



FAIR WORLD BUILDERS

PROCUREMENT

MANUAL

July 2021

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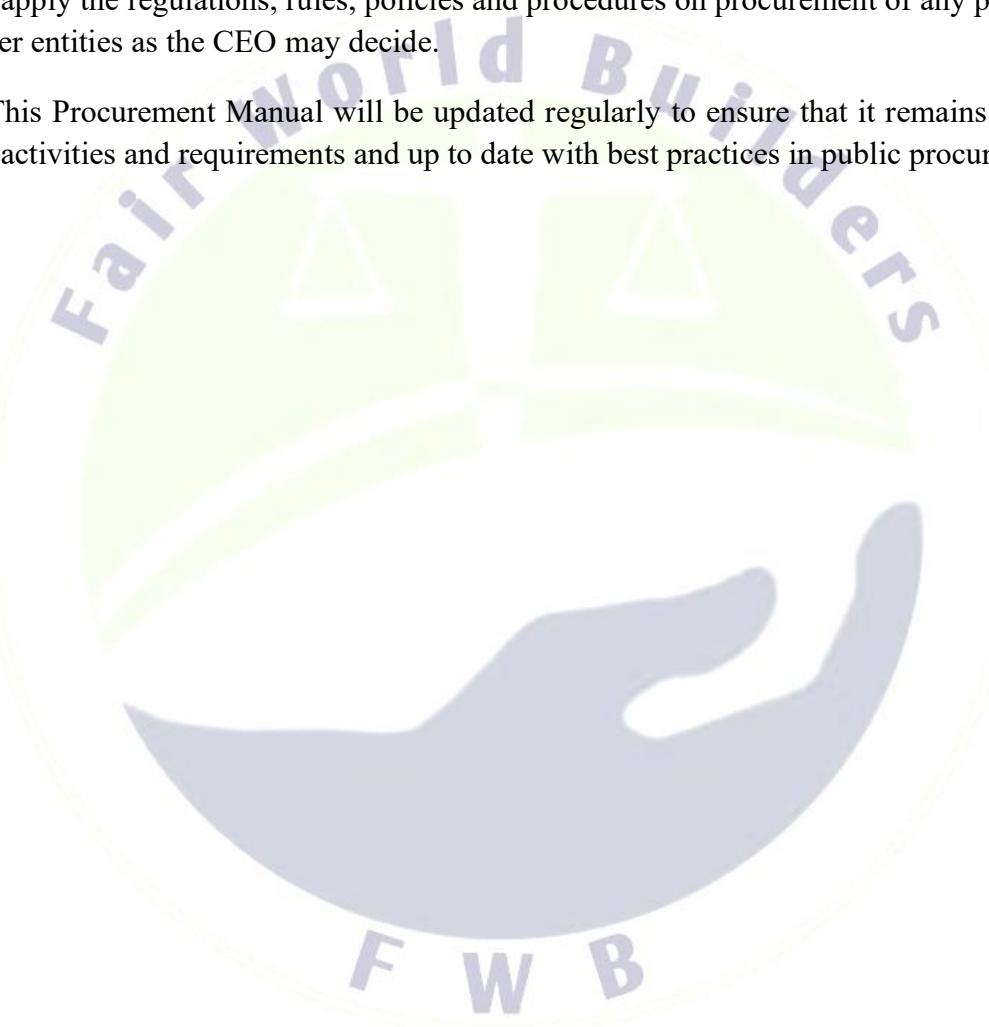
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## 1- Introduction

Fair World Builders as a non-profit has a solemn and ethical obligation to follow rules and procedures necessary for implementing its projects. These rules and procedures are embedded in this procurement manual delineating roles and responsibility of each person and institution involved.

The instructions, procedures and processes detailed in this Procurement Manual apply to any procurement activity undertaken for or on behalf of FWB and its partners. Subject to adherence by FWB to the general procurement principles, the Chief Executive Officer may agree to apply the regulations, rules, policies and procedures on procurement of any partner or such other entities as the CEO may decide.

This Procurement Manual will be updated regularly to ensure that it remains relevant to FWB activities and requirements and up to date with best practices in public procurement.



