

YOUNGISTAAN FOUNDATION PROCUREMENT POLICY



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Transforming Lives

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PREAMBLE

This procurement policy provides a guideline for all purchases of goods and services made on behalf of Youngistaan Foundation. These will be the standard operating procedures and guiding practices in purchasing:

In purchasing supplies, all employees or volunteers must strictly **follow the Code of Conduct** and display appropriate behavior (verbal and non-verbal) that reflects the vision and mission of Youngistaan Foundation. Furthermore, all those working on behalf of Youngistaan Foundation must be thoroughly familiar with the organization's Code of Conduct and Prevention of Sexual Harassment (POSH) policy and pass its related trainings.

The goods (to maintain consistency) and services that are purchased or availed must be utilized only for the **purpose of running programs and events** on behalf of Youngistaan Foundation; All purchases and transactions must be documented in writing in the form of receipt of the request to procure, **official bills and receipts** (hard copies); At least **three quotations** must be obtained from establishments and service providers to get a cost average of goods and/or services being purchased or availed; All effort will be made to purchase the **highest quality** of goods and services.

All effort will be made to ensure that goods and services are **affordable and within the budget** of the particular purchase; Purchases and services should only be availed from establishments and service providers that are registered with the government authorities to do in in the area of offering to provide goods or services, necessary licenses and certifications **and all mandatory GST compliances to be fulfilled**; It should be investigated and ensured that the establishment or service provider **does not engage in child labor**; It should be investigated and ensured that the establishment or service provider provides a **safe working environment for women**.

Youngistaan Foundation ensures transparency in all financial transactions and the organization complies with all official audit requirements.

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I. SCOPE

This document describes the process of purchasing non-production material and services by the purchase organization for all units of Youngistaan Foundation.

II. TERMS

Term	Full form
BOQ	Bill Of Quantity
CEO	Chief Executive Officer
CIF	Cost, Insurance, Freight
DOTS	Directly Observed Therapy, Short-course
FOB	Free on Board
PC	Procurement Committee
PQR	Price & Quality Reporting
RFP	Request For Proposal
SOP	Standard Operating Procedure
TOR	Terms of Reference
SOW	Scope of Work

III. PROCUREMENT POLICY

Procurement is a specialized activity. 5 'R's form part of any procurement; Right specification, Right quantity, Right quality, Right price and Right time to procure. There is also the requirement of Right vendor and Right procurement process. There are limits prescribed for various levels of procurement depending upon size of the organization, volume and value of procurement requirement, whether the organization belongs to a manufacturing or service industry. As Youngistaan Foundation has limited procurement requirements, this section deals with the procurement process accordingly.

1. General Requirements for Procurement

- 1.1. Need Assessment: The heads of programs can initiate or identify the need for procurement of goods, services or works as part of their activity.
- 1.2. The staff requisitioning the goods and or services shall complete the internal requisition form. This should be addressed to the Administration / Procurement Committee - Coordinator/Director. The Administration coordinator shall verify that there are sufficient funds available before verifying and passing the internal requisition to the Director for approval.
- 1.3. That preference may be given to locally owned businesses (with a bias to Micro enterprises). However, the bias for micro-enterprise should not compromise the quality of items to be procured or the cost by more than 10%.
- 1.4. Where there are no arrangements with the supplier to purchase on credit, payment shall be made on the strength of a pro-forma invoice or any other supporting document from the supplier.
- 1.5. Long term arrangements for supply of goods, services and construction shall be made through leases, contracts or such other agreements, as per the standard business practice.
- 1.6. All agreements shall be in writing and shall be signed by the Director.
- 1.7. Prior to placing an order or entering into an agreement, the financial commitment shall be matched against the budget line to ensure sufficiency of budgeted funds throughout the contract period.
- 1.8. All contracts shall contain a termination clause to allow the Youngistaan Foundation to terminate the contract at any time during the agreement period. Similar clauses may also be included for the vendor, however

where the vendor without any valid and acceptable reason terminates the contract resulting in additional costs to Youngistaan Foundation, the clause shall include recovery of such costs from the vendor.

