



# Procurement Manual

Version 2.0

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# Trees for the Future

## *Procurement Policies & Procedures Manual*

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## I. TERMS AND DEFINITIONS

**Authorizer:** The individual with authority to approve a Purchase Request and approve the supplier recommended by the Procurement Officer or procurement committee

**Blanket Purchase Agreement:** Agreement between TREES and a vendor following a procurement process which details terms for regular supply of a product or service in many locations with payment by the field or central office.

**Budget Holder:** The position with budget allocated during the Annual Budgeting process for a given purchase

**International Open Tender:** A procurement process open and promoted among qualified bidders from any location in the world

**National Open Tender:** A procurement process open and targeting bidders throughout a given country of operation

**Preferred Vendor:** A supplier selected through an annual competitive procurement process to supply a set of products or services at a set price for up to one year. This typically refers to things such as office supplies, repair shop centers for vehicles or motorcycles, local hotels etc. Once appointed, bidding process is not required until the conclusion of the contract.

**Procurement Officer:** The person responsible for coordinating procurement activity in a country or the central office. Typically not a full-time role. The Accountant may not be the Procurement Officer.

**Procurement Request:** The document which initiates a procurement process in TREES

**Purchase Order:** The document which defines the terms of a transaction and commits TREES to payment for a good or service upon satisfactory delivery

**Registered Vendor List:** Listing of suppliers, their required details and experience which qualify them to provide goods or services to TREES

**Quality Control Advisor:** Person or committee appointed by the authorizer of the procurement to develop the quality standards required and ensure delivery in accordance with the quality requirements

**Segregation of Duties:** Allocation of procurement tasks to different functions and persons to improve clarity and control and decrease the possibility of malpractice

**Sole Source Procurement:** Procurement approved by special exception to be awarded in absence of competition in the rare instance of emergency or existence of only one qualified provider.

## II. GENERAL PROCUREMENT VALUES AND GUIDELINES

Procurement is a significant area of expenditure. Trees for the Future commits to undertaking procurement transparently and efficiently to give highest value for money spent. The following are guiding principles and guidelines serving as a foundation for our overall policy.

- **Procurement proceeds in-line with approved annual or project budgets** (when projects are funded subsequent to the annual budget process).
- Procure only those items which are clearly required to bring about project success. This means that **purchases will in all cases correspond to “needs” and not “wants”**.
- **Obtain Value for Money for all expenditures.** This means cost is a key consideration but equally consider durability, life-of-asset cost of ownership and other quality aspects.
- Keeping things simple and clear enhances control and quality. Wherever possible, club small, repeated expenditures into **Blanket Purchase Agreements** with reliable vendors.
- Wherever possible, **minimize or eliminate cash transactions to vendors and reimbursement of staff against receipts.** Use checks or money transfers wherever possible.
- Although price is important, it may be that maintenance, warehousing, service needs make a “cheap” option much more expensive. This may mean that the cheapest initial purchase is not the right choice.
- Buy from reliable sources of supply. **Deal fairly and impartially with all vendors,** treating each vendor with fairness in the search for good value for money spent.
- **There is zero tolerance for fraud at Trees for the Future.** Avoid any conflict of interest, or even the appearance of a conflict of interest, in all supplier relationships. All staff, even those not involved in procurement activities, must sign a statement attesting to their commitment not to engage in any activity which could be construed as a Conflict of Interest.
- Obtain sufficient documentation to **support a transparent, clear, and understandable “audit trail”**, meaning that someone who has had no involvement in the procurement activity can easily follow the entire process from beginning to

end. The documentation must clearly demonstrate the need for the purchase and how the winning vendor was selected.

### III. POLICY APPLICABILITY AND THRESHOLDS

This Procurement Policy applies to all purchases of goods and services in Trees for the Future including Country Offices, the Central Office and any remote locations. Separate policies exist or are under development for other major expenditures in the organization. These include primarily travel and compensation which will have individual country and Central Office specific provisions.

**No procurement for any product or service may commence without Authorization to proceed.** Authorization is provided by the following rules in response to a procurement request. The person authorizing the request has the final authority to select a vendor, subject to agreement by the designated accountant/financial director

Location	Estimated Procurement Amount	Person Authorizing Procurement & Final Vendor Selection	Financial Review**	NOTES
Field Offices	0 to \$500	Supervisor	None	Repeated purchases call for BPA or PV
	\$501 to \$10,000	Budget Holder/ Country Director	Country Accountant	
	Over \$10,000	Vice President, Programs	Director Finance	
Central Office	0 to \$500	Supervisor	None	Repeated purchases call for BPA or PV
	\$501 to \$10,000	Budget Holder	Director Finance	
	Over \$10,000	Budget Holder	Director Finance	

#### ADDITIONAL REQUIREMENTS:

- ALL computers, printers and monitor procurement must comply with TREES' Corporate standards. Procurement Requests for these items are to be approved by the TREES IT Unit.
- It is not permissible to split orders to avoid the total falling in any given range. For example, if 6 computers totaling \$11,000 are needed at approximately the same time, it is not permissible to place an order for one for \$2,000 and a second order for for \$9,000 in order to fall below the limit of \$10,000 for the order. All three computers are the same order and requirements applicable to an order totaling \$11,000 must be applied.
- Quotations used to justify selections do not have to be for the same, identical item. They may be for essentially equivalent models or brand meeting the same general and reasonably close specifications.

