

DOCUMENTED INFORMATION FOR SUPPLY CHAIN MANAGEMENT DEPARTMENT



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| AUTHORIZATION: All documented information (Quality Objectives, procedures, opportunities and risk register for supply chain department are issued under the authority of: | |
| MANAGEMENT REPRESENTATIVE | |
| Signature: |  |
| Date: |  2nd MAY 2018 |
| PROCESS OWNER/HOD/DIVISIONAL HEAD | |
| Signature: |  |
| Date: |  02.05.2018 |

DOCUMENTED INFORMATION FOR SUPPLY CHAIN MANAGEMENT DEPARTMENT

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DOCUMENTED INFORMATION FOR SUPPLY CHAIN MANAGEMENT DEPARTMENT

SECTION A: QUALITY OBJECTIVES

| | OBJECTIVE | ACTIVITIES | RESOURCES. | RESPONSIBILITY. | TIME FRAME. | KEY PERFORMANCE INDICATORS. |
|----|--|--|--|--|-------------|--|
| 1. | Provision of secretariat services to all the statutory procurement and disposal committees | Opening of tenders and analyzing bids | Competent staff and Information | Chief Supplies Officer and members of respective committee | Quarterly | Timeliness in generation of reports |
| 2. | Processing of procurement plans submitted by respective user departments to guide the procurement and disposal process during the year | 1.Analysing departmental procurement plans from user 2. Consolidating the departmental procurement plans in line with the budget. | 1.Annual Approved Budget 2.Departmental procurement plans from respective user department | 1.Chief Supplies Officer 1.Heads of departments | Annually | Annual Procurement & disposal planning activities that lies within the budgetary allocation. |

SECTION B: PROCEDURES

1.0 PROCEDURES FOR ACQUISITION OF GOODS AND SERVICES

2.0 PURPOSE

The purpose of this procedure is to ensure that all procurement practices are in tandem with applicable statutory laws together with ISO 9001:2015 requirements, and that all processes and systems of procurement are effective and functional at all times while maintaining necessary documentations in current form in line with Quality Management System requirements and ensure that the said systems serve the purpose and results intended.

3.0 SCOPE

This procedure manual applies to KUC's procurement and disposal activities with respect to: Procurement planning; Procurement processing; Inventory and asset management; Disposal of assets; and Contract management. Further, for avoidance of doubt, the following are not procurements or asset disposals with respect to which this manual applies: the retaining of the services of an individual for a limited term if, in providing those services, the individual works primarily as though he or she were an employee, but this shall not apply to persons who are under a contract of service; the transfer of assets being disposed of by the institution to another state organ or public entity without financial consideration; acquiring of services provided by government or government department; acquisition and sale of shares or securities, fiscal agency by the institution; procurement and disposal of assets under Public Private Partnership Act, 2013.

4.0 REFERENCES

1. ISO 9001:2015
2. Procurement Manual
3. The Public Procurement and Asset Disposal Act, 2015 (PPADA, 2015)
4. Leadership and Integrity Act, 2012
5. Public finance under Article 201

5.0 TERMS AND DEFINITIONS

PPADA-Public Procurement and Asset Disposal Act

6.0 RESPONSIBILITIES

The CEO and MR shall be responsible for effective implementation of this supply chain procedure.

7.0 INPUTS

1. Management Support
2. Competent Personnel
3. User Departments

8.1 PROCUREMENT PLAN PREPARATION

- 8.1.1** Heads of department shall prepare their procurement plans as per the prescribed format.
- 8.1.2** Departmental procurement plans shall be tabled for validation and approval in the heads of department's meeting chaired by the Financial Controller.
- 8.1.2** The Head of Supply Chain Management department will coordinate consolidation of the institution wide Procurement plan.
- 8.1.3** The Head of Supply Chain Management department shall have responsibility of preparing the consolidated procurement plan for the Institution.
- 8.1.4** The consolidated procurement plan shall be approved by the Accounting Officer
- 8.1.5** The approval of a consolidated procurement plan by the Accounting Officer is deemed to include the approval of all alternative procurement methods indicated in the approved Procurement Plan and no further authority to use the method is necessary.
- 8.1.6** Open Tendering shall be the preferred method of procurement for the institution. However, the approval of procurement plan is deemed to include the approval of all procurement procedures indicated in the plan.
- 8.1.7** All procurement plans shall be accompanied by an approved budget so as to qualify for approval.
- 8.1.8** In case of unforeseen procurements which are not in the approved Procurement plans, Heads of Departments will be required to seek written approval from the Accounting Officer to include them.
- 8.1.9** A copy of the approved Consolidated Procurement Plan will be submitted to the National Treasury sixty (60) days after the commencement of the financial year.

8.2 PROCUREMENT PLANS IMPLEMENTATION

8.2.1 Heads of Department shall provide feedback to the Accounting Officer through quarterly and annual reports showing the reconciliation between planned and actual procurement acquisitions. Similarly, the heads of departments shall be required to give reasons for any variance.

8.2.2 No Procurement proceedings shall commence until sufficient funds are reflected in the Approved Budget and the procurement plan.

8.2.3 All required items shall have to be budgeted for and the same be reflected in the approved Annual Procurement Plan. Any requirement that has not been budgeted for shall not be processed for procurement.

8.3 PROCUREMENT PROCESS

8.3.1 Budgeting and Procurement Plan

8.3.1.1 The procurement process shall begin with identification of needs by the user department.

8.3.2 Procurement Process Initiation

8.3.2.1 Procurement shall be initiated by the User after the need for an item, service or works has been identified and the same has been certified by the Head of Department.

8.3.3 Specifications Preparation Procedure

8.3.3.1 User department shall drawing up the correct specifications of their procurement needs before forwarding them to the Supply Chain Department. If need be, users may seek the assistance of technical experts in drawing up specifications.

8.3.3.2 Goods/services shall be described in sufficient detail in terms of performance without displaying biases towards particular brands.

