

VALUE FOR MONEY AND PROCUREMENT

Introduction

1. Gender Links commits itself to sound procurement policies consistent with principles relating to the policies or act governing procurement (Preferential Procurement Policy Framework Act, 2000). The principles and practices set out in this policy apply to all GL staff tasked with the procurement of goods, services and assets on behalf of the organization.
2. GL shall develop a procurement plan that forms part of the five year strategy and cascades into annual work plans that are reviewed every quarter.

Objective

3. The objective of this policy is to regulate, educate users and create awareness of acquisition / procurement systems and procedures that are consistent with getting value for money goods and services as well as generating savings through procurement spend.

Evaluation and review of the procurement policy

4. The procurement policy shall be reviewed annually by the Internal Auditor.
5. The procurement policies and capacity shall form part of the organisational evaluation conducted every five years.

Core principles

6. The objective is supported by the following core principles:
 - obtaining value for money
 - open and effective competition
 - ethics and integrity
 - accountability and reporting

Value for Money (VFM)

7. VFM is defined as the relationship between economy, efficiency and effectiveness, sometimes known as the "value chain". VFM reviews are useful assessments of whether or not GL is obtaining the maximum benefit from the goods and services it both acquires and provides, within the available resources.
8. VFM reviews not only measure the cost of goods and services but also take account of the mix of quality, cost, and resource usage, fitness for purpose, timeliness and convenience to judge whether or not, together, they constitute good value.
9. Value for money involves comparing alternative goods/ services available in the specific market prior to a specific choice being made. This means comparing the costs against the benefits to be obtained in that specific service. The benefits should compare favourably with the price the organization will be paying for those goods/ services. Value for money is an essential test against which the department must justify any procurement outcome. It is however, not the only factor to be considered when comparing the alternative solution.

10. Other factors include the goods and service offered meeting the requirements of the department and the capacity of the supplier to deliver the required product / service within the specified period.
11. Where GL comes into partnership for the implementation of certain projects, a Memorandum of agreement is entered into stipulating that parties will bring and control their own resources to the project.
12. GL commits to an efficiency savings target of reducing costs by 10 – 15% per annum to be achieved through the following VFM strategies:

VFM Strategy	Example	Form
Forming smart partnerships for cost sharing	Partnering with government bodies in undertaking big projects like the GBV Indicators research where GL provided 20% of the costs and the Government of Botswana provides 80%	Memorandum of Understanding (Form P01)
Thinking laterally across programmes and linking of programme outputs	Combining processes across programmes like when GL put out a tender for video productions and insisted on the successful bidder producing three videos in three different programme areas as a result of the fieldwork that involved travel to six different countries.	
Effective planning and linkages between programmes	Dovetailing workshops and meetings to save on time and costs like meetings preceding the Gender and Media Summit	
Leveraging GL services with programme work	In-house catering for functions and workshops like the GTI training workshops Offering accommodation to field or satellite office staff and evaluators at the GL guest room to cut costs	
Indirect reduction of procurement spend	Claiming back VAT from the SA Revenue Service	
In-kind support and cost sharing	Satellite and project offices sourcing free office space and free conference venues	In Kind Donations report
Comparing travel costs	Using online booking as opposed to a travel agent and engaging travel agent on complex bookings only	Quote comparison
Strategic and more effective use of IT resources	The use of skype for teleconference as compared to using telephones.	
Reducing postage and courier costs	Encouraging the use of emails and staff/workshop participants carry GL	

VFM Strategy	Example	Form
	publications, materials and books when they travel	
Acquiring GL property	Once-off purchase of property as opposed to paying rent every month for an unspecified period	
Environmental conservation initiative of a paper-less concept	Reducing printing costs by encouraging digital and electronic copies of documents to be filed on the P-drive	
Sourcing competitive quotations for comparison and negotiating with suppliers for lower prices	Scouting around for hotels for conferences and simpler accommodation establishments like guesthouses for smaller groups like the guesthouse that is used to accommodate GL field staff that was discovered after looking at a number of B&B's is much cheaper and still provides good service.	
Establishing and maintaining a suppliers database for recurring type of expenses	Maintaining a suppliers' database for services like hotels, conferencing venues and local travel ensures that the most cost effective suppliers are engaged and time is saved.	Suppliers database
Suppliers are required to deliver value for money in sourcing products and services on behalf of GL	Travel agent scouts for cheaper tickets and presents options as well as identifying ways of maximising benefits like the opening of an SAA corporate account for discounts on all tickets issued through SAA and accumulation of air miles for all spending on the travel credit card for use on GL board meetings to cut operational costs.	Monthly travel reports