#### IV. CDS AND HQ DIRECTORS: PROCUREMENT BASICS TO PUT IN PLACE

1. **Procurement Officer:** Each Country Office, including the Central Office in the U.S., will maintain the function of Procurement Officer. In some cases, this will not be a full-time role but the Procurement Officer's functions, as defined in this policy will be combined with an existing role that is NOT the accountant or supervised by the accountant. **The Procurement Officer is to be nominated by the Country Director, subject to approval by the Senior Director of Finance and Administration.**
2. **Annual Budgets and Monthly Spend to Budget Information.** Budget holders are accountable to ensure budget adequacy by monitoring their spend against budget through TREES' monthly financial reporting.
3. **Appropriate Storage and Inventory Control.** Each Country Office is to have on-site adequate storeroom facilities and a person assigned to manage the storeroom. Only this person is allowed to enter new inventory or release inventory from the storeroom. This person is responsible for accurate documentation of the movements of inventory from the store. Responsibilities for the material transfers to the recipient once it is documented as removed.
4. **Legal Advisory.** Each TREES country office is to have a lawyer who is available on an as needed basis to provide counsel on contractual questions (leases, complex vendor deals, long term blanket purchase agreements, etc.). This resource may also be important to assist with vendor disputes or malfeasance.
5. **Segregation of Duties.** The following functions must be performed by separate individuals:
  - a) Preparation of the *Purchase Request Form*
  - b) *Review and approval* of the *Purchase Request Form*<sup>1</sup>
  - c) Vendor selection and preparation of the *Purchase Order*
  - d) Approval of the *Purchase Order*
  - e) Receipt of purchased goods and services
  - f) Payment to vendors
6. **Planning and Consolidation with Preferred Vendors and Blanket Purchase Agreements (BPA).** It is a leadership responsibility to assess where procurement during the year and across geography can be packaged into single procurements that appoint one or more vendors to provide things we need regularly and in different places. Deliveries can be verified and then payments made centrally. This significantly simplifies our task, enhances controls and provides value for money. Examples are fuel, phone credit, hotels, computers, office supplies, motorbikes, repairs, printing services and others. In this document, these mechanisms are referred to as **"Preferred Vendors" and "Blanket Purchase Agreements"**.

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<sup>1</sup> Except where a Budget Holder is submitting a procurement request on their own behalf.

7. **Reduce the use of cash and reimbursement by staff as much as possible.**  
BPAs are an excellent way to reduce the use of cash, requiring complex advances, proof of expenditure and/or reimbursement of staff. Authorized staff can identify themselves to a vendor and avail of services at pre-defined terms. Payments to vendors must be executed as checks or approved mobile transactions.

## V. SEGREGATION OF DUTIES



# Procurement Roles/Segregation of Duties

	Country Director	Requestor	Authorizer/ Budget Holder*	Procurement Officer	Accountant	Inventory Officer
<b>Planning</b>	<ul style="list-style-type: none"> <li>Accountable for effectiveness of procurement function</li> <li>Maintain separation of duties per this sheet</li> <li>Ensure procurement remains within budget</li> </ul>		<ul style="list-style-type: none"> <li>Develop annual procurement plan and timeline</li> </ul>	<ul style="list-style-type: none"> <li>Develop &amp; Maintain Vendor Registry</li> </ul>		<ul style="list-style-type: none"> <li>Maintain records of item balances on hand and store securely</li> </ul>
<b>Request &amp; Bidding</b>		<ul style="list-style-type: none"> <li>Identification of Need</li> <li>Specifications</li> <li>Scope of work (consultant)</li> <li>Quantities</li> <li>Rationale</li> <li>Estimated cost</li> </ul>	<ul style="list-style-type: none"> <li>Authorize Procurement Request to Proceed (or Not)</li> </ul>	<ul style="list-style-type: none"> <li>Request bids from registered vendors</li> <li>Prepares Tenders</li> <li>Documentation of Bids and relative merits of vendors</li> </ul>	<ul style="list-style-type: none"> <li>Confirms cash availability on the Procurement Request</li> </ul>	
<b>Vendor Selection</b>		<ul style="list-style-type: none"> <li>Propose Vendor(s) for consideration</li> </ul>	<ul style="list-style-type: none"> <li>Final Decision on Vendor, Authorizes P.O.</li> </ul>	<ul style="list-style-type: none"> <li>Convene procurement review committee</li> <li>Prepare Contracts</li> <li>Prepare P.O.</li> <li>Notify bidders of decision</li> </ul>	<ul style="list-style-type: none"> <li>Reviews P.O.</li> </ul>	
<b>Receipt &amp; Post Procurement</b>		<ul style="list-style-type: none"> <li>Approves the quality/quantity of delivery</li> </ul>	<ul style="list-style-type: none"> <li>Appoints Quality Control Advisor</li> </ul>	<ul style="list-style-type: none"> <li>Initiates Payment</li> </ul>	<ul style="list-style-type: none"> <li>Initiates Payment</li> </ul>	<ul style="list-style-type: none"> <li>Receives/stores goods</li> <li>Issues receipt</li> <li>Updates inventory &amp; Asset List</li> </ul>
<p>*At country level for less than \$10,000, this is usually the Country Director.</p>						



## VI. PROCUREMENT OFFICER RESPONSIBILITIES

The Procurement Officer function plays the most important role in the procurement process. Quality execution of this role satisfies two of the most important procurement requirements: 1) carrying out competitive and open procurement, and 2) maximizing value for money spent.

