



DADAAB WATER AND SANITATION COMPANY LIMITED

PROCUREMENT POLICY 2021

Preface

This Procurement Policy shall be used in the acquisition, receipt, storage, distribution, and disposal of goods, works and services in Dadaab Water and Sanitation Company Limited (DAWASCO). This policy is in line with the Public Procurement and Asset Disposal Act 2015, Public Procurement and Asset Disposal Regulations, 2020 and manuals issued by Public Procurement Regulatory Authority (PPRA). The provision of the Act as amended from time to time supersedes all policies herein.

The purpose of this policy is to ensure that all procurement activities carried out by the company through various committees and employees comply fully with the procurement Laws and Regulations. I therefore urge all employees within the supply chain process to comply fully with this policy.

MANAGING DIRECTOR

MOHAMED NUR HUSSEIN

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ACRONYMS AND ABBREVIATIONS

GRN	Goods Receipt Note
DAWASCO	Dadaab Water & Sanitation Company Ltd
VAT	Value Added Tax
PIN	Personal Identification Number
LPO	Local Purchase Order
LSO	Local Service Order
TOC	Tender Opening Committee
RFQ	Request for Quotation
PO	Procurement Officer
PIC	Project Implementation Committee
HF	Head of Finance
HTS	Head of Technical Services
ETC	Evaluation of Tender Committee
DC	Disposal Committee
SMRN	Supplier Material Returned Note
IAC	Inspection and Acceptance Committee

1.0 Introduction

Dadaab water and Sanitation Company Limited (DAWASCO) is a registered company which was incorporated on 18th February, 2002 under the provision of the Companies Act Cap 486 Laws of Kenya. DAWASCO is mandated to provide efficient reliable and economical water and sewerage services within its area of jurisdiction

Mandate

The company's broad mandate is to provide water and sewerage services within its service provision area.

Vision

To be the leading water and sanitation service provider in Kenya

Mission

To offer our customers high quality water and sanitation services in the most efficient and cost effective manner

Core Values

- Customer focus
- Competence and professionalism
- Transparency and accountability
- Integrity
- Innovation and Creativity
- Environmental conscience

2.0 Procurement Function

2.1.0 Policy Statement

DAWASCO shall obtain goods, works, and services through a process that is competitive, fair, transparent, accountable and cost-effective. Where circumstances do not permit the use of a competitive process, the procurement law shall prescribe alternative procurement methods to be applied with proper justifications.

2.1.1 Objective of the Procurement Policy

The objectives of the Procurement policy are;

- i) To spell out standard procurement practices and procedures
- ii) To facilitate value for money in the procurement of goods, works, and services
- iii) To act as a reference manual for supply chain management in the company.

2.2 Importance of Procurement Function

The importance of the Procurement function is to meet authorized requirements of goods, works, and services to end users this will be effectively achieved through the six (6) rights of procurement summed up as: item of the right quantity, the right quality, from the right source, at the right price, delivered at the right place and at the right time.

2.3 Role of Procurement Function

The role of the Procurement unit includes the following:

- Prepare the annual company procurement plan
- Oversee the Tendering and registration of Suppliers
- Oversee the supplier's management activities
- Procure goods, works, and services competitively
- Warehousing and issuance of stores to respective users
- Maintain optimum stock levels
- Preserve and safeguard stores
- Co-ordinate through an Adhoc Disposal committee to dispose of idle assets of the company
- Formation of Adhoc Inspection and acceptance committees for various goods and services to be appointed by the Accounting officer
- Organize quarterly and annual stock-take exercises

2.4 Procurement Process

- The company shall register and update the list of suppliers for goods, works, and services annually. The company shall allow interested suppliers at least fourteen days (14) to submit their applications for registration. The company shall register at least three (3) firms for each category of goods, works and services.
- Quotations will be sourced from registered suppliers, unless there are reasons to the contrary
- For goods, works and services whose value exceed quotation thresholds open tendering will be used

- The tender documents shall be sold at a cost recovery rate not exceeding Ksh.1000/=. However, where tender documents are obtained from the company's website, Invitation for Expression of Interest and Invitation for Registration of Suppliers it shall be free.
- For Tenders that have not attracted any bidders for registration, suppliers may be obtained through a market survey. Alternatively, the Company can utilize registered suppliers from other public institutions

2.4.1 Criteria for Registration of Suppliers

Suppliers will be registered based on fulfilling the following requirements: -

a) Relevant certificates as follows:

