



ANIS FOUNDATION INCORPORATED

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Procurement Management Policy

Procurement Management Process

This is a policy guidelines adopted by Anis Foundation Inc that contains techniques, structured methods, and means used to streamline Anis Foundations Inc (AFI) organization's procurement process with the purpose to achieve cost saving, time reduction and to build win-win supplier relationships.

It is a step by step process built to guide procurement so that AFI as an NGO can achieve the best results in terms of:

- cost management
- Quality output
- And timely delivery of works and services
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In this policy we outline the process in which all procurement is done. It covers:

- Procurement of Materials for projects
- Procurement for Materials and supplies for office use
- Procurement for suppliers of services for subcontracts and short term hires

1.0 The Ordering System

The right ordering system will ensure we maintain good relationships with suppliers, keep steady cash flow and assists with inventory control. Therefore in AFI the process **MUST** start with the purchasing manager, supervisors or line managers. They requests for purchase of goods and services by filing the purchase requisition forms.

2.0 The Purchase Requisitions

The Manager or supervisor in any requesting department must identify the need for service so he or she fills out the purchase requisition forms. The purchase requisition forms are then sent to Purchasing Department or in the absence is the Finance or administration department to source more than one quotations. Prior to obtaining quotations, discounts must be sought to reduced costs. And the way to do it is to get quotation from one supplier or service provider first and use that to ask another supplier to bit the prices and then finally ask the 3rd supplier to

provide quote for the same item. During this process AFI also asked suppliers for the lead time in delivering the material or service. Quality of the materials and brand names are also enquired at this stage.

3.0 3 Quote Comparisons

In AFI we make it compulsory for 3 separate quotations for the same listed items are collected so that AFI accounts or purchasing department makes comparisons and then recommend to purchase the item or order the service based on quality and costs. Lead time is also enquired to make sure time is saved in procurement and supply to any given project site. At this stage the managing director or in his absence the Finance Manager or in their absence the Project Manager makes the decision as the last person to choose which supplier to purchase from. After their signature on the quotations, attached to the Purchase requisitions AFI Purchasing proceed to place orders through purchase order requisitions or raising payments through cash or cheque payments based on the supplier preference. AFI must do direct deposit for all non-account payments.

4.0 Supplier Selection

Supplier selection is based on quality, prices of items or services required as well as lead time. In business today time and convenience is also an important factor in selections. Business wants to buy from shops closer than shops that are located out of town. AFI also consider buying for convenience given the fact that 3 quote is obtained with approval is sought. Below is the listed guideline to supplier selection:

- 4.1 After the 3 quotes requirements are obtained selection must be done from the supplier with the lowest price, best quality and can supply quick. These rule is applicable to items costing more than K3000.00.
- 4.2 After the 3 quotes requirements are obtained selection must be done from the supplier with the 1st or 2nd lowest or can supply on hand at the time of purchased. These rule is applicable to items costing less than K3000.00
- 4.3 Suppliers that are monopoly or only 2 available for the same item AFI consider rule 2 for supplier selection

5.0 Raising of Purchase orders

Purchase orders are raised only for suppliers who established credit account with AFI. There are some suppliers who also accept our purchase orders without credit account but with a guarantee of payment. Purchase Order is a guarantee to pay and its legally binding so Purchase order book is well maintained and kept within the accounts. Is only issued to purchasing department or operations department but approval is only given by managing director. What should accompany the Purchase order at this stage is 3 quotations obtained from supplier with the signed indication for selected supplier attached to the purchase requisitions.

Once the purchase order is signed logistics and procurement department proceed to deliver the Purchase Order with supplier to obtain the items or services needed.

6.0 Price Changes

A Price change is what business mostly expects from suppliers or service providers to maintain business relationship. Prices that are quoted are not the final prices until sales are done and invoice is processed. For that reason AFI also embark on price changes with suppliers during the period of obtaining quotation to actual purchasing. During this period if the price is changed to the benefit of AFI proceed to purchase the item and save the costs to AFI. If the prices increased against the original quotation, AFI must cancel the purchase order and repeat the process of obtaining 3 quotes again.

7.0 Unit Costs Comparison

The more something costs, the more attention you should pay to it simply because the more money you have tied up in any kind of product, the more it can affect your bottom line profit. After 3 Quotes are collected it is a policy requirement that unit costs of each item and compared and analyzed. AFI must pay for item with the lowest unit Cost comparatively. A further quotes must be obtained on selected items that costs less compared to other suppliers. Some suppliers might have costs for some item more than others while another might have low costs for item which is of higher costs to another supplier again. For that reason a unit costs comparison must be done prior to finalizing the prices and items to buy from each supplier.

8.0 Extended Costs

Even if something doesn't cost very much because you're buying in high volume to get a discount, if it takes you a long time to sell or use, that's money you've got tied up a while. Therefore what AFI buy must have higher priority despite the low unit cost. For that reason at AFI it is a policy requirement that we buy what we only need to use and not to keep.

9.0 Lead Time

Some items will take longer to get to you after you place the order. If you have a low-cost item with a long lead time that means spending more time and attention checking on its delivery status until it's received. That's why at AFI we check delivery schedules to meet our selection criteria when choosing vendors.

10.0 Freight and Shipment Rejections

If there's a high likelihood you'll have to reject an item because of issues with quality or technical problems, place it at a higher priority so it doesn't have a chance of slipping through the cracks. Given the fact that PNG roads are not the same all the time, we consider conditions of the road blend that into our procurement planning of when and what to buy.