The Procurement Officer:

- Maintains a complete and updated *Registered Vendor List* per set procedures;
- Communicates, as necessary, with the requestor to clarify and expand specifications to ensure that at the completion of the procurement process the requestor has received the intended goods or service;
- Determines the best methods for procurement of goods and/or services
  - ✓ Competitive Process: All procurement above the established threshold identified in this manual must undergo the competitive bidding process in most cases. Any deviation from the competitive process must be fully documented for audit trail purposes.
  - ✓ Preferred Vendor: This is a vendor that meets minimum standards criteria and is certified to provide the listed goods and/or services after completion of a competitive process which is accomplished on an annual basis. The suppliers included on this list will ideally have proven good track record with the organization. For example, day-to-day purchases such as general office supplies may be procured from a Preferred Vendor selected via an annual procurement process which will determine the best prices and discounts over the course of the year. As needs arise during the year a purchase may be made from the preferred vendor.
  - ✓ Sole Source Procurement: This method is chosen when only one vendor can be identified as meeting procurement specifications. The Procurement Officer Function must provide clear written justification regarding why sole source procurement is necessary. In general, sole source procurement is only justified when:
    - a. The item is available only from a single source
    - b. The procurement is of an emergency nature and competitive solicitation will result in significant delays resulting in unacceptable costs or consequences
    - c. A donor authorizes non-competitive procurement, and has provided written approval prior to the procurement

- Selects a number of qualified suppliers sufficient for meeting the competition criteria and ensuring that all offers are documented as per the competition criteria;
- Conducts price analysis and any other qualitative/quantitative analyses based on the comparison of quotations received, utilizing the appropriate Trees for the Future form
- Ensuring that any source, origin, and nationality requirements are met (for example, USG requirements for USG funded procurement)
- For Transactions up to and including \$10,000, recommends the best vendor to fulfill the procurement needs
- For Transactions over \$10,000 convenes a Committee to make a vendor recommendation
- Use the following criteria for making all vendor recommendations
  - Price (and other related costs, such as insurance, freight, etc.)
  - Degree of fit with the specifications and requirements
  - Reliability and Quality
  - Warranty
  - Delivery Period
  - Quality of customer service, if after-sale service is a significant consideration
  - Past performance of the vendor (if relevant)
  - Payment terms and mode of payment
- Provide a recommendation for approval by the Budget Holder/Authorizer
- Upon approval by the Budget Holder, contact the successful bidder and conclude a contract for medium and major size procurements. Prepare the file for review by accounting and creation of the Purchase Order.
- For medium and major size procurements, notify the losing bidders.
- Follow up on the order with the vendor to ensure delivery as promised, keeping the requestor informed of expected delivery as well as other pertinent developments
- Arrange for qualitative review of the items or services delivered and sign-off for payment
- Accurate and complete documentation of all elements of the procurement from the request to documented receipt and approval for payment.

## VII. REGISTERED VENDOR LIST

- Trees for the Future Offices are required to develop a *Registered Vendor List* which serves as the basis of all procurement activity.
- This list must be reviewed and updated at a minimum on an annual basis, removing vendors which have not met the organization's standards, and adding new vendors that qualify. The list may be updated at any time during the year through the addition of new vendors utilizing a standard Vendor Checklist as adapted to the local requirements. This checklist ensures that sufficient information regarding the vendor (such as physical address, contact information, tax ID details, company registration documents, owner/senior executive, etc.) is gathered and that this is followed up by on-site independent verification of the vendor's existence, operations, and output.
- The initial list and any updates must always be approved by the Country Director. The list is also subject to independent verification by other designated employees or auditors in addition to staff visiting from Trees for the Future Central Office.

## VIII. PURCHASE REQUEST FORM

### PROCUREMENT REQUEST

The requestor prepares a *Purchase Request Form* for approval by the applicable Budget Holder.

The procurement request form needs to be submitted well in advance of the required delivery date (the procurement officer will advise lead times required) and will include the following details.

Basic Details (All Procurement)	For Consultants	For Major Goods or Services
Name, Department, Dates Required, Quantity and Specifications, Suggested Vendors, budget and charging information (form fully filled)	Full Scope of work with deliverables and time-line	Quality Control Checklist and or standards which may include pictures and other ways to fully clarify the quality needed. These materials are to be appended to the request.

### PROCUREMENT REQUEST APPROVAL BY BUDGET HOLDER

Approval of the request will be considered by the holder of the applicable component of the Annual Budget ("The Budget Holder"). At country level, this is the CD who has authority to authorize procurement up to \$10,000. The CD may set up levels of delegated approval authority to be reviewed and approved by the Director of Finance. For procurement in the U.S. Central Office, the budget holder will be the appropriate director. The requestor is responsible for submitting a correct and accurate ***Purchase Request Form*** for approval.

To avoid alteration of the request or change on the item description or its specification, it is important that the requesting person specify as much as possible the description of the goods or the service(s) required.

A budget holder may prepare their own procurement request.