8.3.3.3 Once specifications have been drawn up, they shall not be changed without the involvement of the user department.

8.3.3.4 Responsibility for preparing the specifications shall be shared by the user and technical departments; and coordinated by the Supply Chain Department.

8.3.3.5 Once the procurement process is underway, the user department shall not change or alter the specifications.

8.3.4 Authority to Incur Expenditure Procedure

8.3.4.1 At the initiation of procurement, confirmation of the availability of funds for the intended purpose shall be made by the user department by raising Purchase Requisition and forwarding the same to Operations Control Department for Voting.

8.3.4.2 All procurement requests of value Ksh.500,000 and above shall be accompanied by a completed Authority to Incur Expenditure (A.I.E) Forms.

8.3.4.3 A.I.E forms shall be raised by the user/vote holder and approved by the Accounting officer. It is only after the confirmation of funds availability; and necessary approval granted; shall the procurement process commence.

8.3.4.4 All expenditure incurred by the user department expected shall be pre-approved.

8.3.4.5 Once approval is granted, the A.I.E forms shall then be passed onto the requestor to enable him/her raise a purchase requisition.

8.4 Market Survey Procedure

8.4.1 The Institution shall conduct continuous market surveys and develop a data bank or an internal resource base.

8.4.2 Market survey shall be conducted by a team composed of atleast one member of the following departments:User department,Operations Control,Acconuts and Supply Chain Department.

8.4.3 The team shall conduct the survey and submit a signed Market Survey Report timely to the Head of Supply Chain Department to guide the evaluation of bids.

8.4.4 Market surveys shall be applied as a guide to be used by Supply Chain Department for Price Comparisons and establishment of market trends.

8.4.5 The data bank shall be used for both technical and financial evaluation of bids as well as procurement planning.

8.5 Procedure for Registration of Suppliers

8.5.1 Supply Chain Department shall maintain and continuously update lists of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to the procurement needs.

8.5.2 An application by bidders to be included in the list of the institution shall be made any time, at no cost.

8.5.3 The application by bidders shall contain proof of necessary qualifications, experience, resources, equipment and facilities to provide what is being procured.

8.5.4 A bidder to be included in the list of the institution shall provide evidence of eligibility criteria indicating that:

8.5.5 The person has the legal capacity to enter into a contract for procurement or asset disposal.

8.5.6 The person is not insolvent, in receivership, bankrupt or in the process of being wound up; the person, if a member of a regulated profession, has satisfied all the professional requirements

8.5.7 The procuring entity is not precluded from entering into the contract

8.5.8 The person and his or her sub-contractor, if any, is not debarred from participating in procurement proceedings

8.5.9 The person has fulfilled tax obligations

8.5.10 The person has not been convicted of corrupt or fraudulent practices; and is not guilty of any serious violation of fair employment laws and practices.

8.5.11 The tenderer shall only seek clarification on eligibility, but not on capacity.

8.6 Supplier Prequalification Procedure

8.6.1 In conducting a pre-qualification procedure, the institution shall publish an invitation notice to candidates to submit applications to be pre-qualified.

8.6.2 Pre-qualification shall be for complex and specialized goods, works and services.

8.6.3 Subject to the foregoing, the institution where applicable, may conduct a pre-qualification procedure as a basic procedure prior to adopting an alternative procurement method other than open tender for the purpose of identifying the best few qualified firms for the subject procurement.

8.7 PROCUREMENT METHODS

8.7.1 Open Tendering Method

8.7.2 Open Tendering shall be the preferred method of procurement for the institution.

8.7.3 The approval of procurement plan is deemed to include the approval of all procurement procedures indicated in the plan

8.7.4 The processing of all annual tenders shall be finalized before the close of each financial year.

8.7.5 Tenders shall be advertised in at least two daily newspapers of nationwide circulation. The time for preparing tenders, which is the period between advertising and tender opening, is 14 days for local tenders. International tendering will require 21 days after advertisement in international media.

8.7.6 Tender submissions shall be accompanied by tender security where applicable.

8.7.7 All tenders will be processed by the Supply Chain Department at the Main Campus (Nairobi) and when finalized shall become binding to all branches/departments and staff members regardless of the source of funding.

8.7.8 Once tenders have been concluded, purchases shall only be obtained from the approved tenderers for the entire tender period.

8.7.9 The Institution shall implement Preference and Reservation Regulation that requires that 30% of the annual procurement spend goes to Youth, Women, and Disabled and other disadvantaged group and ensure that 2% goes to persons living with disability.

ALTERNATIVE PROCUREMENT PROCEDURES

8.7.10 Restricted Tendering Procedure

The following procedure shall apply:

8.8.11 In restricted tendering, a limited number of qualified suppliers shall be asked to tender and the process thereafter is the same as that applicable to open tendering.

8.8.12 The institution may use restricted tendering if the following conditions are satisfied:

8.8.13 Competition for the contract, because of the complex or specialized nature of the goods, works or services is limited to prequalified contractors.

8.8.14 The time and cost required to examine and evaluate a large number of vendors would be disproportionate to the value of the goods, works or services to be procured.

8.8.15 If there is evidence to the effect that there are only a few known suppliers of the whole market of the goods, works or services.

8.8.16 An advertisement is placed, where applicable, on the procuring entity website regarding the intention to procure through limited tender.

8.9 Direct Procurement Procedure

8.9.1 The institution shall adhere to the following procedures with respect to direct procurement:

8.9.2 Issue a tender document which shall be the basis of tender preparation by tenderer and subsequent negotiations.

8.9.3 Appoint an ad hoc evaluation committee to negotiate with a person for the supply of goods, works or non-consultancy services being provided.

8.9.4 Ensure appropriate approvals under the Act have been granted.

8.9.5 Ensure the resulting contract is in writing and signed by both parties.

8.9.6 All direct procurement exceeding Ksh.500,000 shall be reported to the Public Procurement Review Authority within 14 days after notification of the contract award.

