



TORCH SACCO
Savings and Credit Co-operative Society Limited

PROCUREMENT POLICY

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1.0 INTRODUCTION

This procurement policy details the acquisition process by Torch SACCO for any type of works, assets, services or goods by purchase, rental, lease, hire purchase, tenancy, franchise, or by any other contractual means.

The purpose of this policy is to establish procedures for procurement of assets, Consumables, services, and also the disposal of unserviceable, obsolete or surplus assets or equipment in order to;

- a) Promote fairness of the procedures and equal opportunity to qualified and interested bidders,
- b) Increase transparency and accountability,
- c) Ensure that the cooperative members are getting the "best overall value" for their savings,
- d) Promote ethical and professionalism in procurement activities.

1.1 Society's Procurement Function

The Society's procurement function will be handled by the following persons/committee:

- i. Procurement Committee

2.0 THE PROCUREMENT COMMITTEE

2.1 Composition of the Procurement Committee

The Procurement Committee shall consist of:

- a) the Board of Torch Sacco
- b) the Staff of Torch Sacco

The Procurement Committee will be chaired by the Society's Treasurer. The Senior Accountant will act as the Secretary of the Committee.

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PROCUREMENT POLICY REVIEW COMMITTEE

We the undersigned members of Torch Savings and Credit Co-operative Society Ltd do hereby present this procurement policy for and on behalf of Torch Savings and Credit Co-operative Society Ltd together with any changes or alterations that have been initialed or signed by us.

NAME	SIGNATURE	DATE
1. Anthony Tunje		21/08/2017
2. Arcad Mkoji		21/08/2017
3. Dorcas Wafula		08/12/2017
4. Victor Muli		21-AUG-2017

2.2 Functions of the Procurement Committee

The functions of the Procurement Committee are:

- a. As a representation of the Sacco Members in monitoring the procurement and reporting on the overall functioning of it,
- b. To ensure that the procurement guidelines set forth in this guideline are complied With,
- c. To approve the purchases of the Society,
- d. To perform such other functions and duties as provided for in this Policy.

2.3 Procedures of the Procurement Committee

Outlined below is a guide on the procedures of the Procurement Committee:

- a. The business and affairs of the Committee shall be conducted in accordance with this Policy.
- b. Five members of the Committee shall constitute a quorum for the procurement transactions.
- c. The Committee may invite any person to attend any of its meetings and to participate in its deliberations but such an invitee shall not have a vote in any decision of the committee.
- d. Minutes of all meetings shall be kept and entered in books kept for that purpose.
- e. All procurement shall be:
 - Within the approved budget of the Society and shall be planned through an annual procurement plan.
 - Handled by different offices in respect of procurement initiation, processing and receipt of goods, works and services.

3.0 GENERAL PROCUREMENT RULES

- a) The Society shall use any of the following procurement methods:
 - open tendering
 - restricted or direct tendering
 - Request For Quotations (RFQ)

- cash purchases
- b) The Procurement Committee may use direct tendering as an alternative procurement procedure as laid out in clause 4.7.
- c) Standard goods, services and works with known market prices shall be procured at the prevailing real market price.
- d) A person/entity shall be qualified to be awarded a contract(s) for procurement only if the person/entity satisfies the following criteria:
 - i. The person has the necessary qualifications, capability, experience, resources, equipment and facilities to provide what is needed,
 - ii. The person/entity has legal capacity to enter into a contract for the procurement
- e) The Society may disqualify a person for submitting false, inaccurate or incomplete information about his/her qualifications.
- f) The Society shall not enter into a contract for procurement with:
 - i. an employee of the SACCO or a member of the Board of the Society
 - ii. a person, including an entity related to a person as described in i. above
- g) The Society, may at any time, terminate procurement proceedings without entering into a contract on condition that it gives prompt notice of its intended termination to each person who had submitted a tender, proposal or quotation. The same applies to direct procurement with a person who the Society was negotiating with.
- h) The Procurement Committee shall maintain an up-to-date register of suppliers and contractors in works, goods and services.
- i) No member of the Procurement or Board, or employee shall be involved in any corrupt or fraudulent practice.
- j) If a person violates the above, the following shall apply:
 - i. The person shall be disqualified from entering into a contract for the procurement.
 - ii. If the contract has already been entered into with the person, the contract shall be voidable at the option of the Society.
- k) The Society is not limited to the voiding of a contract. On its volition it may seek any other legal remedy as it sees fit.
- l) An employee of the Society or a member of the Board or any of its committee members who has a conflict of interest with respect to the procurement of the Society's works, goods or services:
 - Shall not take part in the procurement exercise

- Shall not take part in any decision relating to the procurement or contract.
- m) A person has a conflict of interest with respect to procurement if the person or a relative of the person:
- i. Seeks or has direct or indirect pecuniary interest in another person who seeks, a contract for the procurement; or
 - ii. Owns or has a right in any property or has a direct or indirect pecuniary interest that results in the private interest of the person conflicting with his/her duties with respect to the procurement.
- n) During or after procurement proceedings, no employee or Board member shall disclose any of the following:
- Information relating to a procurement whose disclosure would prejudice legitimate commercial interests or inhibit fair competition;
 - Information relating to the evaluation, comparison or clarification of tenders, proposals or quotations;
 - The contents of tenders, proposals or quotations.