Analysing value for money and procurement spend

13. Quarterly financial reports detail the expenditure on consultants, publications, workshops and IT which represents GL's main outsourced areas. These reports shall be used for analysing expenditure as a proportion of the organisation's overall expenditure and for monitoring any serious deviations from the budget and prior year trends. The analysis shall feed into decision making in terms of procurement patterns.
14. Monthly travel expenditure and savings reports shall be produced by the procurement officer and analysed by the CEO and DFC.
15. Major events shall only be undertaken upon satisfaction that the total required budget can be supported by available funds.

Open and effective competition

16. Open and effective competition is the central operating principle of the entire organization's acquisition process. Staff shall ensure that:

- adequate and timely information is provided to all registered suppliers to enable them to bid / quote
- content of information on the specifications/ task directive should be uniform to all the potential suppliers
- a fair and open process of evaluating bids or quotations should be communicated in the bid specification / task directive or request for quote (RFQ) documents when they are issued.
- The sourcing and comparison of three quotes as per threshold level ensure that GL procures from the most cost effective and efficient supplier. Contracted rates are routinely compared with other suppliers in the market to ensure value for money.
- The suppliers' database to be reviewed regularly so as to provide new entrants / suppliers an opportunity to bid or quote. This also ensures up to date institutional knowledge on the best services available, obtaining value for money

Ethics and fair dealing

17. Staff shall not use their official position to obtain gifts or benefits for themselves during the performance of official duties nor should they accept any gift or benefits when offered, as these may be construed as bribes;
18. Staff shall not use or disclose any official information for personal gain or the gain of others.
19. Staff shall abstain from any official action or decision-making process, which may result in improper personal gain and they shall declare any conflict of interest.
20. It is therefore required that every employee shall ensure that
 - acquisition is conducted in accordance with high ethical and moral standards
 - employees must observe recognized standards of fair dealing and personal integrity
 - employees should neither condone nor approve any known illegal or unethical act for any reason wilfully
 - confidentiality of information must be adhered to at all times
 - staff involved in the acquisition process should at all times disclose any possible conflict of interest and / or fraud to the CEO i.e. with regard to acquisitions relating to bids or quotations
 - impartiality in the conduct of bid evaluations

Accountability and Reporting

21. Staff are required to report irregular transactions / expenditure that may be incurred as a result of non-compliance to organizational policies when transactions are concluded.
22. The following serve as examples:
 - acquisitions of goods or services before an official order is generated
 - goods or services are procured by means of price quotations where the value of the purchase exceeds the threshold values determined by budgets
 - goods or services are procured without following the competitive route and reasons for deviation are not recorded and approved by authority
 - procurement of goods and services is authorized by an individual who is not delegated to approve the expense

