

<b>Relevant Legislation</b>	Fiji Procurement Office – Guideline
<b>Commencement Date</b>	21 December 2017
<b>Review Date</b>	The review date is 12 months after the commencement date and every three years after that.

## POLICY STATEMENT

### 1 Intent

The purpose of this policy is to assist OAG staff to understand the process and procedure involved with procuring goods and services.

To document the procurement guideline and benchmark it with the Fiji Procurement guideline and its implementation is expected to bring efficiency and effectiveness in the delivery of OAG services.

### 2 Scope

This policy and procedure applies for any procurement conducted with OAG.

### 3 Principles

The overall principles of this policy are to:

- Maximize value for money;
- Maximizing economy, efficiency and the ethical use of OAG resources;
- Promoting open and fair competition and selection criteria; and
- Achieving accountability and transparency in the public sector.

### 4 Definitions and Acronyms

<b>Policy Maker</b>	Auditor-General
<b>Management</b>	Approval of Management Committee

## 5 Key Words

Procurement

Expression of Interest

Tender

## 6 Supporting Procedures/Guidelines

The guidelines to the policy are attached as Annexure I to this policy. This information will provide the background to the development of the policy should Officers need clarification.

<b>RESPONSIBILITIES</b>	
<b>Implementation</b>	The management are responsible for implementing the policy.
<b>Compliance</b>	All staff and appointed Committee Members are responsible for complying with this policy.
<b>Monitoring and Evaluation</b>	Corporate Services
<b>Development and/or Review</b>	Corporate Services
<b>Interpretation and Advice</b>	Deputy Auditor-General

## ANNEXURE 1

### 1.0 What is Procurement?

Procurement is the transparent process of acquiring goods and services for the purpose of use within OAG:

#### Steps:



#### **Step 1: Identify needs;**

The OAG must know it needs a new product, whether from internal or external sources. The product may be one that needs to be reordered, or it may be a new item. This need may also be identified through survey or identified due to change in work process.

#### **Step 2. Identify the procurement requirements;**

The second step is to identify the procurement requirement. The right product/service is critical for the office. Office needs to have standard specification to identify the procurement requirements. Through point of reference, the need must also be detailed such as colour, weight, size, features, functions and so forth.

#### **Step 3. Obtain costing/quotes (at least 3 is mandatory)**

The office needs to determine where to obtain the product/service from. Staff can consider obtaining quotes from the vendor list or search for new suppliers.

#### **Step 4. Do a cost benefit analysis**

The office will recommend the supplier that meets the criteria and has a reasonable cost which is within budget. A cost benefit analysis must be performed before ascertaining risks for individual alternatives.

**Step 5. Risk assessment of individual alternatives;**

The office will investigate all relevant information to determine the best price and terms for the product/service and any associated risks. This will depend if the office needs commodities/services (readily available products/services) or specialized materials.

**Step 6. Seeking and evaluating alternative solutions;**

The purchase order or (LPO) is used to buy goods between office and the supplier. It specifically defines the price, specifications and terms and conditions of the product or service and any additional obligations. Apart from the 3 quotes, approval can be considered on a case by case basis where the 3 quotes requirement could not be met, however the consideration will be based on best practice (i.e. use of comparative quotes, verbal quotes for any purchase less than \$1000.00

**Step 7. Prepare a procurement/recommendation plan for approval**

After evaluating the alternatives, staff can prepare the memo for recommendation to obtain goods/service. Once approval has been obtained, the next step is to issue the purchase order.

**Step 8. Award contract/purchase of goods/services**

The purchase order must be sent to the supplier. The supplier then acknowledges receipt of the purchase order. Both parties keep a copy on file.

**Step 9. Delivery of service and payment processing**

Issue of the purchase order addresses the timeliness of the service or goods delivered. It becomes important to note the conditions of the delivery including payment dates, delivery times and work completion. Once LPO is sent, supplier delivers the product/service, the recipient accepts or rejects it. Acceptance of the product/service obligates the office to pay for them.

**Step10. Ongoing management & control**

3 documents must match when an invoice requests payment - the invoice itself, the receiving document and the original purchase order. The agreement of these documents provides confirmation from both the office and supplier. Any discrepancies must be resolved before the office pays the invoice. These include purchase records to verify any tax information and purchase orders to confirm warranty information. Purchase records reference future purchases as well.