### **PROCUREMENT RESPONSIBILITIES ON THE PURCHASE REQUEST FORM**

The Procurement Officer in turn has the responsibility to carefully and thoroughly review any ***Purchase Request Form*** which has been submitted. The request should be promptly returned to the requesting party if any detail is missing or proper approval is lacking. **The Procurement Function is not authorized to alter specifications, quantity, or other details of a purchase requisition unless changes have been approved by the requesting and approving party.**

Any questions the procurement officer has must be clarified prior to proceeding. A careful review may include clarifications on items such as the following:

- quantities which appear to be greater than required
- quantities which appear to be less than required
- goods or services which seem inconsistent with actual needs
- requests without clear or sufficient detail, especially with regard to quality requirements for tools, seeds or other items for our farmer partners
- requests which do not conform to Trees for the Future standards
- urgent and "ASAP" requests which are not due to true emergency situations

The Procurement Function **MUST** ensure that purchase requisitions include a check against approved budget, especially for major procurement (commodities, vehicles, furniture and equipment, promotional materials, etc.).

## IX. BIDDING, EVALUATION AND VENDOR SELECTION

### BIDDING BASICS

The following is required for compliant bidding:

- ✓ Only vendors on our Registered Vendor List may participate in TREES Procurement processes.
- ✓ At least three written quotations are required. Quotes cannot be from the same vendor. Items quoted can be for different brands/models but the items/specifications must be similar.
- ✓ A summary page of the bids listing, by vendor name, the item(s) bid, specifications of the item(s), and the amount bid per unit as well as in total (*Price Quotation Comparison Form*)
- ✓ For individual items in excess of \$5,000, a brief cost-benefit analysis. This should document that the cost of the item to be purchased will be less than the cost to rent the same item by the end of the project period. For example: if a copier were to be purchased for \$6,000 and there were two years left in the project, one would need to document that it would cost more than \$6,000 to rent the copier for two years.

### SECURING QUOTATIONS

**The Procurement Function has the sole responsibility for the selection of the vendors to be approached for quotes.** However, the Procurement Officer can welcome suggestions from the requestor or other departments regarding possible vendors in order to process requisitions in a quick and efficient manner. Requests for vendor quotes are to be made only after reviewing the approved purchase requisitions.

Guidelines for securing quotations are specified below.

- a) Quotations may **only** be solicited by the Procurement Function from vendors established in the TREES Registered Vendor List. This will require advance planning to make sure that reliable vendors are vetted and qualify to bid for TREES business.
- b) Quotations may only be sourced after receipt of an approved *Purchase Request Form* that follows criteria established in this manual.
- c) Suppliers may not be approached for quotations once the award has been made to a supplier. Bids must not be made as a cover-up nor manipulated to support an already determined selection.

- d) The ***Price Quotation Comparison Form*** contains at a minimum the following information.
- Vendor name, address, contact numbers and contact person
  - Description of the items being quoted
  - Price quotations
  - Payment Terms
  - Delivery Terms
  - Selected vendor, with sufficient clear justification for the decision
- e) Recurring purchases of the same item(s) from a preferred vendor do not necessarily need to be supported by a ***Price Quotations Comparison Form***. The note "preferred vendor" may instead be indicated on the ***Purchase Request Form***.
- f) In exceptional instances when written quotations cannot be obtained, verbal quotes or telephone surveys may be acceptable. A summary of the survey must be recorded on a ***Price Quotation Comparison Form*** which will serve as back-up documentation once the vendor is confirmed.
- g) Written responses must be obtained for all equipment purchases, for non-standard conditions or requirements, or at any time when permanent documentation appears advisable.
- h) Suppliers must be made aware of the following Trees for the Future policies which relate to the solicitation of bids.
- Discussions held between Trees for the Future staff and a vendor before conclusion of a contract are preliminary and non-binding
  - Trees for the Future is under no obligation to cover any cost incurred by the supplier prior to confirmation of an order, unless otherwise agreed to in advance in writing
- i) If a supplier is to be given the opportunity to re-bid, that is to submit a revised bid after having already made an initial offer, then bidding must first be closed and invalidated. All suppliers will then be asked to submit new bids.
- j) Bids from suppliers must be in response to a specific request for quotation to that supplier. Unsolicited bids may under no circumstance be considered for possible award of contracts.
- k) Procedure must ensure that all quotes reach the Procurement Function without alteration or exclusion of one or more potential or contacted vendors. This may include sealed envelopes for all quotations, a separate email address for the Procurement Function, adequate IT security, etc.
- l) Attachments to responses from vendors must be submitted in a file format which cannot be altered. This means that quotations provided in formats such as

Excel or Word will not be accepted. File formats which are acceptable include JPG, PDF, and other similar presentations.

- m) It is important that **all quotes are verifiable**. This means quotations must have the exact vendor's name, physical address, phone number, email address, etc. and that these details match exactly with the information included in the Pre-Qualified Vendor List.

## EXCEPTIONS ON VENDOR SELECTION

Exceptions are made in the following instances, with the understanding that these cases must be clearly documented and approved.