## 1.1. Core values

To achieve our goals, the procurement process must protect the organization from proscribed practices, for example, fraud, corruption, collusion and other unethical practices, and be conducted on the basis of clear and appropriate regulations, rules, and procedures that are applied consistently to all potential suppliers. Further, the manner in which the procurement process is undertaken must provide all internal and external stakeholders of the organization with assurance that the process is fair and transparent and that integrity has been maintained.

**Fairness** must be maintained by the organization and its personnel during the procurement process. This means, among other things, that we must offer equal opportunities to all bidders by, for example, sharing the same information with all bidders at the same time and generally communicating the same contents on a specific procurement. In the context of procurement, a fair process is free from favoritism, self-interest or preference in judgement.

To better understand ‘fairness’, one might look at its synonyms and related words, such as: *just, equitable, impartial, unprejudiced, unbiased, objective, dispassionate*. ‘Just’ stresses conformity with what is legally or ethically right or proper. ‘Equitable’ implies justice dictated by reason, conscience and a natural sense of what is fair. ‘Impartial’ emphasizes lack of favoritism. ‘Unprejudiced’ means without preconceived opinions or judgements. ‘Unbiased’ implies absence of a preference or partiality. ‘Objective’ implies detachment that permits impersonal observation and judgement. ‘Dispassionate’ means free from or unaffected by strong emotions. The concept of integrity enshrined in the Charter of the United Nations embraces all aspects of behavior of a member, including such qualities as honesty, truthfulness, impartiality and incorruptibility.

**Integrity** is when an individual exhibits probity in their actions. Probity means an individual has strong moral principles and honesty and decency as character traits. A person of integrity has a sense of honesty and truthfulness that is apparent in their professional and personal conduct. Such a person adheres to commonly accepted moral and ethical principles and is incorruptible. They avoid any behavior that may be construed as ‘sharp practice’. Avoiding social and environmental malpractice is also a demonstration of integrity as it reduces the reputational risk and preserves the public image of FWB and its partners. Transparency literally means that something is visible and evident to everyone and that nothing is hidden. By being transparent during the procurement process, we can demonstrate at any time to all stakeholders, internal and external, that fairness has been applied.

**Transparency** is the fact that all information on procurement policies, procedures, opportunities and processes is clearly defined, made public and/or provided to all interested parties concurrently. A transparent system has clear rules and mechanisms to ensure compliance with established rules (unbiased specifications; objective evaluation criteria; standard solicitation documents; equal information to all parties; confidentiality of offers ...). Among other things, records are open, as appropriate, to inspection by auditors, unsuccessful suppliers can be briefed on the strengths and weaknesses of their own offers and contract information is disclosed publicly. The inclusion of sustainability criteria at the very early

stages of the procurement process encourages respect of this principle. Transparency ensures that any deviations from fair and equal treatment are detected very early in the process, making such deviations less likely and thus protecting the integrity of the process and the interests of Fair World Builders.

## 1.2. Principles

Under the Chief Executive Officer (CEO) Principles, FWB strives to use the resources that we receive from our partners in the most efficient, effective and transparent manner. These principles form the foundation that guide our actions every step of the way in terms of stewardship so that we could achieve our goals. The term ‘stewardship’, as we intent, refers to the careful and responsible management of something entrusted to one’s care. Public sector organizations are the stewards of public funds, which have been provided in trust by peoples to fulfil specific purposes, e.g. provision of essential social services, humanitarian relief, peace-building and peace-keeping, rehabilitation and development of economies, etc.

A significant proportion of these funds are spent through procurement processes. FWB is firmly committed to sustainable development and will focus, within procurement and all other areas of its mandate, on sustainability in its contributions to the results of partners. Thus, there is an expectation for FWB procurement practitioners to advance sustainability wherever feasible, with due consideration of the local context and partner needs. There is a special demand on the entrusted organization in terms of achieving ***value for money, ethics, sustainability, efficiency as well as transparency and accountability***. These expectations form the basis of public procurement principles. FWB, in its management of funds, is expected to comply with public procurement principles and its services must be delivered with a high level of care and professionalism to ensure that the best total value is provided to the partner. FWB Financial Regulation requires that the following general principles must receive due consideration when undertaking all procurement activities:

- a) Best value for money
- b) Effective competition
- c) The best interest of FWB and its partners

By applying these principles in the procurement process, FWB ensures effective and purposeful implementation of its activities, including its commitment to the promotion of sustainable development, by avoiding wastage of resources, producing the most appropriate solutions at all times, and addressing the needs of the organization and its partners.