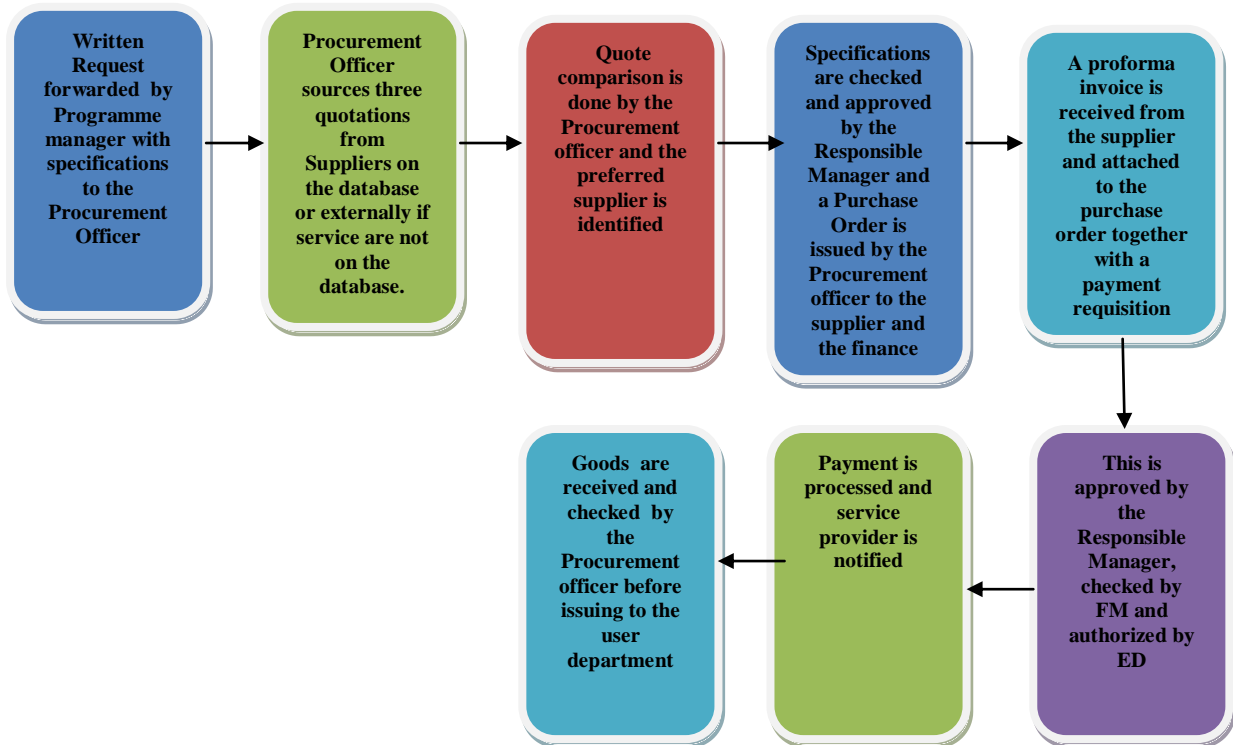
23. Deviations resulting in irregular expenditure are to be submitted and fully motivated to Corporate Services. The motivation must be signed by the CEO. Corporate Services shall keep a register of all irregular expenditure per financial year.

Purchasing and Procurement Thresholds

24. The CEO is responsible for final sign off on all procurement
25. All procurement shall be centrally managed by GL's head office and procurement in satellite and project offices shall be limited to consultants and facilities for workshops and accommodation with demonstration of value for money.
26. Gender Links' procurement thresholds are as follows:

Estimated Value	Action
Under R20,000	Prices can be obtained from different suppliers verbally and the best option taken or a preferred supplier can be engaged.
Above R20,000	Written quotes should be obtained from at least 3 suppliers, quote comparison and motivation for the chosen supplier must be provided.
Above R250,000	Full tendering procedure

The Procurement Process



Low Value procurement (Below R20,000.00)

27. For low value purchases of under R20,000, prices can be obtained verbally from different suppliers and the option that affords the best value for money shall be chosen. A preferred supplier can also be engaged in such instances.

