HIKMA CHARITY ASSOSIATION

2020

PROCUREMENT POLICY & PROCEDURES MANUAL

Hikma Charity Association Somalia

(Approved by the Board on: ___________)

1. INTRODUCTION

This Procurement Policy & Procedures Manual establishes the principles and procedures governing the acquisition of goods, works, and services by Hikma Charity Association Somalia.

The purpose of this manual is to:

- Ensure transparency and fairness
- Promote value for money
- Prevent fraud and corruption
- Ensure accountability in use of donor funds
- Comply with Somali laws and donor requirements

This policy applies to all staff, board members, consultants, and partners involved in procurement.

2. PROCUREMENT PRINCIPLES

All procurement activities shall follow these principles:

1. **Transparency** – Clear and documented processes
2. **Accountability** – Defined roles and approval authority
3. **Fair Competition** – Equal opportunity to suppliers
4. **Value for Money** – Best combination of cost, quality, and sustainability
5. **Integrity** – Zero tolerance for corruption
6. **Impartiality** – No favoritism or bias

3. PROCUREMENT STRUCTURE

3.1 Board of Directors

- Approves major procurement decisions above set threshold
- Provides oversight

3.2 Executive Director

- Approves procurement within authorized limits
- Ensures compliance with policy

3.3 Procurement Committee

A Procurement Committee may be formed for significant purchases and shall:

- Review bids
- Evaluate quotations
- Recommend supplier selection
- Ensure documentation

3.4 Finance Officer

- Verifies budget availability

- Processes payments
- Maintains procurement records

3.5 Project Officer

- Identifies procurement needs
- Prepares purchase requests
- Confirms delivery

4. PROCUREMENT PLANNING

1. Annual procurement plans must be prepared alongside the annual budget.
2. Each project must include a procurement plan.
3. Procurement must not begin without budget approval.
4. Emergency procurement must be documented and justified.

5. PROCUREMENT METHODS

The method used depends on the value of procurement:

5.1 Petty Purchases (Up to $200)

- One quotation required
- Approval by Finance Officer + Executive Director

5.2 Request for Quotations (RFQ) ($201 – $2,000)

- Minimum of three written quotations
- Evaluation based on price, quality, and delivery time

5.3 Competitive Bidding (Above $2,000)

- Public advertisement where possible

- Sealed bids
- Formal bid opening process
- Evaluation committee scoring

5.4 Single-Source Procurement

Allowed only when:

- Only one supplier exists
- Emergency situation
- Compatibility requirements
- Donor specifies supplier

Must be documented and approved.

6. PROCUREMENT PROCESS

The standard procurement steps shall include:

1. Purchase Requisition (PR) raised by requesting department
2. Budget verification by Finance
3. Request for Quotations or bidding
4. Bid evaluation and selection
5. Approval of supplier
6. Purchase Order issuance
7. Delivery and inspection
8. Payment processing
9. Filing of documentation

7. PURCHASE REQUISITION

A Purchase Requisition must include:

- Description of goods/services
- Quantity
- Estimated cost
- Budget line
- Justification
- Signature of requesting officer

No procurement shall proceed without an approved PR.

8. BID EVALUATION

Evaluation shall consider:

- Price
- Quality
- Technical compliance
- Supplier experience
- Delivery time
- Warranty and after-sales service

An evaluation report must be prepared and signed by committee members.

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9. CONTRACT MANAGEMENT

For major procurements:

- Written contracts must be signed
- Terms must include scope, price, delivery timeline
- Payment schedule must be defined
- Penalty clauses may apply for delays

Contracts must be reviewed by management before signing.

10. ETHICS & CONFLICT OF INTEREST

Staff must:

- Not accept gifts or bribes
- Not influence procurement for personal benefit
- Declare conflicts of interest

Any staff involved in procurement with a personal interest must withdraw from the process.

11. ASSET RECEIPT & INSPECTION

Upon delivery:

1. Goods must be inspected.
2. A Goods Received Note (GRN) must be completed.
3. Assets must be recorded in the Asset Register.
4. Damaged or incorrect items must be reported immediately.

12. PAYMENT PROCEDURE

Payments shall only be made when:

- Goods/services are delivered satisfactorily
- Invoice is received
- Supporting documents are complete
- Approval is obtained

Payments should be made via bank transfer where possible.

13. DOCUMENTATION & RECORD KEEPING

Procurement files must contain:

- Purchase Requisition
- Quotations/bids
- Evaluation report
- Approval documents
- Purchase Order
- Contract (if applicable)
- Invoice
- Delivery note
- Payment voucher

Records must be kept for at least 5 years.

14. EMERGENCY PROCUREMENT

In urgent humanitarian situations:

- Simplified procurement may be allowed
- Justification must be documented
- Executive Director must approve
- Board must be informed

15. SUPPLIER MANAGEMENT

The Association shall:

- Maintain a supplier database
- Evaluate supplier performance
- Avoid blacklisted or unethical suppliers
- Promote local suppliers where feasible

16. DONOR COMPLIANCE

When donor-specific procurement rules apply:

- Donor rules shall take precedence
- Procurement must comply with grant agreement
- Any deviation must be documented

17. AUDIT & REVIEW

Procurement processes may be reviewed through:

- Internal audit
- External audit
- Donor audit

Non-compliance may result in disciplinary action.

18. POLICY REVIEW

This Procurement Manual shall be reviewed every two years or as required by the Board.

Amendments must be approved by the Board of Directors.

APPROVAL

Approved by the Board of Directors of
Hikma Charity Association Somalia

Signed on This day 2nd January, 2020