- a) **Sole Source:** When the required number of sources for the items required are unavailable. Sole Source procurements are allowed but are expected to be rare. The competitive bid process is maintained to the maximum extent possible. A Sole Source Memo must be prepared including justification and approved by the budget holder.
- b) **Emergency Purchases:** When emergency factors require a break from policy in order to achieve certain critical objectives in a limited amount of time. Emergency purchases should be minimized in every way possible through better planning. Since it does not allow adequate time for competitive bidding, emergency purchases may result in having to accept higher prices.
- c) **Preferred Vendors:** The Procurement Function identifies certain vendors as "preferred" through an annual competitive bidding process and establishes set pricing parameters for an extended period. This may include suppliers of office supplies, repair shop centers for vehicles and computers, travel agencies, etc. These are ideally vendors which have served the local Country Office for some years giving consistent quality products and/or services. In the case where a preferred vendor has already successfully competed for the needed product or service, an additional bidding process is not required.
- d) **Blanket Purchase Agreement:** These are arrangements similar to preferred vendors where routine services are needed on a regular basis and provided by a vendor who has successfully completed our procurement process. Examples are phone cards for our entire group of staff or provision of fuel. Arrangements are set up with the vendor to access products or services by TREES staff in multiple locations, all managed centrally for reconciliation and payment.

## BID REQUIREMENTS BY SCOPE OF PROCUREMENT

Threshold	Requirements	Bidding File Requirements
<p><b>Small</b></p> <p>Up to \$500</p>	<ul style="list-style-type: none"> <li>Three quotations (<i>verbal quote form</i>)</li> </ul> <p>OR</p> <p>BPA or Preferred Vendor (PV) for repeated purchase</p>	<p>One-off:</p> <ul style="list-style-type: none"> <li>- Verbal Quote Form</li> <li>- Receipt</li> </ul> <p>BPA/PV: [Documentation per agreement]</p>
<p><b>Medium</b></p> <p>\$501 to \$10,000</p>	<ul style="list-style-type: none"> <li>Written <i>Quotation Request</i></li> <li><i>Scope of Work if Consultant</i></li> <li>At least 3 valid quotations received</li> <li>If required Quality Control Advisor provides input on selection</li> <li>Purchase Order/Consulting Contract</li> </ul> <p>OR</p> <p>BPA or Preferred Vendor (PV) for repeated purchase</p>	<p>One-off:</p> <ul style="list-style-type: none"> <li>- <i>Quotation request/SOW</i></li> <li>Three (3) quotations</li> <li>- <i>Bid Summary Form with Quality Control Advisory</i></li> <li>- <i>Purchase Order</i></li> <li>- Copy of invoice</li> </ul> <p>BPA/PV: [Documentation per agreement]</p>
<p><b>Major</b></p> <p>\$10,001 to \$100,000</p> <p><b>National Open Tender</b></p>	<ul style="list-style-type: none"> <li>Publication in a national media &amp; Publication on Trees' website and/or a specialized website</li> <li>Sealed offers or delivery to dedicated email address.</li> <li>Opening of the offers by an Evaluation Committee</li> <li>At least 4 valid offers</li> <li>Comparison of the offers and selection</li> <li><i>Bid Summary Form</i></li> <li><i>Purchase Order</i></li> <li>Contract (if required)</li> <li>Scope of Work if Consultant</li> </ul>	<ul style="list-style-type: none"> <li>- Copy publication of the <i>Procurement Notice</i></li> <li>- List of applicants</li> <li>- <i>List of tenderers</i></li> <li>- Bids received and envelopes (at least four (4))</li> <li>- <i>Bid Summary Form</i></li> <li>- <i>Purchase Order</i></li> <li>- Contract (if required)</li> <li>- Quality &amp; delivery documents</li> <li>- Copy of invoice</li> </ul>
<p>&gt;\$100,000</p> <p><b>International Open Tender</b></p>	<ul style="list-style-type: none"> <li>Same as above</li> <li><b>BUT</b></li> <li>Publication in country of operation and USA (at minimum)</li> <li>Publication on the Trees' website &amp; a specialized website</li> </ul>	<p>Same as above</p>

**SMALL PURCHASES UP TO \$500**

For one-off purchases for items or services costing less than \$500. If the purchase of the same good occurs consistently, then the procurement officer shall set up a Preferred Vendor or Blanket Purchase Agreement.

The Procurement Officer will buy from the most advantageous supplier after making an informal survey of the market: phone call or e-mail to three (3) different suppliers. The bids are to be tabulated on Verbal Bid Summary Form.



### **MEDIUM SIZE PURCHASES: \$500 TO \$10,000**

The following procedure will be used for one-off purchases for items costing more than \$500 but less than \$10,000. If the purchase of the same good occurs consistently, then a BPA or Preferred Vendor or Vendors is to be established.

A written quotation request is required and distributed to Registered Vendors. In the case of a Consultant a detailed Scope of work is to be provided. The Procurement Officer will collect at least three (3) written quotations from different suppliers (preferably 4) and the Bid Summary Form prepared with the Procurement Officer's Recommendations, subject to review as required by the chosen Quality Control Advisor.

Where a regular purchase is anticipated, Preferred Vendors or a BPA is recommended.

A contract with the supplier is normally required to include quality specifications, delivery time and quantities that can be enforceable. This contract should be the Trees' standard or, if acceptable, the contract preferred by the supplier. For consultants, use the TREES standard Consulting Agreement or the vendor's. Read proposed vendor contract templates carefully and seek counsel where necessary to be sure.