**2.0 Quotations**

Quotations must be obtained for all purchases of goods, works or services within the approval limit. The number of suppliers invited to quote will depend on factors such as the value, risk and complexity of work. However, the number of quotes should not be less than 3 under any circumstances.

However, this policy may waive the requirement to obtain competitive quotes in the following circumstances:

- there is only one supplier capable of supplying the goods, services in Fiji (irrespective of the amount);
- there is a binding annual contract with the supplier; and

- It is for the expeditious supply of specialized, technical services from a supplier who has previously provided services to OAG and has through that engagement created or has the working knowledge to deliver the services procured.

When requesting for quotation, staff should provide the following information.

- Description of the goods or services;
- Specifications;
- Quantity required;
- Contact details of the staff to whom quotes and enquiries should be directed;
- Delivery time; and
- Delivery location.

A request for a quotation must allow a reasonable time for potential service providers to respond.

### 3.0 Low Value Procurement- Less than \$1,000 (VIP)

For amounts less than \$1000, minimum of 3 verbal quotations can be obtained and signed by documenting officer receiving the quotes under the following condition.

- Rates are reasonable and consistent with the market rates for items of similar nature.
- Quotes obtained at or about the same time.
- fairness, equity and ethical dealing are assured

The relevant staff must ensure that the information obtained through verbal quotes are recorded and endorsed to facilitate comparison and approval, and ensures accountability.

In cases where the number of quotes received is less than the required number, reasons for not obtaining more quotations should be documented (for example, time constraints, unavailability of supplier in Fiji).

### 4.0 High Value Procurement – More than \$1000 and less than \$100,000 (VIP)

The procurement process requires following approval in facilitating the procurement process:

- Amounts \$1000 or more but less than \$100,000, requires written quotation
- Amounts \$1000 or less, competitive quotes may be received verbally & documented and signed by the officer receiving.

Approving Authority through LPO

Amount	Authority
>\$100,000 and above	Tender Committee
>\$50,000 and <\$100,000	Auditor-General
>\$5,000<\$50,000	Deputy Auditor-General
Limit of \$5,000	Directors (Signatory)
Limit of \$1,000	Manager Corporate Services

## Procurement Threshold Level

Procurement Method	Threshold – FJD	Procedure
<b>Petty Cash</b>	Approved Petty Cash Limit	No quotes required
<b>Low Value</b>	Amounts up to \$200	1 quote from the best supplier
<b>Low Value</b>	Amounts >\$200 up to limit of \$1000	competitive quotes may be received verbally & documented and signed by the officer receiving
<b>High Value</b>	Amounts>\$1000 up to a limit of \$50000	minimum of 3 written quotation is required
<b>High Value</b>	Amounts > \$50000 up to a limit of \$100000	minimum of 3 written quotation is required
<b>Tender</b>	Amounts > \$100000	Requires tender submission

### Tender

For evaluation of procurement under this category, requires scrutiny by experts. Likewise the value of work to be carried out requires evaluation by independent parties either from within or from other Ministry or Department in order to maintain transparency of the process.

### 5.0 Expression of Interest (EOI) Guide:

OAG must ensure that all statement of requirements or the scope of work is covered in the EOI before being advertised in the media. Expression of interest is the preliminary process of obtaining tenders.

This will give a clear instruction to bidders as to which type of information is required in order to identify the best potential bidders to carry services or supply of goods.

Office as such may advertise an expression of interest to request information from potential suppliers and may use the list of potential suppliers that have submitted bids as the basis for seeking tenders or proposals.

The expression of interest must contain adequate information to ensure potential suppliers understand the procuring requirements and are able to prepare submissions.

### EOI Process

- The statements of requirements are likely to be brief with a focus on outcomes. It must be made clear to suppliers that an EOI will not necessarily result in procurement.
- It must be noted that an EOI is not a tender and should not be used as a means of obtaining quotations or offers for the procurement of goods or services. It is a preliminary step to a tender and is used to gauge whether there are potential suppliers in the market that are interested in, and capable of satisfying the procurement needs
- Place an advertisement for an expression of interest in the local newspaper. Period of advertisement should not be more than 30 working days and not less than 10 working days from the date of advertisement to allow reasonable time for potential suppliers to respond.
- Terms of reference must be clear and concise and should indicate the duration of the procurement being sought.
- A committee is appointed to assess the initial submissions from those compliant bidders with an independent member.
- The committee will then meet to assess the bids submitted. They may also shortlist their preferred bidders. The request for tender documents are then prepared.
- The request for tender document are prepared in a more detailed manner outlining the specifications required and other important factors that were not included in the



expression of interest. Once prepared and finalized, the tender request documents including the specifications are sent to the Committee for selective tendering process.