## 2. Organization's management of the procurement

Procurement is defined as the acquisition of property, plant and/or equipment, goods, works or services through purchase, hire, lease, rental or exchange from any source.

Should a procurement official have any doubt on whether to use solicitation/contract templates for goods/services or for works, these must be raised to the President and the CEO prior to starting the procurement process.

Sustainable procurement is defined as those practices that integrate requirements, specifications and criteria that are compatible and in favor of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs.

For the purpose of this manual, the term 'procurement' is limited to commercial activities contracted from a vendor and does not include the following which are subject to other FWB legislative instruments:

- *Pro bono goods and services.* Pro bono goods or services refer to goods or services that are provided at no cost to FWB by an entity. The acceptance and management of pro bono goods or services shall not be considered as procurement and are governed by another entity.
- *Grants:* Agreements signed with grantees, normally through a Grant Support Agreement. Grant support is defined in the FWB charter as "a project activity which is outside the framework of procurement activities, and is undertaken by way of grants, credits or loans carried out through an implementing partner". A grantee will often be a non-governmental, community-based or grass-roots organization, and may also include other entities, such as community groups, research institutions, non-governmental organizations, indigenous groups, charitable organizations, foundations and individuals.

### **3. Procurement's team involvement**

In order for the procurement system to achieve its goals, several steps must be performed so that the system does not crash and everyone must precisely perform do their task. From the project coordinator to the finance officer, here is a list of people involved in the procurement process and their specific role.

#### **3.1. Project Coordinator's roles**

A Project Coordinator (PC) (also referred to as requisitioner in this manual) is the person that initiates a purchase requisition, i.e. a request for goods, works or services. They have primary responsibility for managing project resources and achieving project results. In FWB, all expenditures must be made against a valid project. Responsibilities of a project coordinator in a procurement process :

- Preparing the procurement plan of the project, ensuring that proposed expenditures are in accordance with the purpose of the project;
- Drafting the requirements definitions;
- Approving requisitions and requests for non-purchase order payments;
- Evaluating submissions received, if appointed to the evaluation team;
- Accepting goods, services or works delivered by suppliers, and creating purchase order receipts in;

#### **3.2. President's role (Board of Directors)**

The president's roles consist of making decisions on supplier sanctions and supplier suspensions, further to the recommendations of the Supplier Review. He also performs the following duties:

- Articulate strategy, policy positions and innovative solutions for procurement at FWB;
- Enable the organization's procurement in a transparent, accountable and efficient manner in order to execute the organization's business strategy;
- Establish and maintain instructions, procedures, processes, control mechanisms, and supporting guidance on procurement activities, including by issuing and maintaining the FWB Procurement Manual;
- Ensure that the above instructions, processes and tools are being complied with by the units responsible for implementation of FWB operations, achieve the intended outcomes, and if not, assess why and make any required changes;
- Enable the operationalization and managerial oversight of FWB procurement activities through appropriate systems and reports;
- Support in the identification and development of opportunities for the provision of procurement services for partners and clients, and ensure appropriate modalities for service delivery;

### 3.3. CEO's role

The CEO is the FWB personnel responsible for supporting the Project Coordinator (PC) in a procurement process. His or her responsibilities include:

- Defining procurement strategies in collaboration with the PC, upon review of the procurement plan, ensuring they contain relevant sustainability considerations in compliance with the budget;
- Reviewing the requirements definition and ensuring these are appropriate from a procurement perspective;
- Preparing solicitation documents and managing the solicitation process;
- Carrying out and facilitating the evaluation of submissions if appointed;
- Preparing requests for payment in FWB upon receipt of appropriate documentation;
- Undertaking contract management duties, particularly from an administrative point of view, in support of the PC/requisitioner.