8.10 Request for Quotation

8.10.1 The following procedure shall apply:

8.10.2 The institution shall give the request to such persons as are registered by the institution.

8.10.3 The request shall be given to as many persons as necessary to ensure effective competition and shall be given to at least three persons, unless that is not possible.

8.10.4 the institution shall give the request to each person early enough so that the person has adequate time to prepare a quotation.

8.10.5 At least three persons shall submit their quotations prior to evaluation.

8.10.6 The successful quotation shall be the quotation with the lowest price that meets the requirements set out in the request for quotations.

8.10.7 Where the lowest price is above the prevailing market rates, the request for quotations shall be cancelled or terminated in accordance with the cancellation and termination procedures set out in the Act.

8.10.8 The institution shall place a purchase order with the person submitting the successful quotation.

8.10.9 The person submitting the successful quotation shall confirm the purchase order in writing

8.10.10 An accounting officer shall consider recommendations for award arising from a contract under procurement by a request for quotations for approval or rejection.

8.11 Low - Value Procurement

8.11.1 The institution may use a low-value procurement procedure if—

8.11.2 The institution is procuring low value items which are not procured on a regular or frequent basis and are not covered in framework agreement.

8.11.3 The estimated value of the goods, works or non-consultancy services being procured are less than or equal to the maximum value per financial year for that low-value procurement procedure as may be prescribed.

8.12 Force Account

8.12.1 The institution may use force account by making recourse to the state or public officers and using public assets, equipment and labor.

8.12.2 This method shall only be applied—

8.12.3 with the prior approval of the accounting officer

8.12.4 within the limit prescribed in Regulations

8.12.5 Where the total cost of procuring the goods, works and non-consultancy services are, at most, set at the prevailing market rate.

8.13 Electronic Reverse Auction

The following procedure shall apply:

8.13.1 The Institution shall Invite all registered suppliers in the specific category to compete

8.13.2 Advertise its requirements on the Institution website including the period of time and goods specifications

8.13.3 The prices of bidders within the prescribed time shall be visible to other bidders without revealing the bidder's identity

8.13.4 A prequalified supplier shall not revise its bid upwards within the prescribed time.

8.13.5 Subject to the reserve price set by the Institution, the successful bid shall be the bid with lowest price at the bid submission deadline

8.13.5 Framework Agreement

8.13.6 The following procedure shall apply:

8.13.7 the institution may procure through call-offs order when necessary; or

8.13.8 the institution may Invite mini-competition among persons that have entered into the framework agreement in the respective category.

8.13.9 Evaluation of bids shall be undertaken by an evaluation committee as provided for under the Act,2015.

8.13.10 A procurement management unit shall prepare and submit to the accounting officer with a copy to the internal auditor quarterly reports detailing an analysis of items procured through framework agreements and these reports shall include, an analysis of pattern of usage, procurement costs in relation to the prevailing market rates and any recommendations.

8.13.11 For greater certainty procurements undertaken through framework agreements may be subject to preferences and reservations as provided for in the Act,2015.

8.14 Two-Stage Tendering

8.14.1 The following procedure shall apply:

8.14.2 The tendering document shall call upon tenderers to submit, in the first stage of the two-stage tendering proceedings, initial tenders containing their proposals without a tender price.

8.14.3 In the second stage, the procuring entity shall invite tenderers whose tenders were retained to submit final tenders with prices with respect to a single set of specifications and in formulating those specifications, the procuring entity may modify any aspect, originally set forth in the tendering document.

8.14.4 Any such modification or addition shall be communicated to tenderers in the invitation to submit final tenders and a tenderer not wishing to submit a final tender may withdraw from the tendering proceedings without forfeiting any tender security that they may have been required to provide.

8.14.5 The final tenders shall be evaluated and compared in order to ascertain the successful tenderer.

8.15 Design Competition

8.15.1 The following procedure shall apply:

8.15.2 Invite design proposals through a public advertisement

8.15.3 Form an evaluation committee according to the Act, for the purpose of evaluating tender

8.15.4 Ensure the preparation of the invitation sets out a statement that a copyright or other intellectual property of the top three shall vest in the state

8.15.5 All bidders shall undertake to transfer all copyrights, intellectual property rights and patents relating to their designs to the Institution.

8.16 Request for Proposals

8.16.1 The following procedure shall apply:

8.16.2 Proposals will be sought from not less than five candidates conversant with the work so as to shed more light on it.

8.16.3 The institution may source relevant for suppliers either through advertisement, or from the List of registered suppliers.

8.16.4 The procuring entity shall give each person who it determines qualified to be invited, based on the shortlist from the expression of interest in accordance with the notice inviting expressions of interest to submit a proposal a request for proposals and a copy of the terms of reference.

8.16.5 In the application of the request for proposals procedure, the institution shall require that:

8.16.6 At least five candidates are invited to submit proposals. The most favorable proposal is selected based on the criteria set out in PPADA, 2015 and as may be prescribed.

8.16.7 The notice of intention to enter into a contract shall, as applicable, be publicized on the institution's website and other public notice boards that do not attract a cost

8.16.8 The institution may enter into negotiations with the successful bidder and may request and permit changes subject to relevant provision of PPADA, 2015.

8.16.9 Due to the possibility of conflict of interest, candidates shall be excluded from the work that ensues out of their services.

8.16.10 Alternatively, candidates who submit proposals that are considered satisfactory after evaluation may be asked to give their quotations. These quotations will be evaluated by a technical committee, which shall submit its report to the Accounting officer.

8.17 CONTRACT MANAGEMENT

8.17.1 The Accounting Officer, through the input of legal department in the institution, shall be responsible for preparation of contracts in line with the award decision.

8.17.2 The existence of a contract shall be confirmed through the signature of contract document incorporating all agreements between the parties and such contract shall be signed by the Accounting Officer or an officer authorized in writing by the Accounting Officer and the successful bidder.