### **MAJOR PURCHASES- OVER \$10,000**

A National Open Tender will be implemented for purchasing goods and services of a value exceeding \$10,000 and less than \$100,000.

This procedure requires a detailed document supporting the *Purchase Request* capturing the procurement expectations, the necessary documents, the timing of the procedure, and the selection criteria. The Requestor must provide, and have approved by the Authorizer, the procurement criteria along with the Purchase Request.

All documents required for the tender must be ready and verified before its initiation. These documents are submitted to the Procurement Authorizer for finalization at least one week before the tender's publication.

A *Procurement Notice* in appropriate national and local media will be published. In addition, publication of such tenders should be published on Trees' website. The notice will list the qualifying criteria for the tender and the due date.

An Evaluation Committee must be created for a National Open Tender. The committee composition is, at a minimum:

- Relevant technical officer/Quality Control Advisor
- Finance representative
- Procurement Officer
- Budget Holder
- Authorizer/Budget Holder of the Procurement

#### National Tender Rules:

- As with all TREES procurement, only registered persons and entities may participate in TREES procurement.
- Tenderers will submit their bid to Trees in a closed envelope to a specified address or online in a secure folder by the published date
  - The Procurement Officer will record all the tenderer submissions
- On the closing date all bids are opened the by the Evaluation Committee in an open forum – a lawyer can support the selection committee if necessary. Each member of the committee signs each bid as attestation that it was sealed.
- The Evaluation Committee assesses all bids in consideration of the pre-established, approved selection criteria then:
  - the results are recorded in a *Bid Summary Form* by the Procurement Officer
  - the tenders are ranked
- The Evaluation Committee verifies the winner's documentation, references and (where possible) interviews previous customers

If there are fewer than four (4) technically and administratively compliant bids, the Evaluation Committee can request the Authorizer's supervisor to void the tender procedure or approve a derogation from the policy.

The composition of a complete National Open Tender purchase file is:

- The *Purchase Request* (including technical specifications and justification for purchase)
- A copy of a publication of the *Procurement Notice*
- *List of Tenderers*
- Originals of all the tenders received with envelopes or proof of receipt at the designated email box
- *Bid Summary Form*
- The original contract for the transaction
- Quality control & delivery documentation

#### **INTERNATIONAL OPEN TENDER**

Typically, an International Open Tender will be managed from Headquarters in close consultation with the country office. Such a procedure would be employed for purchases exceeding \$100,000.

The procedure is identical to the National Open Tender. Only the publication modalities differ. The *Procurement Notice* must be published in appropriate national media as well as in the United States. Where possible, the *Procurement Notice* should have a specialized free access website. It will also be published on the Trees website. The Evaluation Committee defines the coverage of the tender and the international media in which the tender will be advertised.

The composition of an **Evaluation Committee** for an International Open Tender is, at a minimum:

- Relevant Technical Officer
- Director of Finance
- Procurement Officer
- Country Director
- Senior Director Programs

## **EVALUATION AND APPROVAL OF BIDDING PACKAGE**

It is Trees for the Future policy to award the Purchase Order or contract to the lowest bidder if the materials or services offered by different vendors are of comparable quality, if each supplier has promised similar delivery dates, and if there are no other major variables to distinguish the bids. However, these variables are rarely equal and there are cases when orders are not placed with the lowest bidder. The act of selecting the best overall offer requires good judgment and experience, and this responsibility must be approved in writing by the Budget Holder/Authorizer, especially if the award is not made to the lowest bidder.

### Approval of vendor selection below \$10,000

1. **The Procurement Officer provides a recommendation to the Budget Holder/Authorizer.** This will include a clear analysis of the objective elements (total price, quality, terms of payment, delivery terms, mode of payment, transportation costs, insurance, packaging and handling costs, procurement locale, etc.). A ***Bid Summary Form*** and any additional analysis is appended to the form where appropriate.
2. **The Recommendation is reviewed by the budget holder/authorizer who makes the final decision.** This is to be documented on the form.

### Approval of Procurement \$10,000 or more

1. **The Procurement Officer convenes a committee of at least 4 persons** in compliance with the requirements of Major Purchases. The committee provides a consensus or majority recommendation if possible.
2. In the event consensus is not reached, the Budget Holder/Authorizer retains decision authority, subject to the review and agreement of their supervisor. In the event that the supervisor does not approve the procurement, the procurement process is invalidated and must be re-started.

## **X. COMMITTING TREES TO A PURCHASE**

### **BLANKET PURCHASE AGREEMENTS**

To reduce workload and increase control, offices are encouraged wherever possible to arrange for Blanket Purchase Agreements which anticipate a repeated purchase or a purchase of like products or services to be delivered in multiple locations (fuel,

motorcycle maintenance, phone cards, hotels, etc.). Subsequent to a procurement process, a Blanket Purchase Agreement may be put in place for up to one year with an option for amendment due to changing circumstances (more staff, price changes due to unforeseen events, etc.) (See Procurement Forms for a BPA template). A BPA will have specific rules in the contract for accessing services or products, reconciling and payment.