### 3.4. Logistic and Procurement officer's role

The logistic officer is the individual or personnel responsible for a specific procurement transaction who will undertake all activities necessary for the procurement of goods, works, or services in accordance with the applicable regulations, rules, policies, and procedures. This individual's responsibilities might be broken down as follow:

- Define solicitation strategies in collaboration with the requisitioner;
- Review the requirements and evaluation criteria and ensuring that they are appropriate from a procurement perspective;
- Leading the sourcing process and conducting supply market analysis, including issuing **Requests for Expression of Interest (REI)** as necessary.
- Developing pricing structures and commercial evaluation models that allow for transparency in costs and effective competition;
- Determining the best procurement approach and solicitation method, e.g. open competition;
- Preparing solicitation documents (REI), as well as facilitating and managing the solicitation process;
- Reviewing the technical evaluation to ensure that it was conducted in accordance with the pre-established technical evaluation criteria and that the narrative of the report corresponds with the matrix and the scoring/rating;
- Preparing the recommendation for an award and submitting the case to the relevant procurement review, if applicable, in concurrence with the requisitioner;
- Preparing and issuing contracts and purchase orders;
- Requesting and ensuring the safeguarding and return of any performance securities, as applicable;

- Performing contract administration duties in coordination with the requisitioner and staff responsible for contract management, as applicable, in support of the requisitioner;
- Performing contract closeout activities such as ensuring that all documents have been properly filed;
- Filing of all documents relevant to the procurement action, ensuring an audit trail is maintained. That includes technical evaluations, any correspondence and approvals by the relevant review and awarding authorities.

### **3.5. Finance and Accounting Officer's (FO) role**

The FO ensures, prior to any commitment being made, that:

- Sufficient funds are available for the commitment;
- The procurement activity is in the best interest of FWB;
- Providing reports in accordance with the REI;
- Being the Employer within the FWB Contracts for REI;
- Entering and updating supplier information ;
- Preparing contracts and creating purchase orders

## 4. Supplier registration and management

This part of this document describes the key activities required for effective contract management and contract administration.

**Contract Management.** Contract Management refers to all actions undertaken after the award of a contract and covers activities such as vendor performance monitoring, payments, contract closure, record retention, and maintenance of the contract file. The primary goal of contract management is to ensure that quality goods and services, in the right quantity, are delivered on time and in accordance with the agreed-upon contract terms.

Depending on the nature of the contract, contract management is the responsibility of either staff directly assigned to oversee and manage the implementation of the contract, the requisitioner, or the end-user (hereinafter collectively referred to as the Logistic Officer). The Logistic and Procurement officer is responsible for monitoring the performance of the contractor and for receiving, accepting, and approving the deliverables specified in the contract. The responsible PC should be informed by the Logistic Officer of any not accepted deliverable to ensure proper recording in the procurement case file and to permit action on any necessary contract administration matters.

Acceptance is carried out as follows, per type of requirement:

a. Goods: Upon receipt of the procured goods, the Logistic and Procurement Officer (LO) will record the goods receipt. This confirms receipt of all goods as per the packing list, as well as documenting, in detail, the condition of the goods received and their compliance with the stated specifications.

b. Services: If services have been satisfactorily received, the LO must record that the services have been satisfactorily completed in accordance with the terms specified in the contract.

**Contract Administration.** The Contract Management function is supported by the contract administration activities undertaken by the Finance and Accounting Officer (FAO). Contract Administration is comprised of all actions undertaken by the FAO following the award of a contract that relate to the administrative aspects of the contract, such as contract amendment or extension, contract closure, record retention, maintenance of the contract file, handling security instruments. Issues relating to the interpretation of contract provisions shall be referred by the Finance and Accounting Officer to the Procurement and Logistics Officer (PLO) that issued the contract. Moreover, if the PLO cannot resolve a dispute with the vendor, they shall inform the FAO hereof promptly.

### 4.1.Vendor Evaluation

Evaluating the performance of vendors is important, as it allows FWB to identify performance gaps, communicate these gaps to vendors and put in place vendor development measures. Such communication allows more collaborative relationship with vendors and usually leads to added benefits. It also allows FWB to be more strategic with vendor sourcing activities.