8.17.3 The contract shall be entered into based on the tender documents and any clarifications that emanate from the Procurement proceedings.

8.17.4 The written contract shall be entered into within the period of notification but not before 14 (fourteen) days have lapsed after notification, and within the tender validity period.

8.17.5 The institution shall draw and enter into written contract as provided in the PPADA,2015 for all procurement of goods, works and services whose value exceeds Ksh.1,000,000.

8.17.6 All contract documents shall specify the grounds on which the contract may be terminated and specify the procedures applicable on termination.

8.17.7 If the person submitting the tender refuses to enter into a written as required, he or she shall forfeit his or her tender security and the procurement process shall proceed to the next lowest Evaluated bidder as long as this is done within the tender validity period.

8.17.8 The Accounting Officer shall cause all contract awards to be published and publicized on the Institutions notice boards at conspicuous places and websites.

8.17.9 Amendments or variations to a contract will only be effective if approved by the Accounting Officer in writing or as prescribed in the PPADA,2015 for goods, works and services, provided the contract is not varied upwards within twelve months from the date of the signing of the contract.

8.17.10 Upon the recommendation of an evaluation committee and a written request and a certificate from the tenderer justifying, the Accounting Officer shall approve the following:

- (a) Extension of contract period;
- (b) Use of prime costs;
- (c) Use of contingencies;
- (d) Reimbursable costs; and
- (e) Use of provisional sums.

8.18 Contract Termination Procedure

8.18.1 Upon the request of the procurement management unit, the accounting officer of a procuring entity may approve the request for termination of contract.

8.18.2 LPO/LSO cancellation letters shall be send out to bidders only after approval by the accounting officer in view of the recommendation of the head of procuring unit.

8.18.3 All contract documents shall specify the grounds on which the contract may be terminated and specify the procedures applicable on termination.

8.19 CONTRACT ADMINISTRATION

8.19.1 Contract Administrator

8.19.1.1 The Accounting Officer shall appoint a contract administrator for ensuring that the goods, works or services are of the right quality and quantity.

8.19.2 Head of Supply Chain Management/ Contract Administration

8.19.2.1 The Head of Supply Chain Management Function shall be responsible for contract management and shall issue a certificate of acceptance to the Accounting Officer except where the goods are of a technical nature in which case the technical department will issue the certificate.

8.19.2.2 The Head of Supply Chain Management Function shall prepare monthly progress reports of all procurement contracts and submit them to the Accounting Officer.

8.19.3 Contract Implementation Team

8.19.3.1 For every complex and specialized procurement contract, the Accounting Officer shall appoint a contract implementation team which shall include members of the Supply Chain Department, the user, the technical department and consultant where applicable. The team like the contract administrator appointed above shall:

8.19.3.2 Monitor the performance of the contractor

8.19.3.3 Ensure that the contractor submits all required documentation specified in the tender document, the contract and as required by law.

8.19.3.4 Ensure that the Institution meets all its payment and the obligations on time and in accordance with the contract.

8.19.3.5 Ensure that there is adequate cost, right quality and within the time frame, where required.

8.19.3.6 Review any contract variations or change orders and obtaining all required approvals before they are issued, make recommendations for considerations for variation approval based on supporting evidence

8.19.3.7 Manage handover or acceptance procedures.

8.19.3.8 Make recommendations for contract termination where appropriate obtaining all required approvals and managing the termination process.

8.19.3.9 Ensure that the contract is complete, prior to closing the file including all handover procedures, transfer of title if need be and that final retention payment has been made.

8.19.3.10 Ensure that all contract administration records are complete, up to date, filed and archived as required

8.19.3.10 Ensure that the contractor and the institution act in accordance with the provisions of the contract.

8.19.3.11 Ensure discharge of performance guarantee where required

8.19.4 Administration of Sub-Contracts

8.19.4.1 The prime contractor shall be responsible for administering any sub-contracts and the institution shall monitor only the prime contractor's management of its sub-contracts.

8.19.4.2 The institution shall not directly administer any sub-contract except where;

- a) There is a risk of the institution incurring undue cost or delay
- b) Successful completion of the prime contract is threatened
- c) Special surveillance of high risk or critical subsystems is required

8.19.5 Inspection and Acceptance Committee

The following procedure shall apply:

8.19.5.1 The Institution may establish an ad hoc committee known as the inspection and acceptance committee.

8.19.5.2 The inspection and acceptance committee shall be composed of a chairman and at least two other members appointed by the accounting officer or the head of the procuring entity on the recommendation of the procuring unit.

8.19.5.3 The inspection and acceptance committee shall immediately after the delivery of the goods, works or services—

- (a) Inspect and where necessary, test the goods received;
- (b) Inspect and review the goods, works or services in order to ensure compliance with the terms and specifications of the contract; and
- (c) Accept or reject, on behalf of the institution, the delivered goods, works or services.

8.19.5.4 The inspection and acceptance committee shall—

- (a) Ensure that the correct quantity of the goods is received;
- (b) Ensure that the goods, works or services meet the technical standards defined in the contract;
- (c) Ensure that the goods, works or services have been delivered or completed on time, or that any delay has been noted;
- (d) Ensure that all required manuals or documentation has been received; and
- (e) Issue interim or completion certificates or goods received notes, as appropriate and in accordance with the contract.

8.19.6 Contract Close Out

8.19.6.1 An accounting officer of the institution shall close out a procurement contract immediately after completion and the close out shall involve the following—

8.19.6.2 the head of procurement function shall issue a certificate to the contractor confirming delivery and acceptance of goods, works and services, where the contract is not complex and specialized.

8.19.6.3 where contract under 8.6.1.1 above is complex and specialized, the technical department will issue a certificate to the accounting officer of the procuring entity confirming the quality and quantity of such goods, works and services.

8.19.6.4 Further guidelines for the receipt of goods, works and services shall be as prescribed in PPADA, 2015 and the Regulations.