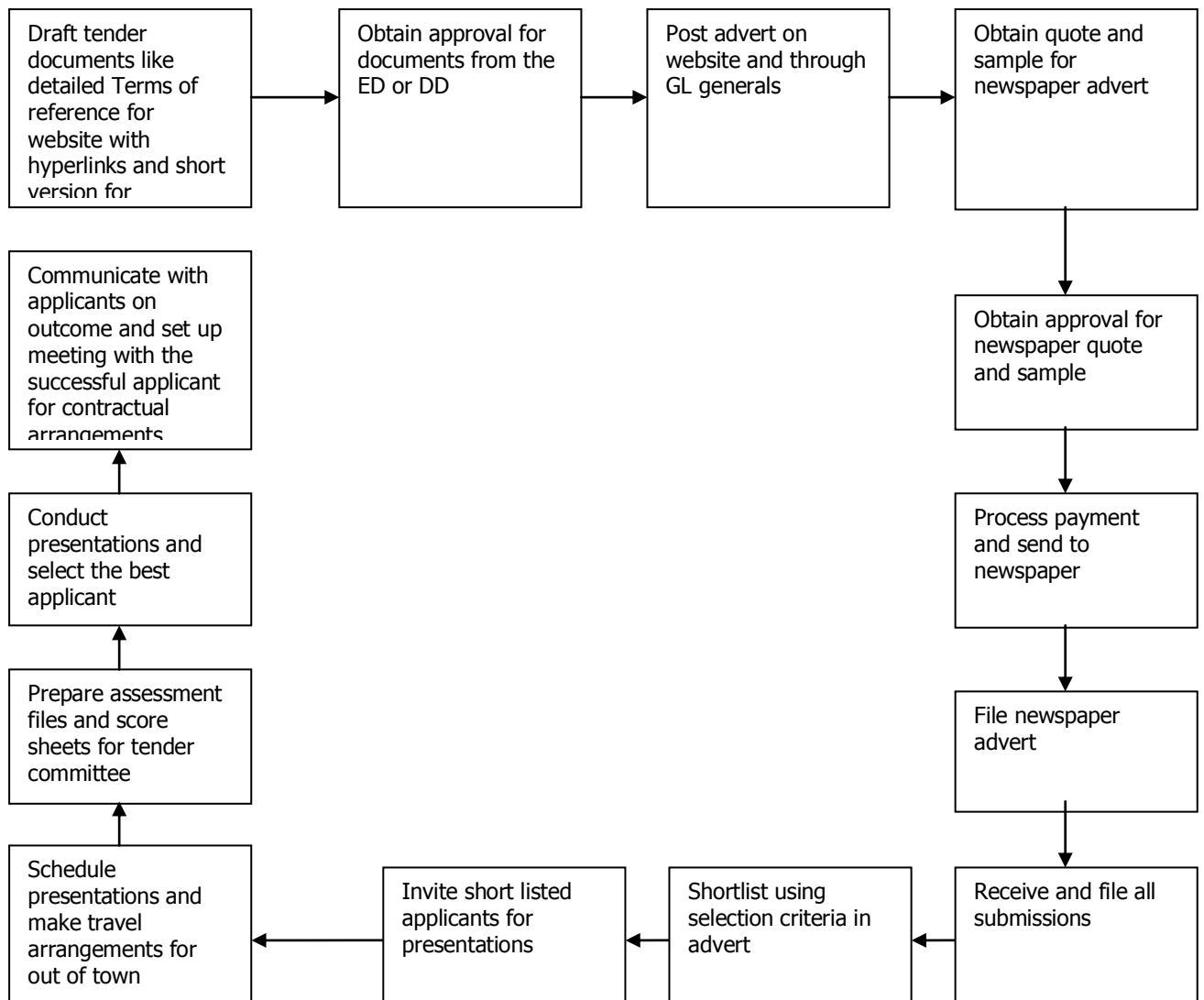
Medium value procurement (Above R20,000 but below R250,000)

28. For purchases above R20,000 but under R250,000 three quotes should be obtained from potential suppliers and compared on the Quote comparison (**Form P02: Quote comparison form**). Quotes should be in response to clearly defined requirements and the requirement given to suppliers must be the same in all cases. Quotes should be received in writing and the supplier meeting the requirement and the most economically advantageous offering selected. Although the recommended minimum number of quotes is 3, it may be beneficial or necessary to obtain more quotes depending on the service/goods. The procurement officer should allow suppliers a reasonable timeframe (at least 2 days) for responding to the requirement and preparing a quote. When analyzing the quotes, the procurement officer should look out for any hidden costs or terms that are not in the best interests of the organization. Examples of hidden costs may be maintenance payments or automatic renewal for subscription services.

