of experience, certifications/licensing or expertise). A minimum of three quotations should be sourced (or if less justification provide justification). This approach may be preferred due to the urgency of the procurement or where a public tender would not be timely or effective, or there are limited suppliers who provide the required services. Clear written justification should be provided for such procurements.



c. **Single Sourcing** –Seeking quotes or proposals from only a single contractor, or preferred supplier where it is established that only one firm can provide required categories of goods or services. If this approach is undertaken, a clear written justification should be provided.

## Procurement Approval

Once the above process has been complete, approval to proceed with the purchase is at the following levels

Thresholds	Category A up to MVR 15,000	Category B between MVR 15,000 to MVR 150,000	Category C over MVR 150,000
<b>Types of Procurement</b>	Preferred Supplier, Single sourcing	Single Sourcing, Preferred Supplier or Selective Bidding	Public Tender, Selective Bidding
<b>Documentation</b>	<ul style="list-style-type: none"> <li>• 3 verbal or written quotes (preferably written)</li> <li>• Written Justification (&lt; 3 quotes/ single sourcing)</li> <li>• Purchase and Procurement Form (for purchases &gt; MVR 5,000)</li> <li>• Purchase Order, Contract or Engagement Letter</li> <li>• Receipts and Invoice</li> </ul>	<ul style="list-style-type: none"> <li>• RFP &amp; Proposals (for Selective Bidding)</li> <li>• Written Quotes or Catalogue Pricings (Single Source/Preferred Supplier)</li> <li>• Justification for Single Source</li> <li>• Purchasing and Procurement Form,</li> <li>• Purchase Order, Contract or Engagement Letter</li> </ul>	<ul style="list-style-type: none"> <li>• RFP</li> <li>• Proposals</li> <li>• Evaluation Summaries</li> <li>• Purchasing and Procurement Form,</li> <li>• Purchase Order, Contract or Engagement Letter</li> </ul>
<b>Evaluation/Assessment</b>	Justification for Lowest Quote/	Head of Procurement and Program Manager	Bid Evaluation Committee with preset evaluation criteria
<b>Payment Method</b>	Cash, bank transfer	Bank transfer	Bank transfer
<b>Approval Delegation</b>	Head of Team (for >MVR 5000) Project Coordinator (<5000)	Executive Director	Executive Director or <b>Financial Controller (if over MVR 300,000)</b>
<b>Notes</b>	Budget must be approved and funds availability must be confirmed prior to proceeding with purchasing	Budget must be approved and funds availability must be confirmed prior to proceeding with purchasing	Budget must be approved or budget reallocations approved by Board prior to contracting or purchasing.

5000 – 3 verbal quotation, (Justification for Lowest Quote)

5000 – 50000 3 written quotes (Justification for Lowest Quote)

50000 – 200,000 – RFQ / RFA (evaluation of RFA / RFQ by a committee)

200,000 – Tender (tender evaluation committee)





## Payment Methods

All procurement contract payments shall be made via bank transfer, except for single payments less than MVR 5,000.

**Payments for partial services or milestones** –Service contracts may include partial payments linked to completion of partial services (or milestones) and should be clearly included within the contract. Progress payments should be authorized by the respective team leader (Program Manager) or Executive Director and should be in the interest of TM. Progress payments, should always be linked to the successful completion of requested deliverables.

**Advance Payments** - Payments effected prior to receipt of goods or performance of any contractual service (excluding progress payments as stated above) can imply financial risks for TM, and as a general rule, no contract shall be made on behalf of TM which requires advance payment or payments. Exceptions to this requirement may be made in accordance with “normal commercial practice” or deemed to be in the “interests of TM”, and where an advance payment is agreed to, the reasons shall be recorded and approved by the Executive Director.

**Normal commercial practice** that may justify an advance payment may include.

- ⇒ Start-up costs (mainly for services), such as purchase of airline tickets, down payments for rental/purchase of office premises/equipment on project site.
- ⇒ Payment of lease (premises),
- ⇒ payment of utilities and software licenses

In such cases no separate approval within TM is required.

For advanced payments for activities that cannot be considered as “normal commercial practice” should be based on a request from the supplier for advance payment, which was part of their proposal, and should justify the need for the advance payment, itemize the amount requested, and provide a time-schedule for utilization of the requested advance payment amount. A written justification must also be prepared by the purchase requester and approved by the authorizing person. In the event a supplier requests an advance payment, TM should request the supplier to submit documentation regarding its financial status (e.g., audited financial statements). Previous experience of TM with the supplier must also be reviewed, if applicable, and the financial solvency and reliability of the supplier must be determined, and depending on the value of the purchase, the supplier maybe asked to submit a bank guarantee. In cases where an advanced payment is made for items other than normal commercial practices, this should be reflected in the or purchase order or contract, and provide applicable protection provided for delays in delivery or in case of default.