11.0 Cash Purchases

Cash purchases are a risky business and we do not promote in AFI. Society and businesses are now going into a cashless society but in a smaller economy like Papua New Guinea most of the business accepts cash then cheque or purchase orders. For that reason AFI use cash to purchase items for not more than K2000.00. There are payments in local communities that only cash is acceptable and we allow a minimum carriage of K5000.00 only at any given point in time and this is for community development projects I rural population.

12.0 Cheque Purchases

All purchases are done through cash, cheque, eftpos or credit. A cheque purchase is accepted where the supplier agreed to terms and conditions with Anis Foundation. It is a requirement by our policy that all payments are made in cheque where supplier or service provider accepts it. Anything more than K2000.00 payment must be done in cheque payable to the supplier

13.0 Account Purchases

In account purchases, only purchase orders are used subject to credit limit. When the purchase requirements exceeds the credit limit than a bank cheque payable to supplier must be arranged for convenience and quick lead time.

14.0 Casual Engagement

The process which AFI uses to hire services of casual labor for temporarily services refer to our Human Resource Policies

15.0 Storage and Disbursement

To avoid extended costs consequence or damages and theft we do not promote storage for more than 3 months. Unless a project is affected by a situation beyond our control we keep stock safely. Or in the event that we buy extra and left overs from project we keep for future use.

16.0 Inventory Management

At the end of the procurement process Accounting for stocks takes over in any business that involves stocks. Refer to our Finance Management Policy for Stocks and inventory Control. But AFI is not a profit making entity we do not buy and keep stock. We only buy and procure to project sites.

17.0 Onsite Stock Controls

Once an order is placed for stocks or an item is purchased, the requesting site keeps their lists to ensure that what's being purchased is received safely onsite. AFI strongly stand on the principal of honesty to avoid theft and damaged. Stocks are nicely packed according to their strength and weight and send to sites. Sites receive and signed off on the delivery docket and invoices which is then later delivered at the office for final verification and payment. AFI stock master updated the stock listing to ensure that there is no double order or double supply to each sites.

18.0 Onsite Service Providers

All service providers follow the 3 quote policy system. And the same procurement policy detailed in this process is followed. Once a supplier or service provider is selected, a TOR is signed as detailed in Human Resource Policy and their performance is managed accordingly.

19.0 Selection of Service Providers

All Service contracts are advertised through facebook page, post courier, the national news papers and public notice board for potential service providers to bid. During this advertisement strict selection guidelines are outlined and due date and application process are detailed. Bids are then collected at the due date, screenings are done and contracts awarded to service providers with the following criteria:

- 19.1 Contractor or service provider who have technical capacity
- 19.2 Contractor or service provider who have experience in delivery similar projects
- 19.3 Contractor who are located within the vicinity of the project site. If none is available we look at the next closer candidate
- 19.4 Contractor or service provider who comply with all government and statutory regulations
- 19.5 Contractor or service provider who have bank accounts and operate business for sometime

20.0 Approval Process of Bids

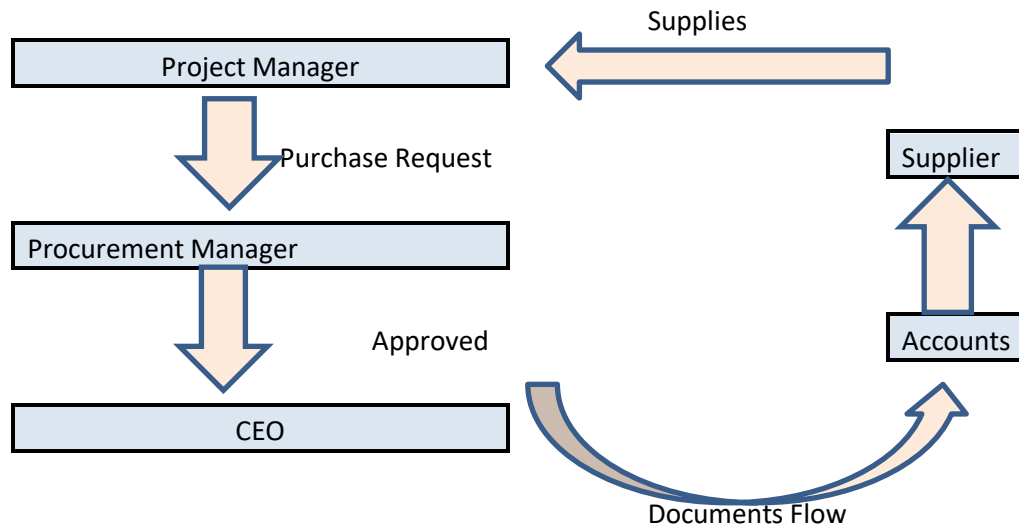
All bids less than K10, 000.00 must be approved by the CEO. All bid less than K50,000.00 must be approved by the CEO with the inclusion of senior managers through weekly management meetings. All bids over K50, 000.00 are passed through the board for special board meeting and approval is given during that time with recommendation from senior management at the close of the bid. A board meeting resolution for this matter is passed through absolute majority.

Less than K10,000.00	CEO Approval
Between K10,000.00 - K50,000.00	Approved by Senior Managemnt
More than K50,000.00	Approved by the Board

21.0 Bid Contracts Management

Bid contracts must be managed according to the signed terms of agreement

22.0 Procurement Process Flow



These policies are adopted by Anis Foundation Inc. and should not be adopted anywhere without permission