- Committee will advise the bidders to submit detailed tenders.
- During evaluation, the most responsive and compliant tenderer is usually recommended for award or further tender process
- However, EOI process for procurement is not mandatory

### **Mandatory Requirements**

- a) Copy of Business registration certificate;
- b) Evidence of financial capabilities (bank statements/bank letter);
- c) Tax Identification Number (TIN) and Tax Compliance certificate
- d) Copy of Vat registration certificate;
- e) Past performance/Experience in doing similar work;
- f) References;
- g) Company Profile;
- h) OHS Compliance certificate (for works);
- i) Qualifications (for services or works);
- j) Suppliers capacity and capability to meet the organization specified requirement;
- k) Product compatibility and availability;
- l) No pending legal action against the company; and
- m) Not insolvent or under bankruptcy proceedings.

Apart from the criteria in the mandatory requirement above, respondents must provide sufficient information about their companies e.g. location & availability, resources (financial and human resources), track record and timeliness. This is done so that the evaluation committee can fairly assess all the attributes against each other. The information is to be concise and must be related directly to the services covered under EOI.

### **6.0 Tender Process:**

- Place a tender advertisement in the local newspaper
- The tender request must contain all necessary information to enable potential bidders to prepare and submit responsive tenders, including the specifications of that particular procurement and the evaluation criteria for the selection of the best tender.
- The tender advertising should not exceed 30 days and should not be less than 10 working days.

The tender request documents will typically include the following components:

- Conditions of tendering – organizational;
- Tender form and/or pricing schedule(s) giving the basis for the tender price or prices/rates (specific to the request but using common form components);
- Responsive schedules of information to be completed by the tenderers
- Standard conditions of contract (i.e. common to all such contracts);
- Special conditions of contract, possibly including a proposed contract (using common form components);

- Statement of requirements;
- Background documents including drawings, diagrams or samples – where applicable; and
- Selection criteria.

### **Receiving and Opening of Tenders**

Sealed quotations must be delivered to the OAG or any other prescribed method and dropped in the Tender box provided before the stipulated date and time.

The box maybe opened publicly and office representative should be made aware of the opening time and venue. Bid prices are to be read out to the committee and recorded accordingly.

Procurement officers are reminded of the ethical and probity issues involved in accepting and considering late offers.

Late tender submissions will not be considered.

### **Secondary Evaluation Process**

There are occasions when a secondary evaluation process is required. This may occur as a part of the original plan or be necessary to differentiate between short listed submissions.

A secondary process may include, but not limited to:

- Presentation of the intended project/methodology;
- Clarification of particular aspects of the submission;
- Additional information on some aspect of the submission;
- Responses to additional requirements; or
- Negotiations on personnel, project delivery, milestones and price.

Office must ensure to include a clear and unambiguous description of the proposed procurement process, including the:

- proposed contract conditions,
- works, assets and services to be delivered through the contract;
- information to be lodged in the tender;
- tendering process, including the basis for evaluating tenders; and
- decisions that will flow from the tendering process.

### **Advising the Tenderers**

OAG staff must ensure confidentiality of tender process and committee discussion is maintained. The committee prepares memo for recommendation and appointment of vendor.

Upon completion of the tender process, the office must advise the successful and unsuccessful tenderers.



## **7.0 Documentation**

Documentation provides a record of procurement activities and how they have been conducted. Staff must obtain proper approval for any procurement taken for the Office.

The procurement document should include:

- The reasons for the procurement;
- The purchase processes adopted;
- The decision making process (who, when and why); and
- Relevant details of approval and authorization.

Documentation relating to procurement must be retained for a period as required under the contract of the supplier or for a longer period if required. Supplier or Service Provider Contracts must be kept by Registry and filed by vendor and must be accessible when required. For low value, routine purchases a purchase order would be considered sufficient documentation.

## **8.0 Communications Process with Tenderers**

The office to update the supplier in case of unsuccessful submissions and provide a written explanation of the rejection. This includes goods obtained through tender process.

## **9.0 Other Obligations**

- Various other reporting and disclosure obligations may apply from time to time, including:
  - Disclosure to Auditor-General or relevant approving authorities and its committees, as appropriate.