High value procurement (Above R250,000)

29. Procurement above R250,000 shall be put to tender and advertised adequately in order to pool sufficient competitive bids

Tender Process Flow Diagram



Invitation to tender

30. Program staff are responsible for drawing up detailed terms of reference (ToRs) for tender adverts as detailed in the ToR Form (**Form P03: Terms of reference template**). The Director of programmes is responsible for checking and approving tender adverts and ToRs. The Executive director is responsible for authorising tender adverts and Tors. After authorisation, the tender advert is passed onto the Procurement officer for advertising.
31. The following information must be included in the tender advert:
 - Tender number
 - Description of the goods/ services applicable to the tender
 - The starting date for the tender
 - The closing date and closing time for the tender
 - The date until which the tender should be binding with regard to acceptance
 - The acceptance date for the tender
 - Proposed delivery date
 - The URL for the detailed tender, ToR and evaluation criteria.
32. GL advertises all tenders through a regional newspaper, GL's website, the internet and through GL's own contacts list serve.
33. Suppliers shall be given two weeks to respond to tenders. Rules relating to tender opening procedures shall apply in order to maintain fair and equitable treatment amongst suppliers.
34. Tenderers are given an opportunity to make queries or inquiries that shall be made available on the GL website for interested parties as a way of sharing information.
35. The procurement officer is responsible for receiving tender bids and will keep these in a locked box until after the tender closing time where the box shall be handed over to the director of programmes and program manager for opening and selection. All tenders that are handed in late or fail to meet the criteria shall be disqualified.

Selection

36. The criteria used to evaluate tenders shall be relevant to the deliverables of the requirement and should be assessed in a clear and quantifiable way. Qualification is based on the capacity and capability of suppliers to fulfil the requirement at the least possible cost.
37. All tenders must be opened and a summary of all tenders against the stipulated criteria shall be prepared for transparency using the Tender applications summary form (**Form P04: Tender applications summary**). The CEO/DP together with the programme manager are responsible for short listing at least three candidates.
38. The Procurement officer is informed and tasked with setting up presentations from the prospective candidates. The procurement officer shall act as a point of reference for the tenderers and shall attend to all questions and queries.
39. The programme manager shall prepare a score sheet on the Tender scoring sheet form (**Form P05: Tender scoring sheet**) that is in line with the main requirements of the tender as set out in the ToR.
40. The CEO/DP shall approve the score sheet before the presentations start.
41. A tender committee comprising of the CEO, DP, DFC, Procurement officer and programme manager shall be set and afforded a chance to go through all the shortlisted tenders beforehand.

42. The tender committee can, at its own discretion and depending on the nature of a tender, invite other knowledgeable personnel or consultants to advise the tender committee.
43. Presentations shall be conducted and the tender committee shall meet at the end to consolidate scores and make a decision.
44. The activities and recommendations of the tender committee are confidential and may not be made public by member of the tender committee, except when the information is officially made public by the tender committee.

Awarding tenders

45. Tenders shall be awarded to the supplier offering the lowest price or delivering best overall value – most economically advantageous tender.
46. The Procurement officer shall prepare a letter for the successful candidates (**Form P06: Successful bidders' letter**) and set a date for a meeting between the candidates, the ED/DP and the Programme manager to discuss the work plan and contracting arrangements.
47. After receipt of written confirmation of acceptance from the successful candidates, regret letters (**Form P07: Tender regret letter**) are prepared and issued to unsuccessful candidates.
48. GL shall prepare an end of award report detailing the tendering process from start to finish and detailing the steps followed and reasons for selecting the winning tenderer for transparency purposes
49. All tender documents, summaries, shortlists, scoresheets, final decisions and outcome letters shall be archived by the Procurement officer for future reference in the event of any queries.

Risk management and suppliers

50. Before entering into contracts, GL staff responsible shall perform a background check for new suppliers. This includes checking that the suppliers are a registered company, their audited statements and their track record through contacting their referees. An assessment of whether they are considered as a going concern should be done. This is meant to pick up any issues that could threaten the supplier's existence to try and mitigate GL's risk.
51. Before drawing up the contracts, GL shall have a meeting with the chosen supplier for a risk assessment of the project and allocation of such risks between GL and the supplier. The agreement of who carries what risk shall be included in the contract between GL and the supplier.