## Procurement Documentation

TM will ensure that all relevant documentation relating to procurement processes is produced, approved and filed accordingly. Documents should be maintained in hard and soft copy forms (as required by Project contracts) in accordance with financial record keeping protocols and/or for the duration of prescribed auditing periods. Maintaining procurement records is essential to demonstrating transparency and accountability in the procurement process. Key documentation will include:

- ⇒ Procurement Requisition Forms.
- ⇒ Evidence of written quotes or tender submissions proposals received from suppliers.
- ⇒ Approved minutes/recommendations or Evaluation Summaries from the quotation/tender evaluation committee or person
- ⇒ Contract documents for any project related procurement over MVR5,000.
- ⇒ Purchase orders and payment request documents.
- ⇒ Invoices and receipts
- ⇒ Travel Terms of Reference and approval.

At the end of each procurement stage or cycle, copies of procurement documentation should be immediately shared with the finance team to settle payments.

## Conflict of Interest

Procurement of goods or services from companies or individuals related to or connected to TM's staff or Board members may constitute a conflict of interest. TM's policy on this issue is contained in the Conflict-of-Interest Policy. Staff concerned about a possible conflict of interest should escalate their concerns as stipulated under the Conflict-of-Interest Policy.

A conflict-of-interest declaration and a non-disclosure agreement must be signed by all the members involved in the procurement. This includes both internal and external parties; procurement team, evaluation members, bid committee members and project teams involved in the RFP process. Bid or proposal evaluation committee members are required to sign the NDA and COI declaration prior to receiving evaluation documents.

## Environmental Impact

TM will procure sustainably sourced products whenever possible but without compromising competition and within budget constraints.



## Related Documents

This policy should be read in conjunction with the following policies:

- ⇒ Conflict of Interest Policy
- ⇒ Code of Conduct
- ⇒ Whistleblower Policy

## Effective Date and Review

This policy is effective as of 9 November 2020 and reviewed every two years or more regularly if deemed necessary.

## APPENDICES

- Appendix A Roles and Responsibilities for Procurement
- Appendix B Purchase and Procurement Form
- Appendix C Purchase Order
- Appendix D Non-disclosure agreement for personnel involved in procurement.
- Appendix E Conflict of interest declaration for personnel involved in procurement.

## Appendix A: Roles and Responsibilities for Procurement

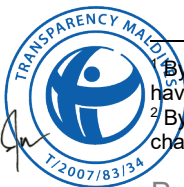
The table below outlines the delegation of responsibility in relation to procurement within TM.

Activity/Task	/FC	Executive Director	Program Manager	HR & Admin Manager	Procurement Officer	Legal Coordinator	Finance Manager	Finance Officer	Senior Project Coordinator	Project Coordinator
Develop & maintain procurement policy	x	x		x		x				
Develop relevant procurement documents (ToR/RFP/Contract etc)			x	x	x				x	x
Develop evaluation criteria		x	x	x					x	
Announce RFP/Request for Quotes					x				x	x
Issue Bid documents				x	x				x	x
Assess quotations/ tenders			x	x			x		x	
Select quote/ preferred tenderer (where relevant to interview)		x	x	x						
Negotiate terms with preferred contractor (where required)				x						
Prepare & draft contract					x	x	x			
Review contract				x		x				
Sign off contract		x	x	x						
Update inventory list					x		x	x	x	
Make bank payments	x	x	x				x	x		
Make Credit Card payments		x					x			

**Appendix B: Purchase and Procurement Form**  
(to be completed and signed before executing a contract or issuing PO)

FORM NO:

SECTION A. PURCHASE ORDER DETAILS:				
Enter details of Goods/Services > MVR 5,000 to be ordered (to be completed by Requestor and reviewed by Finance)				
Team	Budget Code	Approved Budget		Approved Amount (MVR/USD)
		Yes	No	
			Name	Signature
Requestor				
Project Accountant /Finance Manager <sup>1</sup>				
SECTION B. PROCUREMENT METHOD SELECTION				
To be completed by Procurement team				
1	Goods/Services <b>exceeding MVR 5,000 and less than or equal to MVR 15,000.</b> <i>Search performed for best value and details of the Vendors listed in Section C. If less than 3 vendors provide justification/obtain ED Approval.</i>			
2	Goods/Services <b>exceeding MVR 15,000 and Framework Agreements (new &amp; renewal).</b> Quotations/Proposals received from at least from 3 different vendors. Details of Vendor listed in Section C and offers attached.			
3	Goods/Services <b>exceeding MVR 15,000 and 3 offers not obtained.</b> <i>Procurement process followed and details of the Vendors listed in Section C. If less than 3 vendors provide justification/obtain ED Approval.</i>			
SECTION C. VENDOR DETAILS			Vendor 1	Vendor 2
Vendor Name				
Previous Experience with Vendor				
Goods/Service offered meets requirement				
Net Price				
Goods and Services to be paid to Supplier				
<b>Total Costs</b>				
Selected Vendor (tick one)				
Reason for Selection				
Justification for less than 3 quotations				
SECTION D. APPROVAL OF PURCHASE, SELECTED VENDOR AND CONTRACT				
			Name	Signature
Head of Procurement				
Team Manager <sup>2</sup> /Executive Director				
For contracts exceeding MVR 300,000 (inclusive of GST and out of pocket expenses) seek approval from the Financial Controller.				



By signing, the Project Accountant/Finance Manager approves the budget line to be charged and that the offers/quotes have been reviewed  
<sup>2</sup>By signing, the Team Manager approves the work to be contracted. Selection of the Vendor, and the Budget line to be charged.

## Appendix C: Purchase Order Form

### PURCHASE ORDER

**Date:**  
**PO No:**  
**Quotation No:**

Vendor.		Date	
Name		PO No	
Address		Quotation No	
Contact No		Quotation No	

Kindly issue the following services / products in the name of Transparency Maldives and invoice us for the same.

Quantity	Description	Additional Description	Unit Price	Price
<b>Total</b>				
<b>GST 6%</b>				
<b>Grand Total including GST</b>				

**Requested by:**

Name:  
Designation:

**Checked by:**

Name:  
Designation:

**Approved by:**

Name:  
Designation:



## **Appendix D: Non-disclosure agreement for personnel involved in procurement.**

I understand the proper custody, use, and preservation of official information related to procurement evaluation, selection proceedings, negotiations, etc. cannot be overemphasized and that it is essential that personnel associated with procurement or assistance actions strictly comply with the applicable provisions stated below:

“Whoever, being an officer or employee of TM, or acting on behalf of TM, publishes, divulges, discloses, or makes known in any manner or to any extent not authorized by law any information coming to him/her in the course of his/her employment or official duties or by reason of any examination or investigation made by, or return, report or record made to or filed with, such department or agency or officer or employee thereof, which information concerns or relates to the trade secrets, processes, operations, style of work, or apparatus, or to the identity, confidential statistical data, amount or source of any income, profits, losses, or expenditures of any person, firm, partnership, corporation, or association; or permits any income return or copy thereof or any book containing any abstract or particulars thereof to be seen or examined by any person except as provided by law; shall be subjected to disciplinary measures and removed from employment.”

In consideration of the above, I shall not reveal any information to anyone who is not also participating in the same proceedings. Such information is classified “For Official Use Only” “Assistance Competition Sensitive.”

I acknowledge and understand that the dissemination of information in this category to other parties will be at the sole discretion of the Executive Director. Applications, identity of officers, Selection Committee documents, and similar materials will be handled and discussed on a need-to-know basis only. Under no circumstances may applications, evaluations, and selected property/services, or Selection Committee reports, be divulged without the authorization of the Executive Director.

I accept that any unauthorized disclosures contrary to the foregoing provisions may result in appropriate disciplinary action leading up to termination of employment.

**Agreed and accepted by [insert name], [position]**

.....



Signature

Date:

**Appendix E: Conflict of interest declaration for personnel involved in procurement.**

To the best of my knowledge, neither I, nor any member of my family, have any direct financial or employment interest in any of the organizations submitting applications for consideration and review, which conflicts substantially, or appears to conflict substantially, with my duties as a member of the Selection Committee or as a member involved in the procurement team or procurement process of TM.

In the event that I later become aware of such conflict of interest, I agree to disqualify myself and report this fact to the Executive Director, and to abide by the instruction that he/she may give me in this matter. I understand that having a Conflict of Interest may prohibit me from participation in the procurement process, including but not limited to accepting bids and documentations, processing bid documentations, evaluation, selection and negotiations associated with the [insert here] project/agreement.

*[Signature to follow]*

**Agreed and accepted by [insert name], [position]**

.....  
*Signature*

Date:

