

GUIDE TO PROCUREMENT PROCESS FOR PURCHASES UP TO \$50,000



Ministry of Finance

FIJI PROCUREMENT OFFICE
RO LALABALAVU HOUSE
SUVA

2012

REVIEWED: JANUARY 2014

TABLE OF CONTENTS

1.0	Introduction	3
2.0	Scope	3
3.0	Purpose	3
4.0	Quotations	3
5.0	SIMPLE & LOW Value PROCUREMENT Less than \$1,000 (VIP)	4
5.1	Evaluation Team	5
5.2	Approval.....	5
6.0	HIGH Value PROCUREMENT More than \$1,000 and Less than \$50,001 (VIP)	5
6.1	Request for Quotation	5
6.2	Evaluation Team	5
6.3	Approval.....	5
7.0	Procedures for Requesting Quotations	5
7.1	Clarification of requirements	6
7.2	Receiving and Opening of quotations	6
7.3	Advising the bidders.....	6
8.0	Waiver on the Acquisition of Competitive Quotes	6
9.0	Conclusion.....	7

1.0 Introduction

This policy has been developed as a procedural guide for all Ministries and Departments procuring goods, services or works up to the total cost of \$50,000 - the approval limit delegated to Permanent Secretaries.

2.0 Scope

This policy aims to establish the guide for officers that are involved in the daily procurement of goods, services or works.

3.0 Purpose

The purpose of this policy and procedures is to:

- Ensure that the procurement processes are in accordance with the legislations of the country, particularly the Procurement Regulations 2010, together with the amendments as per Legal notice 54 and the Finance Instructions 2010.
- Ensure that the Officers at various Ministries and Department have a reference for the steps to be undertaken to procure goods, services or works that are within the approval limit of the Permanent Secretaries.

4.0 Quotations

The quotation process is intended to ensure that the agencies receive value for money based on fair competition and ethical dealing.

Quotations must be obtained for all purchases of goods, works or services within the approval limit of the Permanent Secretaries that are not covered under Standing offer Contracts.

However, Permanent Secretaries may waive the requirement to obtain competitive quotes in the circumstances outlined in 8.0.

For procurement of goods, services or works valued at \$1000 and more but \$50,000 and less, a minimum of three written quotes must be obtained and where the procurement of goods, services or works costs less than \$1000.00 competitive quotes may be received verbally but must be documented and signed by the officer receiving the quotes [Regulation 29 (1) & 29 (2)].

When requesting quotations, government agencies should provide the following information to service providers:

- (i) a description of the goods or services;
- (ii) Specifications (it is imperative that agencies seek assistance of the respective agencies that can provide assistance in the preparation of technical specification documents) e.g. ITC must be contacted for purchase of IT related product.
- (iii) the quantity required;
- (iv) the name and telephone number of the officer to whom quotes and enquiries should be directed;

- (v) delivery lead time; and
- (vi) delivery point.

A request for a quotation should also show a request number and the closing date, to allow a reasonable time for potential service providers to respond.

5.0 SIMPLE & LOW Value PROCUREMENT Less than \$1,000 (VIP)

The first category is procurement that is simple and low value in nature

Procurement that have an estimated value of less than \$1000 are considered simple in nature, therefore a minimum of three verbal quotes must be obtained and must be documented and signed by the officer receiving the quotes.

The following conditions and steps would assist the agencies to get the best value for money when receiving verbal quotes:

- (i) Rates are reasonable and consistent with the market rates for items of a similar nature ;
- (ii) regular reviews are undertaken to ensure the reasonableness of prices, including the random invitation of quotations at appropriate time intervals;
- (iii) the required goods or services are not split into components or a succession of orders for the purpose of enabling orders to be placed without seeking quotations; and
- (iv) fairness, equity and ethical dealing are assured

When obtaining verbal quotations, those invited to quote should:

- (i) receive the request at or about the same time;
- (ii) receive the same information; and
- (iii) Represent a fair selection of available service providers.