Outsourcing and contracting

52. Any work outsourced by GL to partners or consultants shall be set out in a legally binding contract (**Form P08: Consultant contract template**) that spells out the task to be completed and the timeframes within which this is to be completed, as well as the disbursements against deliverables.
53. No contracts shall span beyond one year.
54. All contracts shall include penalty clauses for late delivery of outputs and these shall be strictly enforced.

55. Under no circumstances shall GL pay the full amount without evidence of all the work being completed.
56. The programme managers responsible shall initiate contracts to be checked for compliance by the Procurement officer and signed by the CEO using the designated contract form. All contracts must bear the CEO's original signature. Only in exceptional circumstances may the CEO's electronic signature be used and this must be accompanied by an email from the CEO granting approval.
57. Programme managers shall be responsible for monitoring delivery of outputs and impact by the supplier. They shall act as the point of reference for the supplier and are responsible for managing the relationship between GL and the supplier. Any deviations from the work plan are communicated to the GL programme manager and immediate action is taken.
58. The Procurement officer shall be responsible for monitoring value for money delivery by the supplier and documenting these where applicable. Suppliers who meet their targets on time and deliver value for money shall be entered into the GL database for potential future engagements.
59. Evidence of the completion of the task by the supplier shall be presented in motivating payment.
60. A SWOT analysis/evaluation shall be conducted at the end of major procurement to determine whether the supplier delivered on all the outputs as expected within the expected timelines and at the expected standard. This will also be used to analyse whether the supplier delivered value for money. A report shall be prepared documenting the outcome and comments shall be included in the suppliers database to inform future decisions regarding the particular supplier. Other reports that may be generated include the travel savings reports and in kind donations reports.
61. In the case of small, regular commissions such as the GEM Opinion and Commentary Service a standard form **(Form P09: Opinion and commentary form)** designed for this purpose shall apply.

Types of contracts and Key Performance Indicators

Type of Contract	For Whom	Service	KPIs
Short-term, once-off paid per deliverable	Consultants / Service providers	Research, training, facilitation, translation, video production	Consultants Work Plan and ToR.
Long-term, paid per deliverable	Suppliers / Service providers	Recurrent service like stationery, printing, courier, local travel, general repairs and maintenance	Framework Agreements
	Preferred suppliers	Recurrent service like publications	Service level agreements

Type of Contract	For Whom	Service	KPIs
		layout and printing, air travel	
Contracts issued by suppliers	Gender Links	IT, data analysis, financial services	Checklist of general key provisions of a contract (Annex I)

Short term contracts

62. Short term once off contracts shall be governed by the work plan and terms of references as agreed in the contract.

Framework arrangements

63. Framework arrangements (**Form P10: Framework agreements template**) are entered into for small recurring costs like local travel, repairs and maintenance. These contracts stipulate the cost of services like hourly rates without quantifying the amount of hour or work to be done as these will be adhoc and payable per deliverable. They are usually for a period of one year.
64. These are meant to save time and costs associated with scouting for quotations and comparison every time a small procurement transaction has to be undertaken.
65. The framework arrangements are signed between GL and the supplier and reviewed annually to assess the quality of service rendered against the cost and to check whether rates are still in line with market rates to ensure value for money.

Preferred Suppliers (Suppliers database)

66. A database of preferred suppliers shall be established and updated regularly.
67. Quotations and proposals are invited from potential suppliers who provide relevant services such as research, editing, proofing, translation, data analysis, training, facilitating, layout, printing, hotels and lodges for accommodation and conferencing venues from around the region.
68. A competitive evaluation of comparing suppliers providing the same service is undertaken and the suppliers who provide the best quality and the lowest possible/acceptable costs are identified and entered into the database as "preferred".
69. Arrangements are entered into with such suppliers for the provision of services in adhoc manner as and when GL requires such services. The arrangements shall stipulate the rates like costs of accommodation per night, conferencing per person, layout and printing per page.
70. The suppliers are commissioned as and when GL needs services and the payment shall be made against valid invoices whose rates shall be consistent with those in the agreement.
71. The suppliers' database is continuously updated and new suppliers identified. If new suppliers offering the same services at the same quality and lower rates are identified, the contracted supplier shall be notified and advised of the new supplier's rates to try and bring down their rates or if this is not possible, GL shall switch to new supplier.