The above procurement rules are not exhaustive. Further reference and guidelines may be sought from the Public Procurement and Asset Disposal Act, 2015 and also at the jurisdiction of the Board of Directors of Torch SACCO.

All procurement records for the Society shall be safely stored/kept for at least six years after the resulting contract has been entered into or if no contract resulted, after the procurement proceedings were terminated.

The Society's Supervisory Committee or anyone authorized by the Society's Chairperson may inspect at any reasonable time, the records and accounts of the Procurement function.

4.0 PROCUREMENT PROCEDURE

4.1 Notification

Notification of the need to purchase Society's goods or services will be by either;

- a. A requisition issued by the SACCO staff\employee,
- b. A resolution for expenditure passed by the Board.

4.2 Ordering

On receipt of the requisition or resolution, the procurement committee will check them for accuracy, conformity to any standard specifications and previous purchase records to ensure whether the items have been previously purchased and, if so, in what quantities and the sources of supply.

If the item is standard and has been previously purchased from a satisfactory supplier at an acceptable price, a repeat order may be issued.

If, however, the item is not standard and has not been ordered before, or for some reason a change of supplier is required, the following additional steps will be involved:

- a. Enquiries will be sent to possible suppliers accompanied by additional documents, e.g. drawings, specifications, etc. which will enable them to quote.
- b. Quotations will be received in response to the enquiries and compared in respect to price, quality, delivery, tool costs etc. and terms of business.
- c. When quantities are substantial and quality and/or delivery of great importance, further negotiation with suppliers including an evaluation of their capacity to undertake the order may be required.
- d. A purchase order will be issued to the vendor whose quotation, amended where necessary by subsequent negotiation, is most acceptable. A copy of the order will be retained in the SACCO office.

4.3 Post Ordering Phase

- a) SACCO employee will follow the progress of the order to ensure that delivery dates are met or to expedite delivery or overdue orders.
- b) On receipt, the goods will be checked for quantity and quality. If satisfactory, a goods received note will be completed and copies sent to the Supplier. If not satisfactory, the SACCO employee will take up the complaint with the Supplier.
- c) An invoice for the value of the goods will be received from the Supplier. This will be compared with the purchase order and goods received note, paying special attention to the

legitimacy of any variations from the quoted price. If satisfactory, the invoice will be passed for payment.

- d) On completion the order will be transferred to a 'completed orders file.

4.4 Purchasing Documentation

The basic documents for both policy and computerized purchasing systems for the Society shall include;

- i. Purchase requisitions or board resolutions
- ii. Purchase orders

4.4.1 Purchase Requisitions or Board Resolutions

a) Purpose

- To notify the procurement committee that a need exists;
- To specify what is required to meet the need;
- For authorization to procure from the Procurement Committee;
- To provide evidence as to what was requisitioned, when and by whom.

4.4.2 Purchase Orders

The purchase orders are used to communicate to the supplier particulars of the purchaser's requirements, the price and delivery applicable and the conditions on which the order is placed.

A purchase order becomes a legal contract:

- When it constitutes an acceptance by the buyer of a formal quotation submitted by the vendor;
- When it is accepted unconditionally by the vendor if it is submitted without a prior quotation to the buyer.

A copy will be sent to the supplier and another retained by the SACCO office.

4.5 Purchasing Procedures

- a) All purchases require prior approval from the procurement committee.

The cooperative shall submit a Procurement Budget for the succeeding period for approval. The budget will have a listing of all items that the cooperative anticipate to purchase during the coming financial period.

This budget will then be translated to a purchasing plan for the period.

- b) All purchases and expenditures for service shall have a purchase order. The only exception is if the cooperative has a written contract or agreement on file for recurrent expenditure.
- c) Purchase orders shall be issued prior to purchase.
- d) Some of the factors considered when determining the "best overall value" are:
 - i) Price ii) Brand iii) Quality iv) Frequency v) Warranty vi) Service
 - vii) Availability viii) Past Performance with other SACCOs ix) References

4.5.1 Purchase Limits/Thresholds

- a) Under KES 10,000.00:
 - The committee is encouraged to do a cash purchase supported by prevailing market value/price and relevant documentation (receipts, invoices, etc.).
 - Quotations from at least three sources MUST be obtained.
- b) Between KES 10,000.00 and KES 49,999.99:
 - The committee is encouraged to use Request For Quotation
 - Bids from at least three sources MUST be obtained.
- c) Between KES 50,000.00 and KES 99,999.99:
 - The committee is encouraged to use restricted tendering
 - Bids from at least three sources MUST be obtained
- d) Over KES 100,000.00:
 - The committee is encouraged to use open tendering or restricted tendering where applicable
 - The Society's tendering procedure for open tendering or alternative procurement procedures will be as laid out in **Part IX of the Public Procurement and Asset Disposal Act 2015 of the Kenya Government.**

- The formal sealed bid is used for major purchases. An invitation to bid must be publicly advertised in the SACCO's website at least fourteen (14) days prior to the date set for opening.
- Bid specifications require the approval of the procurement committee. Formal bids must be received, sealed and in writing by a posted deadline.
- If at least three bids are not received the Procurement Committee may require a re-bid.