Vendor performance evaluation is required after the completion of any contract, i.e. receipt of the purchased goods, completion of the construction works or after services has been completely provided. Vendor performance evaluation is also required prior to any contract extension.

The Procurement and Logistics Officer conducts an evaluation of the vendor's performance, supported by the Finance and Accounting Officer (in the case of goods) if necessary. The evaluation must consider the experience with the vendor during the entire contract period. It is important to carefully document contract performance and to be able to produce evidence of same in the event of disputes, to form an institutional memory, and for audit purposes.

To ensure contract compliance, the Finance and Accounting Officer is expected to monitor performance on an ongoing basis through reports, meetings, and, if applicable, inspections. The following topics can be addressed in evaluating performance:

- Fulfillment of delivery schedule/timely delivery;
- Compliance with contractual terms and conditions;
- Adherence to warranty provisions;
- Quality of goods or services provided in accordance with the contract;
- Timely response to FWB's requests;
- Undue delay of the performance under the contract;

Depending on the nature of the procurement, a process to evaluate vendor performance may include the following approaches:

- Using questionnaires, which require a sound knowledge of what will be measured to ensure the relevance of the result;
- Undertaking site visits;
- Using metrics and key performance indicators for contracts;
- Developing and using supplier scorecards to measure the cost of poor quality, customer social responsibility, etc.;

If a vendor has shown significant or persistent deficiencies in performance that led to early termination, application of damages, or similar actions, the CEO may, in consultation with the Procurement Officer, refer the case of such vendor for potential sanctioning to the Vendor Review Committee (CEO, Finance and Procurement), along with supporting documentation and justification explaining such performance failures.

The CEO shall ensure that contract management is conducted as follows:

- The CEO shall develop the performance measurement criteria, which should be included in the solicitation documents and in the contract;
- The CEO shall monitor and evaluate the vendor's performance against the agreed performance measurement criteria or contract milestones;

- The CEO shall notify the vendor promptly in case the performance does not meet the agreed performance standard(s) and shall request remedial action. The President shall also apply for performance credits if described in the contract to the vendor's invoices/payments. In case of recurring or continuing a sub-standard performance, the CEO shall notify the concerned Procurement Official and provide documented proof of such performance and any remedial actions taken;
- The CEO shall complete a vendor performance evaluation form, notify the Procurement Officer as to whether the vendor is performing adequately, and submit a copy of the performance evaluation form to the Procurement Officer; or notify the vendor about contract's removal.
- The Procurement Officer shall ensure that a copy of any performance evaluation form is included in the procurement case file;