### **PURCHASE ORDERS (FOR GOODS AND SERVICES)**

A *Purchase Order* is prepared by The Procurement Officer for Procurement over \$500 and signed by the accountant and the Budget Holder/Authorizer. The original is sent to a winning vendor in order to document **the organization's commitment to procure goods and/or services**. This document is a written authorization for a chosen supplier to ship products or deliver services in exact agreement with the bidding and decision documentation. It sets forth the descriptions, quantities, price, discount, payment terms, delivery date and other associated terms and conditions.

**The Country Director or U.S. Budget Holder and the senior accounting person in the office is responsible for approval of *Purchase Orders* and verification of the project code for the procurement.**

The *Purchase Order* is a branded, pre-printed form in triplicate copy that is serially pre-numbered. Distribution is to the Vendor, Accounting, Receiving/Inventory, and Back-up. Blank purchase order forms are to be kept in a secure location by the Procurement officer.

### **CONSULTING CONTRACT**

In the case of consultants, a Consulting Contract (template in the appendices) is required as a supplement to the Purchase Order. A complete package for a consultant includes the Purchase Order, Consulting Contract signed by the Office Signatory (CD or in the case of the U.S. Central Office, the Senior Director of Finance) and the Scope of Work.

### **CONTRACTS FOR GOODS AND SERVICES OVER \$10,000**

Upon the approval of the Authorizer/Budget Holder, the Procurement Officer prepares the contract for signature per the TREES Table of Authority. In some cases (leases are a good example), Contracts may originate from the vendor. In most cases, this will be acceptable subject to review where needed by our legal counsel. Approval of these contracts are the same as with Purchase Orders. Note that any terms and conditions not covered by the formal Purchase Order must be clearly included in the supplemental contract.

## **PAYMENT TERMS**

The Procurement Officer will seek to negotiate a credit term or optimally a 'Payment Upon Delivery' arrangement with the vendor. If a deposit payment is required for the Purchase Order, this must be properly indicated on the *Purchase Order*. It is against TREES policy to pay more than 50% initial deposit for any product or service (a negotiated milestone based payment plan is acceptable).

## **XI. RECEIPT OF GOODS AND PAYMENT**

### **RECEIVING PROCEDURES**

The person assigned to receive goods will undertake the following process:

- Examine items immediately upon arrival to make sure that they are in good condition. If boxes are open, dented, crushed, or otherwise in poor condition, the delivery person must note this on the delivery forms before the receipt of boxes is signed.
- Carefully open all boxes and remove all items. Many vendors include a packing slip in boxes that includes the description and quantity of the contents, which may be of assistance.
- Count and examine each item individually, comparing them to the packing slip and the Purchase Order. If there are any discrepancies between the Purchase Order and what was received, the receiver must note this on the Goods Received Note and contact the vendor immediately. In some cases, vendors will deliver partial orders. If this is the case, it may be noted on the packing slip.
- The receiving individual must formally acknowledge the receipt of goods by signature. A Delivery Receipt may also be required from the vendor, as possible.
- The Requestor or their designee reviews the quality of goods received and signs the goods received note and the quality control certificate if they are in compliance with the requirements. The goods received note is provided to accounting for payment.

### **DOCUMENTATION REQUIREMENT FOR PAYMENT**

1. Payments for Small and Medium Procurement will typically be paid from the Country Office account. Payments for Medium and Major procurement will typically be paid from the Central Office account. Any deviation from this rule will be approved by the Corporate Controller.
2. Before any payment, the following documentation is required.

- ✓ Approved *Purchase Request*
- ✓ Summary of vendor quotations, including vendor selection statement and approval, or an approved *Price Quotations Comparison Form*
- ✓ Documentation of the competitive bidding process
- ✓ Verifiable quotations from suppliers
- ✓ Purchase Order copy
- ✓ Contract if executed
- ✓ Invoice from vendor
- ✓ Goods Received Note
- ✓ Quality Control Certificate

3. Payments to suppliers of goods and services are to be based on *original* supporting documents, such as vendor Invoices, Delivery Receipts, and a Purchase Order. Quotations obtained from suppliers must be attached to the *Purchase Order*.
4. Check payments or electronic transfers to vendor accounts must be made only after proper review and approval of Payment Vouchers. **Cash payments are ALWAYS DISCOURAGED and are not allowed at all for Medium Size procurement and above.**
5. Checks and wire transfers will be in the name of the actual payee/vendor or the vendor company name which has been utilized during the entire procurement process. Any payment in a different name must be questioned. All payments must be based on information contained on the Pre-Qualified Vendor List. If there exists an authorized change confirmed by the vendor principal, the pre-qualification documentation must be updated.

## XII. PROCUREMENT DOCUMENTATION

At the time of payment, the accountant is responsible to ensure documentation for the procurement is complete, fully linked to the payment in the system and available for audit. The documents may be retained in paper or by organized electronic files but they must be immediately accessible for internal review, internal audit or annual audit sampling. All procurement documentation is to be scanned where necessary and organized in files by transaction with clear labeling in locations assigned by the global financial function. A complete file will include:

- Approved Procurement Purchase Request
- All Bid Documentation as required by Procurement Amount (small, medium or large).
- Record of the review and recommendation by the Procurement Officer
- Contract (if concluded)
- For consultancies, Scope of Work and executed contract
- Purchase Order
- Goods Received Note
- Quality Control Certificate
- Proof of payment
- Explanatory notes and any additional material

The procurement files may be reviewed or audited at any time by TREES personnel or auditors duly appointed by the organization. **The Procurement Officer and the Accountant must work together to ensure conclusion of a fully audit-ready file.**

## XIII. INVENTORY MANAGEMENT

### GENERAL GUIDELINES

Each Country Office will appoint an employee to be in charge of receiving goods procured. This is a person without general procurement duties and outside of Finance.