4.6 Categories exempt from Purchase orders

Certain categories are exempted from the purchase order requirement and bid policy. These include:

- Honoraria and fees for entertainers
- Fringe-benefit related (e.g. sitting allowance for officials)
- Taxes and payments to government agencies
- Utilities
- Catering

4.7 Direct Procurement

The Procurement committee may use direct procurement;

- a) as laid out in **Section 103 of the Public Procurement and Asset Disposal Act 2015 of the Kenya Government.**
- b) An item or service that is required on an emergency basis
- c) An item previously awarded within the past twelve (12) months and whose price has not changed.

5.0 LOCAL ADVANTAGE

The cooperative will make every effort to purchase from businesses located within the Mombasa area if the purchase fits into the category of "best overall value." It must be noted that the cooperative employees have a responsibility to the taxpayers of the county to ensure

that bids are awarded to vendors offering their products or services at the "best overall value" to the cooperative.

6.0 ADVANCE PAYMENT

No works, goods or services contracted shall be paid before they are executed or delivered and accepted by the Board and Procurement Committee in writing except where so specified in the tender document and/or contract/purchase order agreement.

Under exceptional circumstance, advance payment may be granted and shall not exceed Fifty percent (50%) of the contract value.

7.0 CANCELLATION AND REJECTION OF BIDS

An invitation to bid, request for proposal, or other solicitation may be canceled, or any or all bids or proposals may be rejected, in whole or part, as may be specified in the solicitation when it is in the best interest of the cooperative. The reasons shall be made part of the formal bid file.

8.0 PRE-QUALIFICATION OF SUPPLIERS

Prospective suppliers may be pre-qualified for particular types of supplies and technical services after every three years.

A "Request for Qualifications" will be solicited and advertised in order to establish a prequalified vendors list. Upon establishment of a pre-qualified vendors list, requests for proposals or requests for quotations may be submitted to individuals or companies on the list. Pre-qualified vendors list can be updated with new suppliers who have met the pre-qualification requirements.

9.0 DISPOSAL OF SOCIETY'S ASSETS AND EQUIPMENT

The SACCO Senior Accountant will be primarily responsible for advising the Procurement Committee of any unserviceable, obsolete or surplus assets or equipment. The Procurement

Committee in conjunction with the SACCO Board will then pass a resolution to dispose the said assets.




They will also recommend the method of disposing which may include any of the following;

- Offer items for sale by sealed bid to interested cooperative members,
- Transfer to another organization,
- Sale by public tender,
- Sale by public auction to members,
- Destruction, dumping or burying,
- Trade in,
- Donation.

An award shall be made to the highest bidder to ensure the cooperative recoups as much as possible from the sale.

10.0 ACCEPTANCE

We the undersigned Executive Board Members of Torch Savings and Credit Co-operative Society Ltd do hereby accept and adopt this Procurement policy for and on behalf of Torch Savings and Credit Co-operative Society Ltd together with any changes or alterations that have been initialed or signed by us.

NAME	SIGNATURE	DATE
Secretary		1/9/2017
Treasurer		1/9/2017
Chairman		01/9/2017

APPENDIX I: PURCHASES REQUISITION FORM

REQUISITION NUMBER:		DATE PREPARED:		DATE ITEMS REQUIRED:	
INDEX NO.	DESCRIPTION OF GOODS/SERVICES			QUANTITY OF GOODS REQUIRED	

ORDER NUMBER:

SPECIAL INSTRUCTIONS (IF ANY)

.....

REQUISITIONED BY:

AUTHORISED BY:

.....

SUGGESTED SUPPLIER

.....

APPENDIX II: PURCHASE ORDER FORM

ORDER NUMBER..... REQUISITION NUMBER.....

VENDOR'S NAME AND ADDRESS.....
.....

Please supply the following items;

INDEX NO.	ITEMS REQUIRED	QUANTITY	UNIT COSTS	TOTAL
1.				
2.				
3.				
4.				
5.				
	TOTAL			

SPECIAL INSTRUCTIONS (IF ANY)

.....
.....

TERMS OF PAYMENT

.....
.....

DELIVERY DATE

FOR TORCH SACCO

.....
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VENDOR'S ACKNOWLEDGEMENT

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