8.20 PAYMENT OF SUPPLIERS

8.20.1 Procurement work remains incomplete until suppliers have been paid. In order to ensure timely processing of payments for goods or services the stores function shall forward the necessary documents such as invoice, delivery notes and other supporting documents to Finance Officer through the Operations Controller.

8.20.2 No works, goods or services contract shall be paid for before they are executed or delivered and accepted by the Accounting Officer or an officer authorized by him or her in writing; except where so specified in the tender documents and contract agreement. Such an advance payment shall not be paid before the contract is signed.

8.20.3 Under exceptional circumstances advance payment may be granted and shall not exceed twenty per cent (20%) of the price of the tender and shall be paid upon submission by the successful tenderer to the procuring entity of an advance payment security equivalent to the advance itself.

8.20.4 The security to be provided by the tenderer shall be given by a reputable bank or any authorized financial institution issued by a corresponding bank in Kenya recognized by the Central Bank of Kenya, in case the successful tenderer is a foreigner.

8.20.5 The successful tenderer shall use the advance paid only in activities related to the tender. If the successful tenderer uses the entire advance or part of it in other activities that are unrelated to the tender, the advance shall immediately be considered as a debt which shall be paid by seizing the entire security or part of it.

8.21 DISPOSAL OF ASSETS

The following procedure shall apply:

8.21.1 An accounting officer shall establish a disposal committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment or assets.

8.21.2 The disposal committee shall be responsible for verification and processing of all disposal recommendations in liaison with the head of procurement function as prescribed.

8.21.3 The employee in charge of unserviceable, obsolescent, obsolete or surplus assets shall bring the matter to the attention of the disposal committee through the head of procurement function.

8.21.4 An employee shall comply with paragraph 10.3 within a reasonable time after the assets become unserviceable, obsolete or surplus.

8.21.5 There shall be a technical report where appropriate by a relevant expert of the subject items for disposal that takes into account the real market price and in so doing, the technical expert shall set up a reserve price which shall be the minimum acceptable price below real market value of the boarded items.

8.21.6 Subject to prescribed restrictions, the disposal committee shall meet within the prescribed period to conduct a survey and review the items, while considering the technical report under paragraph 10.5 and recommend the best method of disposal to the accounting officer.

8.21.7 The Accounting officer shall disclose the reserve price to the prospective tenderers based on the technical report and prices set under paragraph 10.5 above.

8.21.8 Where there is no responsive bidder under paragraph 10.7 the accounting officer shall have powers based on the recommendations of disposal committee to revise the reserve price to ensure

expeditious disposal of assets and set it forth in the disposal documents so as to be known by any prospective buyer of the boarded items.

8.21.9 After receiving the recommendations of the disposal committee, the accounting officer may approve or reject the recommendation of the committee.

8.21.10 If the accounting officer approves the recommendations of the disposal committee, the assets that became unserviceable, obsolete or surplus shall be disposed-off in accordance with those recommendations.

8.21.11 If the accounting officer rejects the recommendations of the disposal committee he or she shall give further direction on the matter and may refer the matter back to the committee for further consideration.

8.21.12 Subject to prescribed provisions, an accounting officer may dispose assets by a method which may include any of the following —

- (a) Transfer to another public entity or part of a public entity, with or without financial adjustment;
- (b) Sale by public tender;
- (c) Sale by public auction;
- (d) Trade-in;
- (e) Waste disposal management; or
- (f) As may be prescribed.

8.21.13 Radioactive or electronic waste shall be disposed of only to persons licensed to handle the respective waste under section 88 of the Environmental Management and Co-ordination Act, 1999.

8.21.14 An accounting officer shall not dispose-off assets to an employee of the public entity or a member of a board or committee of the institution except as expressly allowed under this PPADA, 2015 and the regulations.

8.21.15 An accounting officer who, pursuant to artificial valuation, disposes off assets to an employee of the institution or a member of a board or committee of the institution commits an offence.

8.22 PROCUREMENT & ASSET DISPOSAL RECORDS

8.22.1 The institution shall keep records for each procurement for at least six years after the resulting contract has been completed or, if no contract resulted, after the procurement proceedings were terminated.

8.22.2 The records for a procurement shall include the following:

- (a) a brief description of the goods, works or services being procured
- (b) if a procedure other than open tendering was used, the reasons for doing so
- (c) if, as part of the procurement procedure, anything was advertised in a newspaper or other publication, a copy of that advertisement as it appeared in that newspaper or publication;
- (d) for each tender, proposal or quotation that was submitted:
 - (i) the name and address of the person making the submission;
 - (ii) the price, or basis of determining the price, and a summary of the other principal terms and conditions of the tender, proposal or quotation; and
 - (iii) a summary of the proceedings of the opening of tenders, evaluation and comparison of the tenders, proposals or quotations, including the evaluation criteria used as prescribed;
- (e) if the procurement proceedings were terminated without resulting in a contract, an explanation of why they were terminated;
- (f) a copy of every document that this Act requires the procuring entity to prepare; and
- (g) such other information or documents as are prescribed.

8.22.3 After a contract has been awarded to any person or the procurement proceedings have been terminated, the institution shall, on request, make the records for the procurement available to a person who submitted a tender, proposal or quotation, or any interested member of the public

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where such information held is aligned to the principle of public interest or, if direct procurement was used, a person with whom the procuring entity was negotiating.

8.22.4 The institution may charge a fee for making the records available but the fee shall not exceed the costs of making the records available to any person.