Procurement will fall into one of these categories:

1. Non-inventory items	2. Durable Assets over \$500	3. Items for Inventory
Used immediately by procuring staff	These are to be entered on TREES' official asset list	Items to be stored until used
Examples: catering, hotel stays by visitors,	Examples: Computers, monitors, office furniture, motorbikes	Examples: Seeds, planting tubes, tools, printed materials
Process: Invoice from vendor approved for payment	Process: Asset labeled with code and entered into asset	Process: Storeroom clerk enters material received

1. Non-inventory items	2. Durable Assets over \$500	3. Items for Inventory
	list per guidance in the accounting policy	on the inventory tracker (see appendices).

## INVENTORY PROCEDURES

The following guidelines must be followed by all Trees for the Future Country Offices in order to ensure proper accounting for all inventory, whether procured locally or supplied by the U.S. Central Office.

- A physical count of items in the storeroom must be done on at least annual basis, more frequently if deemed appropriate. When conducting the physical inventory, a copy of the inventory tracking spreadsheet should be printed out and each item on the report should be accounted for. The inventory on the spreadsheet is to be organized by location in order to facilitate this process. Changes to the condition and/or location of an item must be noted on the tracker and updated accordingly. The performance of this count must be accomplished by an employee independent from the individual usually responsible for the receipt of product and the daily management of inventory.
- Maintenance of equipment is to be conducted in accordance with manufacturer recommendations. Complete maintenance records for vehicles and computer equipment are to be kept, including vehicle maintenance logs and schedules and computer maintenance contracts.
- Every effort must be made to repair damaged property. If an item cannot be repaired, or if it is not cost-effective to repair, then a "Project Property Loss, Damage or Theft Report" must be completed and sent to the Director of Finance. This report is to be accompanied by supporting documentation.
- If property is stolen, the proper authorities must be notified and a police report filed if appropriate. A "Project Property Loss, Damage or Theft Report" should be filled out describing the event, accompanied by the police report and any available eyewitness accounts. Copies of the report and attachments should be sent to The Director of Finance Trees for the Future Central Office.

## XIV. DONOR SPECIFIC RULES AND REGULATION ON PROCUREMENT

Country Directors and Procurement Officers need to be fully aware of cases in which a particular donor award requires compliance with specific procurement rules. In order to avoid expenditures being disallowed by the donor, the donor requirements that are not met by the standard procedures in this document must be followed. This is most especially the case in the event TREES is an awardee or sub-awardee of funds from USAID. (Please see the Appendix for basic rules which apply for USAID funds.



## XV. ETHICS STATEMENT

- Business by TREES employees is to be conducted ethically in a manner above reproach and with total impartiality and preferential treatment for no person or vendor. Procurement must always be implemented based strictly on the merits of supplier proposals and applicable related considerations such as timing, quality and quantity.
- Organization employees will not solicit or accept, directly or indirectly, any gift, favor, entertainment, loan or anything of monetary value, from anyone maintaining a business connection with Trees for the Future.
- All staff involved in the procurement process must avoid any action or circumstances such as
  - gratuities (a payment or gift to obtain favorable treatment or influence an award)
  - family relationship that might conflict with the proper performance of their duties or compromise the organization's acquisition process
  - financial interest that also might conflict with the proper performance of their duties or compromise the organization's acquisition process

They will also assure that their conduct at all times is in a manner that maintains trust and confidence in the integrity of the procurement process.

- Conflict of Interest: No employee, officer, member of the Board of Directors or agent of Trees for the Future will participate in the selection or award or administration of a contract if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when one of the following has a financial or other interest in the organization selected for award:
  - The employee, officer, member of the Board of Directors of Trees for the Future
  - Any member of his or her immediate family
  - His or her spouse or partner
  - An organization that employs, or is about to employ, any of the above
- Members of the Board of Directors, officers, employees, or agents of the Trees for the Future will neither solicit nor accept gratuities, favors or anything of monetary value from vendors, contractors, potential contractors or parties to sub-agreements.

## XVI. CRITICAL FORMS AND DOCUMENTS BY PROCUREMENT ROLE

Requestor/ Budget Holder	Procurement Officer	Inventory Officer
<ul style="list-style-type: none"> <li>• Procurement Request Form</li> </ul>	<ul style="list-style-type: none"> <li>• Vendor Registration Form</li> <li>• Bid Summary Form</li> <li>• Verbal Quote Form</li> <li>• Sole Source Memo</li> <li>• National Tender Template</li> <li>• Price Quotation Comparison Form</li> <li>• BPA Format</li> <li>• Consulting Contract Template</li> <li>• General Contract Template</li> </ul> <p>Purchase Order (Medium Procurement)</p> <p>Purchase Order Major Procurement</p>	<ul style="list-style-type: none"> <li>• Goods Received Note</li> <li>• Quality Control Certificate</li> <li>• Property loss, damage or theft report</li> </ul>