## **10.0 Annual Procurement Plan**

OAG must prepare an annual procurement plan to support the anticipated procurement projection for the coming year. This will assist in allocation of resources. It can be maintained in the simple spreadsheet and can include some of the important details:

- Reference Number
- Description
- Category
- Estimated Date of Usage/Implementation
- Types of users
- Access Type
- Status
- Contact Details
- Last Updated

## **11.0 Ethics**

All procurement must be conducted in an ethical manner will enable office and potential suppliers to deal with each other with mutual trust and respect. Staff must adopt an ethical, transparent approach that enables business to be conducted fairly, reasonably and with integrity.

Some of the important notes to be considered are stated below:

- a) recognize and deal with any conflicts of interest, including perceived conflicts of interest;
- b) deal with suppliers and potential suppliers with fairness;
- c) consider seeking advice where probity issues arise;
- d) do not compromise the OAG's standing by accepting inappropriate gifts or hospitality;
- e) comply with all other duties and obligations including statutory requirements.

## **Ten Taglines for Ethical Procurement**

- Make Independent decision
- Act in the best interest of OAG
- You are a user of OAG funds
- Follow the governing law
- Strive for efficiency
- Protect the economy with eco-friendly goods
- No acceptance of gifts
- Do not socialize with suppliers
- Maintain confidentially
- Do not play favorites

### **12.0 Conflict of Interest**

A conflict of interest occurs arises when the personal or professional interest of a staff are potentially at odds with the best interests of OAG. Not only real conflicts of interest should be avoided but also perceived conflict of interest.

This policy requires the staff of the tender committee to declare their interest as soon as practicable after relevant facts have come to their knowledge.

Individual public officials or OAG staff who are involved in the procurement process should behave ethically in order stop a conflict of roles arising. In turn they should report their interests to the appropriate officials.

These risks are typically evaluated by OAG to determine whether they pose a substantial advantage to the private organization/supplier over the competition or will decrease the overall competitiveness in the bidding process.

### **13.0 Confidentiality**

OAG must ensure that received supplier information are treated as confidential prior to any decision made. Once the successful quote submission or tender has been announced or approved, then only the office can determine what specific information is to be kept confidential.

### **14.0 Accountability and Transparency**

Accountability and transparency are crucial considerations throughout the procurement process. This would encourage the efficient, effective and ethical use of OAG resources. OAG with its staff have the responsibility of ensuring that any procurement process is open and transparent, that decisions are justified and that procurement related actions are documented, defensible in accordance with this policy.

Accountability means that staff are responsible for the actions and decisions that they take in relation to procurement and for the resulting outcomes.

Transparency provides assurance that procurement processes undertaken by staff are appropriate and that policy and legislative obligations are being met.

Disclosure is the mechanism by which organization make their procurement activities visible and transparent.

## 15.0 Integrity and Fairness

Decision makers must promote integrity and fairness in all its decision making. This means that procurement decisions are made in an impartial, fair, and consistent manner and are therefore consistent, reliable and justifiable.

## 16.0 Dealing with Complaints

In the event that a complaint is received OAG should aim to manage this process internally, where possible, through communication and conciliation with the tenderer or supplier.

OAG must apply fair, equitable and nondiscriminatory complaint handling procedures. The procedures should take account of the following:

- a) the process needs to be systematic and well understood by the parties involved;
- b) senior management and officials independent of the process should be involved as appropriate;
- c) complaints should be dealt with in writing;
- d) each party must have sufficient time to appropriately respond to developments (no less than 10 days, unless urgent);
- e) if a matter has been referred to an external body for review, OAG may be required to provide all relevant documents to that body as required by law; and
- f) OAG must ensure that the initiation of a complaint process does not prejudice a supplier's or a potential supplier's participation in future procurement processes.

## 7 Review

This policy will be reviewed 12 months after implementation and every 3 years after that.

## 8 Monitoring

Any abuse of the policy will result in disciplinary action.

## 9 Who to Contact About this Policy

Any queries are to be directed to Corporate Services.

## 10 Revision/Change Log

Version 1.0	
Policy endorsed by:	Executive Management Committee
Policy approved by:	Auditor-General
Policy effective from:	21 December 2017
Policy to be reviewed by:	21 December 2018
Manager responsible for policy:	Manager Corporate Services