9.0 OUTPUTS

- 1.Quarterly Reports
2. Satisfied Interested Parties
3. Effective Implementation of Public Procurement and Asset Disposal Act,2015 and the Regulations

10.0 RECORDS

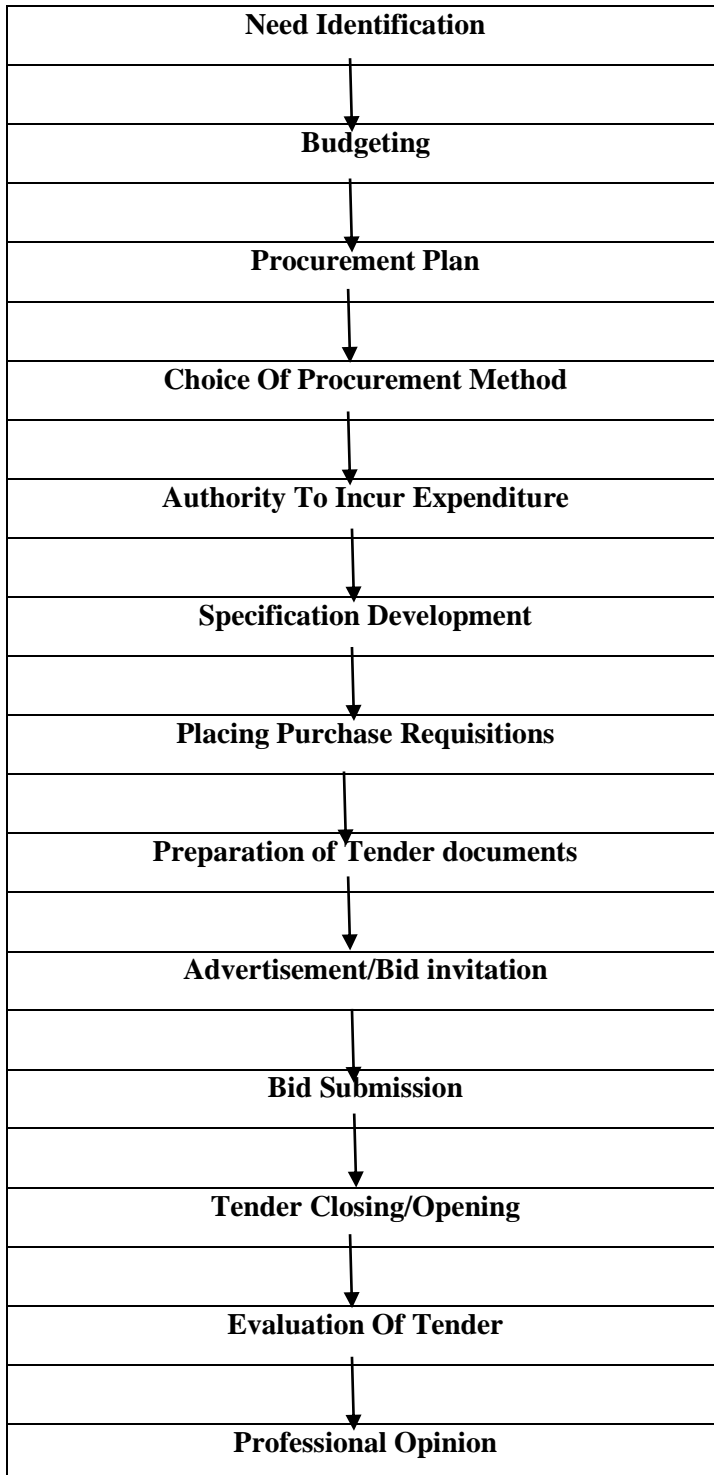
- 1.List of Suppliers
- 2.Tender Documents
- 3.Internal and External Correspondences

11.0 KEY PERFORMANCE INDICATORS

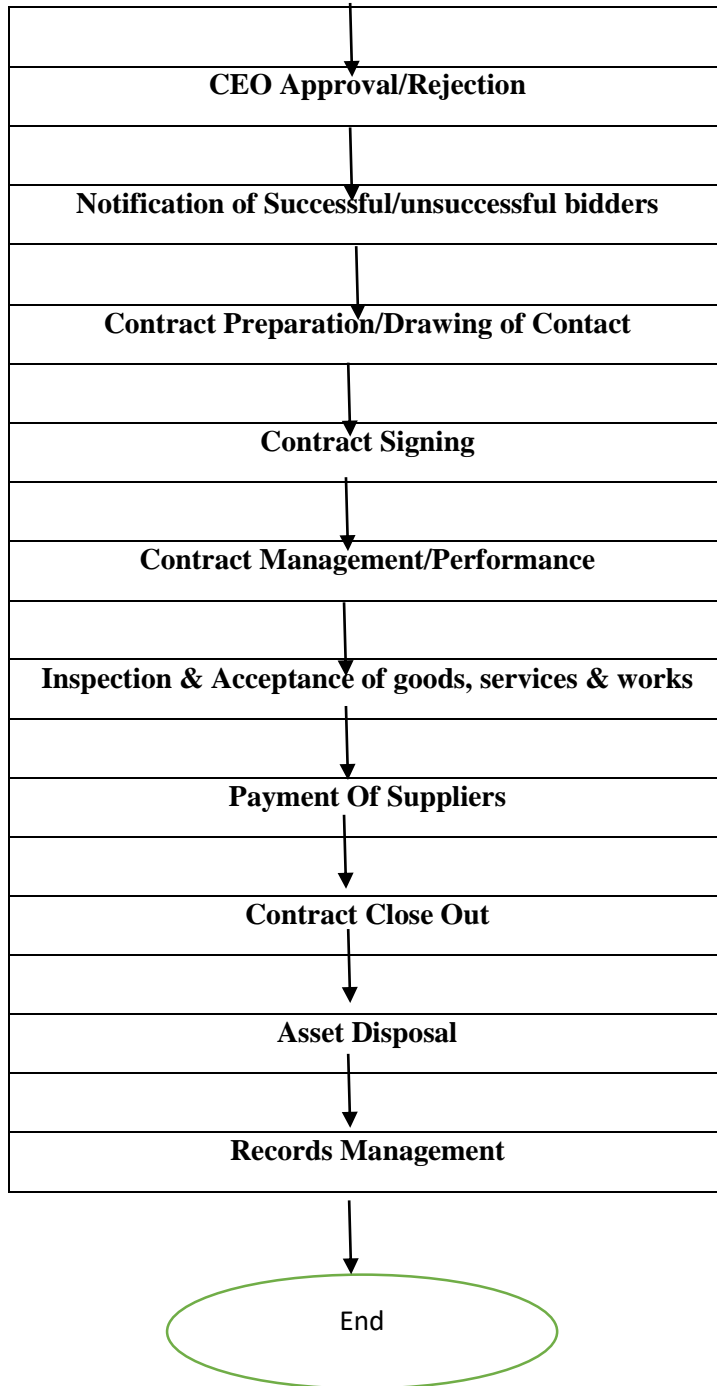
- 1.Minimal Complaints from interested parties
- 2.Timeliness In Delivery Of Goods,Works And Services
3. Timeliness in Mandatory Report Generation