- 1.9. Payment in fulfillment of the agreement shall be made according to the payment clause therein. Such payments shall be treated as standing orders and need not be requisitioned every time they are made.
- 1.10. All payments to be made for goods – after verification of the products that are delivered as per the agreed specification and services after the satisfactory delivery of the purchasing department,
 - 1.10.1. Delivered goods or services to be certified by the qualified person/agency as required
 - 1.10.2. During times of dispute to refer to the Purchase Order/Agreement for terms and conditions

2. Objectives of the Procurement Policy

- 2.1. The objective of the procurement policy is to ensure that there is a continuous and reliable availability of quality products and services in sufficient quantities at the right time purchased at the right price.
- 2.2. Continuous availability means ensuring availability at a time when the product is needed thereby not having any effect on timely execution of project activities.

3. Principles of Youngistaan Foundation's Procurement Policy

- 3.1. **Transparency & Accountability:** Youngistaan Foundation procurement process shall be transparent and accountable.
- 3.2. **Efficiency:** The choice of procurement method shall be determined by the size of procurement to promote efficiency in procurement.
- 3.3. **Quality and cost based selection (QCBS):** Youngistaan Foundation shall follow a process of quality and cost based selection where primary focus shall be on the quality of goods and services procured. This shall imply that the agency/supplier offering the lowest quote may not necessarily be the preferred bidder/provider.
- 3.4. **Compliance to local laws:** All procurement and contracts issued shall ensure compliance to all local laws including tax liabilities.
- 3.5. **Procurement Committee:** Youngistaan Foundation shall have a Procurement Committee which shall be responsible for all procurement as per the provisions of this policy. Director will be the ex-officio Chairman of the Procurement Committee. The Procurement Committee may be fixed, however depending upon the product to be procured and

value of the items, the Committee may be modified. The Procurement Committee shall constitute the following members:

- a. Finance Coordinator (officiating as the Procurement Officer)
- b. Assistance Finance Coordinator
- c. Administration Coordinator
- d. Programme Manager/ Project Coordinator
- e. Any other member who is technically competent to form part of the committee may be nominated by the Director on a case to case basis.

3.6. The Procurement Committee shall function with the Finance Coordinator officiating as the Procurement Officer. In the absence of the Finance Coordinator, the Assistance Finance Coordinator shall officiate as the Procurement Officer. She/he shall minute all the proceedings with signatures of the members of the Procurement Committee. All decisions of the Procurement Committee shall be reviewed and ratified by the Director.

4. Procurement - General Guidelines

- 4.1.** Youngistaan Foundation shall prepare an essential purchase list constituting broad item categories and a detailed list of items under each category, both for supplies and services.
- 4.2.** For any items required, special requests with valid justification must be made in writing to the procurement committee. No such item can be procured without the written prior approval of the procurement committee.
- 4.3.** Requester for a product or service shall fill up a requisition form with items, specifications and quantities along with justification of the same.
- 4.4.** Procurement committee shall thereafter validate the requirement after verifying the requirements, stock position, methodology used for forecasting requirements, existence of budgetary provisions, existence of panel of vendors/service providers and time lag for procurement. Wherever there is a repeat procurement of the same item, so long as the price is fixed, procurement can be effected up to a period of 1 year. Market fluctuations will be considered by the procurement committee after one year.
- 4.5.** For regular requirements of certain items, like, stationery, groceries, hygiene items, sanitary items, essentials etc., it is advisable to maintain a panel of vendors, from whom one can procure without resorting to the process of tendering etc.
- 4.6.** All recurring purchases to go through the preferred suppliers
- 4.7.** Maintain database of all suppliers approached for business for referred
- 4.8.** Depending on the commercial value/uniqueness of the requirement the

requirement to be floated to the preferred suppliers or go to the market

Table-1: Procurement methods – Products and general utility services

#	Financial Limit / per month/per item/ per unit	Type of procurement	Products
1	Upto Rs. 10,000/-	Local market Procurement	All kind of goods
2	Rs. 10,000/- and above but less than Rs. 50,000/-	Panel vendors-minimum 3 quotations	All kinds of products.
3	Rs. 50,000/- and above but less than Rs. 5.00,000/-	Limited Tender-Based on research of websites, advertisements, etc. Minimum 3 quotations	All kinds of products
4	Rs. 5,00,000/- and above	Open tender-paper Advertisement/ Classifieds/ website announcement	All products