## 5. Procurement process- Step by step

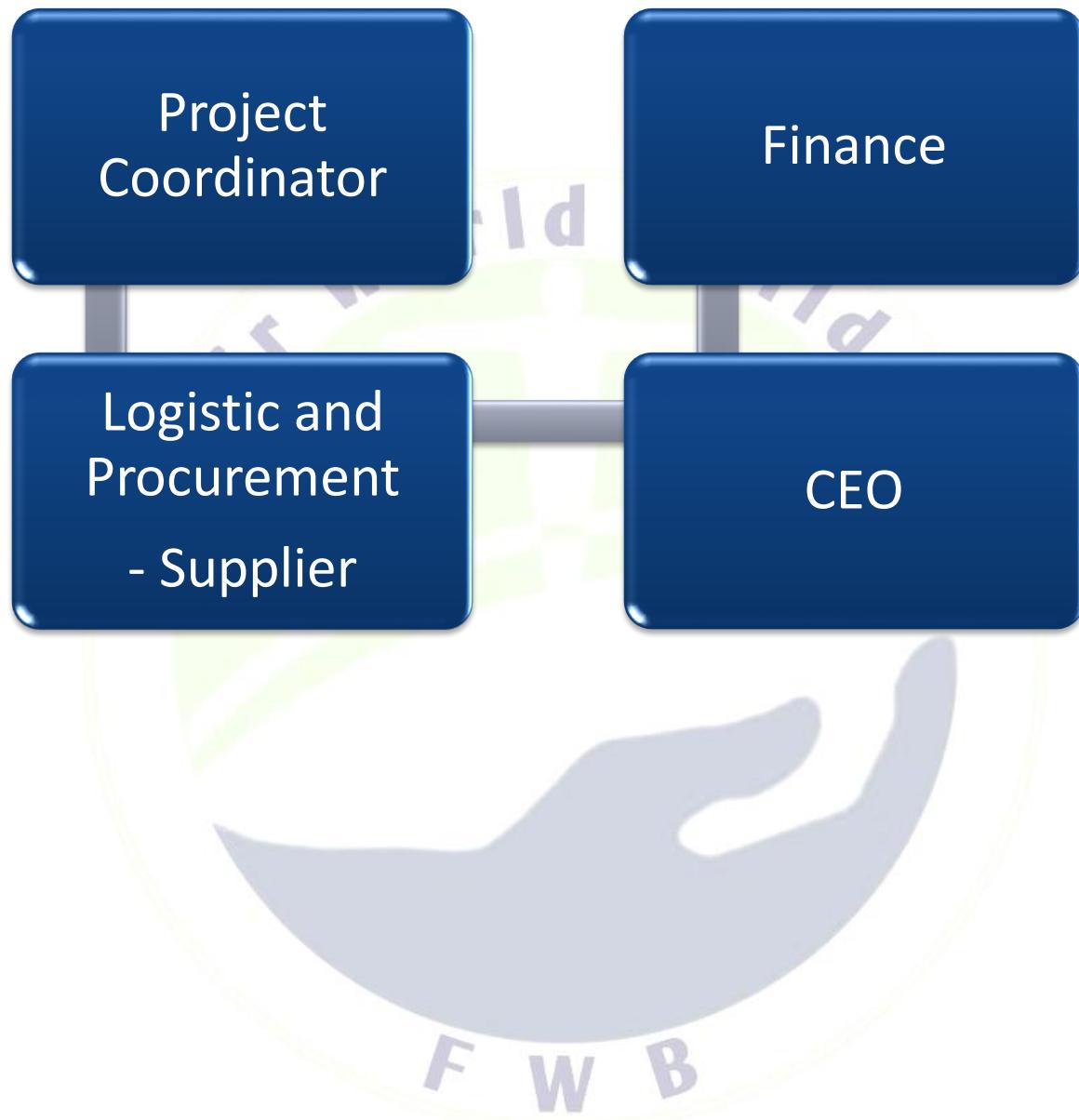
The procurement process uses to buy goods and services take 4 steps within the organization with each organizational unit performs their respective task so that everything works as intent. For each part of the process, we use the minimum information necessary so that we combat corruption and favoritism.

The first step concerns the Project Coordinator because he/she has the responsibility to deliver the project's requirement and track it at every step of the way. When he or she needs something, she/he fills a required form called "**requisition form**" through which she inserts information about the service or goods needed, the quantity and quality so that the procurement can make up its mind to fulfill it. As the unit of coordination, the PC will send the form to the Procurement and Logistics Officer.

The second step is the work of the procurement to make sure that the form has been filled without any bias. He will contact suppliers of the goods and/or services after filling the **Request for Expression of Interest (REI)** which will send to different suppliers where she will be able to analyze different quality and prices. Suppliers are vendors whose services and goods are important for the organization because they help keep with different needs for implementing projects. After receiving the request for Expression of Interest, these suppliers will send photos and documents of the services or goods with their price to the logistic and procurement officer for evaluation. At this phase, the procurement will take those photos and documents and present them to the PC team who will choose which one of the items he or she prefers. And after the final choice, the procurement will send the request for disbursement to the CEO with price and detail about the products.

The third step engages the CEO who will analyze and sign the document. In case there is any suggestion, the president will call the person responsible, in this case the procurement and logistics officer, for any clarification. After signing, the document will automatically move to the finance and accounting officer.

The fourth and last step is the finance and accounting officer who will approve the purchase based on the available budget he or she is managing so that the procurement officer could definitely request the product's delivery on due time after selecting the best offer from suppliers. After signing the agreement and the product delivery, the check will be given to the supplier for the service or good.



## 6. Petty Cash Fund management

For purchase of less than \$ 200.00 US, it is not necessary to make documented price comparisons as long as the costs being incurred are reasonable. To be reasonable, a cost should not exceed what a prudent person would pay under the circumstances. Purchases may not be “split” (placing two orders for the same goods or services instead of one) to stay under the \$ 200.00 US threshold.

This procedure is put in place so that urgent actions do not suffer from our procurement procedure. However, it does not replace the procurement rules when it comes to amount reaching more than the threshold. This micro fund is managed by the Finance and Accounting officer and could be managed by the procurement and logistics officer by Delegation Of Authority (DOA).

### 6.1. Written Quotations

At the small level, written price quotes are required, but they may be obtained through informal means: via e-mails from providers or from published catalogues or price lists. You may phone a supplier to request an e-mail quote or send an e-mail request for a quote if the goods or services you are purchasing are best described in writing. When relying on catalogues or price lists, simply clip or copy the relevant information. Along with the price, the quotes you collect may contain other terms and conditions, all of which may be considered when comparing offers. These include, for example, payment terms, warranties included with the purchase, terms regarding returns/refunds, and time needed for shipping.

### 6.2. Documentation Needed

To document that price quotes have been obtained, include the e-mails or catalogue clippings when submitting the **purchase order requisition** to Procurement Services. This is done by using the “Add Comments and Attachments” button that appears during the “Checkout-Review and Submit” stage of the on-line requisition process via QuickBooks. If you did not select the lowest price quote, briefly note what other relevant factors you considered when determining what quote offered the best overall value. If you were not able to obtain three price quotes, briefly describe why not.

### 6.3. Sole Source

In some limited circumstances, an item or service may be available from only one source. In that case, the documentation you provide along with the purchase order will be a **“sole source justification”** that explains what makes the provider in question unique. (The price quoted must still be reasonable in order for it to be charged.) Sole source justifications should be the exception rather than the norm. In most situations some cost comparison is possible, even if that involves comparing just two price quotes.

## Glossary

**Best Value:** This concept entails the fact that lowest price is not necessarily the most important criterion in the procurement of goods and services; it takes many factors into account to select the optimal solution to a specific need such as quality and durability.

**Bid:** It is an offer in response to an invitation to bid or an offer in response to an electronic auction.

**Request for Expression of Interest (REI):** This concept is an invitation to bid coming from the Procurement Officer.

**Supplier:** An entity that submits an offer in response to a solicitation. Normally, the term supplier is used to refer to the entity responding to an REI or an auction; the terms supplier may be used to refer to the entity responding to an REI.

**Cost Estimate:** An approximate calculation of charges or costs to supply goods or services.

**Delegation of Authority:** The written statement of conditions, procedures, and terms that a delegate must follow in executing a delegated task

**Delivery:** The transfer of title for a shipment through transfer of an original copy of the bill of lading to the consignee.

**Invoice:** Supplier's demand for payment setting out the amount for payment by the buyer in respect of goods delivered or services rendered.

**Liability:** Any obligation incurred as a result of law, rule or agreement; being legally obliged and responsible; a debt or an obligation to another party.

**Procurement:** The acquisition through purchase or lease of real property, goods or other products (including intellectual property), works or services.

**Procurement Modalities:** The forms, protocols, or conditions that regulate the conduct of procurement activities.

**Procurement Officer:** The FWB personnel responsible for carrying out any aspect of the procurement process also referred to as Logistic Officer.

**Project:** Any undertaking by FWB on behalf of one or more of its clients in respect of which a separately identifiable project account (or accounts) has been established.

**Sole Source:** A procurement term employed when there is no competitive marketplace for the requirement, i.e. the product or service needed is available only from one source.

**Stewardship:** The responsibility of an organization for managing the funds and resources entrusted to it by its member states and other donors in an ethical and transparent manner, and for the welfare and in the interest of the designated beneficiaries of the funds and resources entrusted.

**Threshold:** The minimum or maximum value (established for an attribute, characteristic, or parameter) which serves as a benchmark for comparison or guidance and any breach of which may call for a complete review of the situation or the redesign of a system.



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