12.0 APPENDICES

PROCUREMENT PROCESS FLOW CHART



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SECTION C: OPPORTUNITIES

| OPPORTUNITIES FOR SUPPLY CHAIN DEPARTMENT | | | | | |
|--|---|--|---|------------|--|
| OPPORTUNITY | ACTIONS | RESOURCES | RESPONSIBILITY | TIME LINES | KPT |
| Employees' competence | <ul style="list-style-type: none"> • Training | <ul style="list-style-type: none"> • Funds | <ul style="list-style-type: none"> • Human Resources Manager • Chief Supplies Officer | Quarterly | <ul style="list-style-type: none"> • Achieving Set Target/Deadlines |
| Holding Consultative Meeting with Stakeholders | <ul style="list-style-type: none"> • Management Support | <ul style="list-style-type: none"> • Funds • Information | <ul style="list-style-type: none"> • Principal & CEO • Chief Supplies Officer • User Departments | Biannually | <ul style="list-style-type: none"> • Reduced Complaints |
| Goodwill from stakeholders | <ul style="list-style-type: none"> • Effective Communication with Stakeholders | <ul style="list-style-type: none"> • Funds • technology | <ul style="list-style-type: none"> • All Stakeholders | Quarterly | <ul style="list-style-type: none"> • Mutual Satisfaction |

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SECTION D: RISKS
SUPPLY CHAIN RISKS

| AREA OF POTENTIAL RISK WITHIN THE PROCESS | RISKS | IMPACT OF THE RISK 5.Extreme 4.Serious 3.Normal 2.Low 1.Insignificant | PREVENTION STRATEGY | ACTIVITY | RESPONSIBILITY | BUDGET | TIME FRAME |
|---|---|--|--|--------------------------------------|------------------------|------------|-------------------|
| Need Identification | -Lack of adequate needs assessment -Influence of external actors on officials decisions | 4 | -Carrying out serious market survey -Bench Marking | -Market Survey -Need Analysis | User | NIL | Continuous |
| Budgeting | -Over budgeting -under budgeting -Failure to include critical items in the budget | 5 | -Carrying out serious market survey -Carrying our serious need analysis -Involve all head of sections/departments in coming up with the budget | -Market survey -Need Analysis | User | NIL | Periodic |
| Procurement Plan | -Poor procurement planning -Poor method of | 4 | -Ensure sensitization of all vote holders --Involve all head of sections/departm | - Sensitization | User & CSCO | NIL | Periodic |

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|---------------------------------------|---|----------|---|------------------------------------|-------------|------------|-------------------|
| | <p>procurement process</p> <p>- Procurement not aligned with overall investment decision-making process</p> | | <p>ents in coming up with the plan</p> | | | | |
| Choice Of Procurement Method | <p>-Lack of proper justification for the use of non-competitive procedures</p> <p>-Abuse of non-competitive procedures on the basis of legal exceptions : contract splitting,</p> <p>-Abuse of extreme urgency, non-supported modifications</p> | 4 | <p>-Seek appropriate approval prior to adopting non-competitive procurement procedure</p> <p>-Exhaust all available avenues to use open tendering as the preferred method prior to considering other procedures</p> | <p>- Approval</p> <p>-Training</p> | CSCO | NIL | Periodic |
| Authority To Incur Expenditure | <p>-Pre awarding a particular Supplier</p> <p>-Switching of Vote number</p> | 5 | <p>-Approvals must be done without any strings attached</p> <p>-Strict adherence to the vote lines</p> | <p>- Awareness</p> | User | NIL | Continuous |

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|---|--|-----------------|--|--|--------------------|------------------------------|---------------------------|
| <p>Specificati on Developm ent</p> | <p>-Technical specificati ons are tailored for a specific company</p> <p>- Requesting unnecessar y samples of goods and services</p> <p>-Buying informatio n on the project specificati ons.</p> | <p>4</p> | <p>-Involve experts when dealing with technical goods/services</p> <p>-Train user department in specs development</p> <p>-Involve procurement staff in specs development</p> | <p>-Training</p> | <p>User</p> | <p>KSH. 200,000</p> | <p>Continu ous</p> |
| <p>Placing of Purchase Requisitio ns</p> | <p>-Items not properly specified</p> <p>-Leaking the estimated procureme nt to his favored candidates</p> | <p>4</p> | <p>-Sensitize on integrity awareness</p> <p>-Involve experts when dealing with technical goods/services</p> | <p>- Sensitizat ion</p> | <p>User</p> | <p>NIL</p> | <p>Periodic</p> |
| <p>Preparati on of Tender documen ts</p> | <p>-Wrong specs</p> <p>- Documen ts Not updated</p> | <p>5</p> | <p>-Involve experts when dealing with technical goods/services</p> | <p>-Training</p> | <p>CSCO</p> | <p>KSH. 200,000</p> | <p>Periodic</p> |
| <p>Advertise ment/Bid Invitation</p> | <p>-Absence of public notice for the invitation to bid</p> <p>- Evaluation and award criteria are</p> | <p>4</p> | <p>-Training of procurement staffs</p> <p>-Sensitize on integrity awareness</p> | <p>-Training</p> <p>- Sensitizat ion</p> | <p>CSCO</p> | <p>KSH. 1,000,000</p> | <p>Periodic</p> |