72. Such agreements are reviewed annually to assess the quality of service, invite new bids for competitive evaluation and assess value for money delivery.

Contracts issued by suppliers

73. All contracts issued by Service providers to GL shall be checked against the GL contracts checklist (**Annex I**) before signing.
74. These contracts shall clearly stipulate the tasks, deliverables, outputs, impact to be achieved, timeframes and total number of hours/days to be spent, hourly rates and disbursement schedule.

Filing and storage of contracts

75. All contracts shall be recorded on contracts register that is kept on the GL Public drive for access by staff.
76. All contracts are scanned and e-filed on the public drive for easy access by staff and the originals are locked up in a steel cupboard for safety by the Procurement officer.

Roles and responsibilities

The Role of Programme Managers

77. Ensuring that all procurement is within the prescribed programme budget.
78. Timely submission of requests for required products or services for carrying out their programme work with detailed product specifications or service deliverables.
79. Acting as an adviser to the tender committee.
80. Approving service level agreements or motivation for the selection of specific suppliers or service providers after quote comparisons.
81. Submitting and approving payment requisitions made to suppliers or service providers as per specifications and service level agreements.

The Role of Procurement Officer

82. Responsible for purchasing including technical and specialized procurement of supplies, equipment and services.
83. Assists department with specification development and serves on evaluation Committee.
84. Reviews and analyses all purchases which have not been awarded to the lowest bidder by ensuring that justification exists.
85. Ensuring that correct budget allocations and attachments are submitted with all requests for orders.
86. Ensuring that requisitions are signed by responsible managers or delegated persons.
87. Maintaining and updating the prospective list of suppliers (database).
88. Managing and administering contracts issued by Programmes staff. E-filing, contracts register and physical filing.

89. Monitoring supplier performance and ensuring value for money delivery. Documenting any irregularities and poor performance by suppliers and informing the suppliers of such developments.
90. Ensuring that service level agreements are signed by the service provider.
91. Ensuring that all cancelled orders for goods and services are in writing. Copies of the letters should be sent to the finance office to remove the said order(s) from the commitment file or attach to the relevant order.
92. In case of flights, ensure that unused tickets are submitted for refund before their expiry days and also inform finance office of any tickets submitted for refund to ensure that funds are recovered from the travel agent.

The Role of the Director of Finance and Corporate Services

93. Responsible for the development, coordination, efficient operation and maintenance of the acquisition and procurement chain policy and procedures.
94. Ensuring that all procedures for each threshold level have been followed and is responsible for the vetting of all contracts.
95. Ensuring that all acquisition matters are dealt with in accordance with the set out principles.
96. Ensuring that tender procedures are adhered to at all times.
97. Taking part in the tender committee.
98. Ensuring that all GL creditors are paid timeously once advised by the relevant responsibility manager that the services have been rendered and after receipt of a certified invoice by the relevant responsibility manager.
99. Together with Programme staff, monitor the services rendered to GL by the suppliers and reconsider their engagement in the event that they cease to provide expected benefits.

The Role of the Chief Executive Officer

100. Oversees and supports all programme requirements, including guidance on procurement needs, authorising procurement requests, tender adverts and ToRs.
101. The CEO acts as GL's representative in contract negotiations and conclusions.
102. The CEO shall be responsible for the final sign off on all procurement and all payments.

Staff capacity building on procurement

103. All new GL staff shall undergo in-house financial training conducted by the DFC/FM and the procurement officer that include procurements processes, thresholds and roles and responsibilities.
104. Refresher courses shall be undertaken to ensure application of lessons learned and improvements in policies and procedures that are reviewed annually by the board.