Table-2: Procurement methods – Technical Consultancy Services

#	Financial Limit	Type of procurement
1	Upto Rs. 1,00,000/-	Local market Procurement
2	Rs. 1,00,000/- and above but less than Rs. 500,000/-	Panel vendors-minimum 3 quotations
3	Rs. 500,000/- and above but less than Rs. 10.00,000/-	Limited Tender-Based on research of websites, advertisements, etc. Minimum 3 quotations

4	Rs. 10,00,000/- and above	Open tender-paper Advertisement/ Classifieds/ website announcement
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- 5. Procurement method: single source contracting: (Item 1 of the tables 1 & 2)**
- 5.1. For single source contracting, the procurement committee shall draft a terms of reference (TOR) for the services required or the specifications \and bill of quantity (BOQ) for the product(s) to be procured.
- 5.2. Based on the above, procurement shall be done.
- 5.3. Single source contracting shall be used to save time in procurement and when the transaction cost of procurement does not justify the value of procurement.
- 5.4. When available, one of the prequalified suppliers/consultants will be used.
- 6. Procurement method: limited tender: (Items 2 & 3 of Tables 1 & 2)**
- 6.1. Tender documents shall be prepared.
- 6.2. The procurement committee shall send the tender document to the vendors based on either panel or from research and seek quotations.
- 6.3. The procurement committee shall select the vendor based on transparent evaluation criteria that shall form part of the tender document.
- 6.4. In case three quotations are not received, the Procurement Committee shall seek quotations from agencies outside the prequalified list to ensure that minimum three quotations are evaluated for arriving at the final decision.
- 6.5. Items for which a panel of vendors does not exist, minimum three quotations shall be obtained from the market for the products to be purchased.
- 6.6. Where three quotations are either not available after the initial screening, or do not exist for the product, the quotations available will be final and the Procurement Committee shall decide the quotations based on merits.
- 7. Procurement method: open competitive bidding (Items 4 of Tables 1 and 2) - Tendering through e-tendering:**
- 7.1. For open competitive bidding, detailed tender documents shall be prepared.
- 7.2. Such tenders shall be available to the potential bidders through an open advertisement in local newspaper and/or different electronic media such as internet, e-forums, whichever is cost effective. The Procurement Procurement Committee shall bear in mind the availability of

funds for newspaper advertisements as they may not be available and/or the costs of such advertisement may not justify the value of procurement. Tenders can be submitted following the tender submission process mentioned in the tender document. RFP will include e-tendering as the only method or is an additional method. In any case the process will remain same for both situations

- 7.3. The Procurement committee shall provide the email address in the tender document where the tenders can be submitted. In case of any queries, vendors can seek clarifications by sending an email to the procurement committee.
- 7.4. Tenders received after the due date shall be returned unopened.
- 7.5. All the tenders should be evaluated during the meeting of the procurement committee.
- 7.6. The preferred bidder shall be formally intimated through a letter of intent following which the contracting formalities shall be undertaken, provided the preferred bidder fulfills any prerequisites, if mentioned, in the tender document.
- 7.7. The Procurement Committee shall have the right to call for any additional information/documents to substantiate the claims made by the applicant/s in their application.

8. **Ethical guidelines and prevention of fraud**

- 8.1. The following practices are not acceptable and stringent action will be taken by the Board on any official violating the guidelines:
 - 8.1.1. Offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the action of a public official in the procurement process or in contract execution;
 - 8.1.2. Misrepresentation or omission of facts, in order to influence a procurement process or the execution of a contract;
 - 8.1.3. Entering into a scheme or arrangement between two or more bidders, with or without the knowledge of Youngistaan Foundation, designed to establish bid prices at artificial, non-competitive levels;
 - 8.1.4. Harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in a procurement process or affect the execution of a contract.
 - 8.1.5. Participation in tendering, evaluating and deciding the tender, of any official who is in any way related to any of the vendors or interested in the bidding process or receives or likely to receive a share in the profits available to the vendor. Such person/official shall not be involved in any of the processes including final payment and settlement of such vendors.