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| | <p>not announced</p> <p>- Procurement information isn't disclosed and isn't made public</p> <p>-Absence of public notice for the invitation to bid</p> | | | | | | |
| Bid Submission | <p>- Submitting the bids at non-official hours</p> <p>-Opening of bids and advising favored bidders in advance</p> <p>-Collusion of bidders</p> | 5 | <p>-Strict adherence to the timelines</p> <p>-Disclosing the venue for submitting of tenders</p> <p>-Sensitize on integrity awareness</p> | <p>-Training</p> <p>- Sensitization</p> <p>- Awareness</p> | CSCO | NIL | Periodic |
| Tender Closing/Opening | <p>-Late submission of bids</p> <p>-Selective opening of bids</p> | 5 | <p>-Strict adherence to the timelines</p> <p>-Sensitize on integrity awareness</p> <p>-Investigation and taking disciplinary actions</p> | <p>-Training</p> <p>- Sensitization</p> <p>- Investigation</p> | CSCO | NIL | Periodic |

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| <p>Evaluation Of Tender</p> | <p>Conflict of interest and corruption in the evaluation process through:</p> <ul style="list-style-type: none"> - Familiarity with bidders over time -Plucking of bidder's supporting document in order to weaken the score | <p>5</p> | <p>Personal interests such as gifts or future/additional employment</p> | <ul style="list-style-type: none"> -Training - Sensitization - Investigation | <p>-Evaluation Committee Members</p> <p>- CSCO</p> | <p>KSH.</p> <p>700,000</p> | <p>Periodic</p> |
| <p>Professional Opinion</p> | <ul style="list-style-type: none"> -Agreeing with the evaluation committee report without further scrutiny - Disagreeing with the evaluation committee's report since they have not recommended award to his/her preferred bidder | <p>5</p> | <ul style="list-style-type: none"> -Conducting due diligence before recommending award -Training of procurement staff | <ul style="list-style-type: none"> -Training -Due diligence - Investigation | <p>- CSCO</p> | <p>NIL</p> | <p>Continuous</p> |
| <p>CEO Approval/ Rejection</p> | <ul style="list-style-type: none"> - Disagreeing with the professional opinion/evaluation committee's report since they | <p>5</p> | <ul style="list-style-type: none"> -Sensitize on integrity awareness -Investigation and taking disciplinary actions | <ul style="list-style-type: none"> -Training - Investigation | <p>-CEO</p> | <p>NIL</p> | <p>Continuous</p> |

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| | have not recommended award to his/her preferred bidder | | | | | | |
| Notification of Successful /Unsuccessful Bidders | | | | | | | |
| Contract Preparation | -Important clauses are omitted thus giving the contractor an advantage over the buying firm | 5 | -Training of procurement staff -Sensitize on integrity awareness -Involve legal experts | -Training | - CSCO - Legal Officer | KSH. 200,000 | Continuous |
| Contract Signing | -Contract is signed in absence of either of the parties | 5 | -Both parties must sign the procurement contract | - Sensitization | - CEO - Legal Officer | NIL | Continuous |
| Contract Management/Performance | -Executing weaker service level agreement(SLA) | 5 | -Strict adherence to the SLA -Investigation and taking disciplinary actions -Institute Contract management committee | -Contract monitoring | - User & CSO - Contract management committee | NIL | Continuous |

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| <p>Inspection & Acceptance of goods, services & works</p> | <p>- Committee composed of members with conflict of interest.</p> | <p>5</p> | <p>-Investigation and taking disciplinary actions -Sensitize on integrity awareness -Institute Inspection and Acceptance committee</p> | <p>- Sensitization - Investigation</p> | <p>- Inspection & Acceptance Committee</p> | <p>NIL</p> | <p>Continuous</p> |
| <p>Payment Of Suppliers</p> | <p>- Prioritizing payment to preferred supplier -Making full payment contrary to the terms of agreement -Double payment</p> | <p>4</p> | <p>--Sensitize on integrity awareness -Strengthen the ICS -Regular audit</p> | <p>-Training - Investigation</p> | <p>-Financial Controller</p> | <p>NIL</p> | <p>Continuous</p> |
| <p>Contract Close Out</p> | <p>-Poor handing over - Contractor living the site with the organisations properties -Some documents not handed over to the</p> | <p>5</p> | <p>-Ensure proper handover is done -Develop a checklist of all items/documents to be handed over as per the contract agreement</p> | <p>-Training - Sensitization - Investigation</p> | <p>- CSO -Legal Officer - Contract management committee</p> | <p>NIL</p> | <p>Continuous</p> |

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|---------------------------|--|----------|--|--|--|--------------------|-------------------|
| | buying entity | | | | | | |
| Asset Disposal | <ul style="list-style-type: none"> -Poor method of disposal - Irregular Disposal of items -Disposal of goods to employees | 5 | <ul style="list-style-type: none"> -Sensitize on integrity awareness -Strengthen the ICS -Regular audit -Institute Asset Disposal Committee | <ul style="list-style-type: none"> -Training - Sensitization - Investigation | <ul style="list-style-type: none"> - Asset Disposal Committee - CSCO | KSH.200,000 | Periodic |
| Records Management | <ul style="list-style-type: none"> -Losing of important documents -Burning of procurement records | 5 | <ul style="list-style-type: none"> --Sensitize on integrity awareness -Strengthen the ICS -Ensure proper archival of all procurement records -Ensure all records facilitating audit trail are in place -Assign responsibility of archiving procurement records to a staff/s | <ul style="list-style-type: none"> -Training of records manager - Sensitization - Investigation | <ul style="list-style-type: none"> -Records Officer - CSCO | NIL | Continuous |