The relevant officer must ensure that the information obtained through verbal quotes are recorded and endorsed to facilitate comparison and approval, and ensures accountability. In addition, quotation register must be signed and then attached to the vouchers or the LPOs for future references.

In cases where the number of quotes received is less than the required number, reasons for not obtaining more quotations should be documented (eg time constraints, emergency reasons etc).

Conflict of interest should be avoided at all times.

5.1 Evaluation Team

Quotations must be evaluated by designated officer as per the Finance Manual of the Agency.

5.2 Approval

Quotations must be approved by the Permanent Secretary or the designated officer as per the Finance Manual of the Agency.

6.0 HIGH Value PROCUREMENT More than \$1,000 and Less than \$50,001 (VIP)

The second category is for procurement that is high in value but does not exceed the approval limit of the Permanent Secretaries.

6.1 Request for Quotation

Written quotes must be obtained for procurement of items over \$1000 and below \$50,001.

Companies invited to quote in writing should:

- (i) receive the request at or about the same time;
- (ii) receive the same information;
- (iii) represent a fair selection of available service providers; and
- (iv) be requested to submit their quotations to a specified location at a stipulated date and time of closing.

All documentation pertaining to quotation must be retained for audit and probity purposes, in accordance with the appropriate requirements and legislation.

6.2 Evaluation Team

Quotations must be evaluated by designated officer as per the Finance Manual of the Agency.

6.3 Approval

Written quotations must be approved by the Permanent Secretary or the designated officer as per the Finance Manual of the Agency.

7.0 Procedures for Requesting for Quotations

Quotation should only be obtained for works for which - funding is available, and a firm intention to proceed has been given. 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 under any circumstances less than three (3) quotes.

All suppliers invited to quote should be given the same information and operate under the same conditions. Any addenda are to be communicated promptly to all invited companies.

7.1 Clarification of requirements

Potential suppliers may seek clarification of the specifications or other requirements after requests for quotations are issued. Procurement ethics require that potential suppliers are treated equally and fairly. Procurement personnel must ensure that clarifying information is given to all participating suppliers to eliminate any claims of unfair disadvantage.

7.2 Receiving and Opening of quotations

Sealed quotations must be delivered to the agencies and dropped in the quotation box provided before the stipulated date and time.

The quotation box must have two locks, where one key should be held by the head of department and the other with an officer independent of the procurement process.

The box maybe opened publicly and company representative should be made aware of the opening time and venue. Bid prices are to be read out by the Secretary and recorded in the bid register

Procurement officers are reminded of the ethical and probity issues involved in accepting and considering late offers. The consideration of late offers may raise questions about the probity of the evaluation process.

Therefore late quotations must not be considered at all.

Government agencies must ensure the commercial confidentiality of responses is maintained.

7.3 Advising the bidders

When the selection process is completed, agencies should promptly advise both successful and unsuccessful bidders of the decision. The names of the successful contractor and the price accepted should be provided. Upon request, agencies should provide relevant details to unsuccessful service providers as to their lack of success. This advice should be limited to the unsuccessful service provider's response and how it did not meet the requirements. Comparisons should not be made with the successful service provider's response.

8.0 Waiver on the Acquisition of Competitive Quotes

As per Procurement (Amendment) Regulations 2012 part 4, a new sub-regulation, section 29 (3), states that;

A Permanent Secretary or Head of Department may waive the requirement to obtain competitive quotes for the procurement of goods, services or works below the value of \$50,000 where-

- (i) there is only one supplier capable of supplying the goods, services or works in Fiji;
- (ii) there is a binding annual contract with the supplier;

- (iii) a supplier has been nominated by an aid agency which is funding at least 50% of the procurement; or
- (iv) it is for the expeditious supply of specialized, technical services from a supplier who has previously provided services to Government and has through that engagement created or used its intellectual property or working knowledge to deliver the services procured.

9.0 Conclusion

This policy guide will be reviewed every month for the next three months after the implementation of this guide and then on a quarterly basis to reflect material amendments to this guide.