- 8.1.6. Youngistaan Foundation-PO shall ensure that no corrupt, fraudulent, coercive and collusive practices as stated above are followed during the procurement process.
- 8.1.7. All current and anticipated conflict of interest issues should be submitted in writing by all officials responsible for procurement and cleared by the procurement committee to ensure that there is no conflict of interest which facilitates / promotes a procurement decision in favor of or against any supplier, agency and individual.

IV. Standard Operating Procedure For Procurement of goods and services including consultants

A. Assessment of requirement

- a. The Procurement coordinator in close collaboration with the programme and other teams, will work on the annual requirements. It is the process of assessing the need for a commodity during a year to develop a Procurement Plan. The procurement plan is a base document. All procurements including supplies and services, assets and hiring of consultants shall be based on the procurement plan approved by the Board. This approval is in principle for regular and known activities. During implementation of programmes/projects, the Director is empowered to take a call on the approved plan if such change from the approved plan is +/- 25% or below.
- b. There could be requirements arising out of emergent situations, fresh contracts/ awards, change in programme implementation methodology, reprogramming and such situations. In the interest of time and efficiency, the Director is authorized to make decisions, however such decisions need to be informed to the Board in their next sitting.
- c. The approved work plan will contain the timing of availability of supplies and services to ensure smooth implementation of an activity.
- d. Requirements of any supplies and services shall be assessed well in advance keeping the time required for the procurement process.

B. Procurement process

Procurement process includes

- Indenting to procurement coordinator,
- Floating Request for Proposals and seeking Expression of Interest
- Technical Evaluation of the tenders
- Shortlisting of the technically qualified tenders.
- Commercial Evaluation of shortlisted tenders
- Note on why and how a tenderer has been selected

- Releasing Purchase Order
- Time required for availability of the product or Services including
- Consultants - Time by which the product or service becomes fully usable by the indenting department after quality and quantity verifications.

C. Indenting

- a. Any department in the Youngistaan Foundation, requiring an item, conducts a need assessment. This includes whether the item is required or whether the program will be affected without the item, quantity required, technical parameters including quality, alternate material/ item which could be more economical but meet the requirement and such other features as are specific to the item.
- b. The said department will then submit its requirement to the Procurement committee.
- c. Procurement committee verifies from stores whether the said item is available in stock. If it is available, PO will issue the requirement after recording in the stock book/s. If it is not available, the PO commences procurement activity, based on the approximate value of such item.

D. Placing Purchase order/Work order

- a. Procurement committee shall prepare a detailed purchase order/work order including therein:
 - Vendor's name and address
 - Details of quantities and specifications
 - Order value whether it is cif/fob, etc.
 - Delivery period
 - Terms of payment
 - Number of invoices required to process payment
 - Notice of delay
 - Documents required to be annexed to supply/services
 - Inspection and acceptance of quality parameters
 - Rejection
 - Penalty or liquidated damages for delayed supply
 - Title and Risk of Loss – supplier to maintain his own insurance to cover this type of loss
 - Warranties
 - Guarantee
 - Intellectual Property
 - Indemnification
 - Termination
 - Termination for cause
 - Termination for convenience
 - Supplier termination

- YF termination
 - State whether time is of essence in meeting delivery schedule
 - Insurance
 - Declaration on conflict of interest and anti-terrorism policySuch other conditions may be specific to each type of supply or services.
- b.** Vendor will be provided two copies of the purchase order and one copy shall be received duly acknowledging acceptance of the order terms and conditions
- c.** Use of Subcontractors – to be approved by the purchaser
- d.** The PO will be active at the time of the supplier signing the PO
- e.** Invoicing to be done as per all GST compliances
- E.** Certification and verification of items and invoice
- F.** Receipt, verification, stores entries, accounting for receipt of materials
- G.** Payment process
- H.** Adjustment of advances if any or payment of accounts payables.



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