- PIN registration certificate
- VAT registration certificate
- Tax compliance certificate
- Certificate of Incorporation or Business Registration Certificate
- Certificates from relevant regulatory bodies.
- Copy of annual returns for the Company's
- Proof of certification for special interest groups
- Relevant Business Permit

In addition, suppliers must proof the following under

Evaluation Criteria-Technical Evaluation

- b) Business experience - profile and number of years in similar business
- c) Volume of business a firm can handle (evidenced through bank statements or Local Purchase Orders)
- d) Capability of personnel, equipment, and finance
- e) Conformity to tender instructions
- f) Attainment of evaluation score of at least 70% as prescribed in the tenders
- g) Litigation history commissioned by an advocate of the high court

2.5 Disqualification of a Supplier

The company may disqualify a supplier;

- Who fails to carry out his/her part of current obligations in which the company may request for debarment to PPRA as per Regulation no. 22 of the Public Procurement and Asset Disposal Regulations 2020.
- Where the supplier is related to staff and directors of the company against the PPAD Act 2015.
- A firm has supplied an order of substandard items. (2 years Debarment)

- If the firm has failed to carry out its current obligations
- If the firm submits false information

2.6 Performance Appraisal of Registered Firms

Registered firms will be appraised as need arises. The following criteria will be used to evaluate Performance of the firms during the financial year:

- Timely delivery.
- Delivery of the right quantity and to specifications.
- Number of goods returned due to defects, wrong brand, non-conformance to specifications, partial delivery etc.
- Promptness in response to request for quotation
- Number of Local Purchase Orders, Local Service Orders not honoured
- Technical support and after-sales service
- Non-compliance and honouring warranty or guarantee

The evaluation report will be forwarded to the head of procurement for a professional opinion.

2.7 Specifications for Goods, Works and Services

- Procurement unit in consultation with user departments shall prepare correct and complete specifications for goods, works, and services being procured.
- The technical specifications shall relate to performance rather than design or descriptive characteristics and shall be based on national or international standards

2.8 Procurement Plan

- The procurement unit shall consolidate an annual Procurement Plan before beginning of every financial year. The final Procurement Plan will be prepared after approval of annual budget by the company's Board of Directors.
- The Procurement Plan is an aggregation of the annual requirements of all the company's cost centres and shall be prepared in conformity with the approved annual budget.
- The Procurement Plan shall be approved by the Board of directors before implementation.
- The Procurement Plan shall be approved by the Board of directors before implementation and shall be forwarded to Public Procurement Regulatory Authority (PPRA) and National treasury within 60 days at the start of a financial year.

2.9 Procurement Methods

Procurement of goods, works and services by the company shall be through any of the following methods as circumstances may dictate:

- Open tendering
- Direct procurement
- Request for quotations
- Request for proposals
- Restricted tendering
- Low value procurement
- Expression of Interest

3.0 Open Tender

- Invitation to open tender for purchase or sale shall be made by advertising the tender in one newspaper of nationwide circulation and through the company's website
- The tender notice must give details on the subject matter. The tender notice for national tender shall be valid within a minimum period of fourteen (14) days from the date it appears in the newspaper.
- For an open tender, a contract between the successful Tenderer and the Company shall be entered into at least fourteen (14) days after notification of award and acceptance of the same, but not later than 30 days from the date of notification of award.
- Open Tender shall be used for the purchase of goods and services whose unit cost exceeds Kenya Shillings three million (**Ksh. 3,000,000.00**) and will require advertising and for works it will be Five million (**Ksh. 5,000,000.00**)

A tender box shall be provided at COMPANYS Head Office, in an accessible area and shall be fitted with two different locks and keys be held by two officers. At least three officers shall be involved in the opening of the tender box. All the TOC members shall sign on all the priced pages of the bid documents and cancel non-priced pages.

3.1 Direct Procurement - Under Sec 103(2) and (3) of PPAD Act, 2015

Direct procurement is a non-competitive method. It is restricted to cases where no alternative to the just one supplier. Direct procurement can only apply in the following situations:

- The goods, works or services are available only from a particular supplier or contractor, or a particular supplier or contractor has exclusive rights in respect of the goods, works or services and no reasonable alternative or substitute exists;

- Due to war, invasion, disorder, natural disaster or there is an urgent need for the goods, works or services, and engaging in tendering proceedings or any other method of procurement would therefore be impractical, provided that the circumstances giving rise to the urgency were neither foreseeable by a procuring entity nor the result of dilatory conduct on its part;
- Owing to a catastrophic event, there is an urgent need for the goods, works or services, making it impractical to use other methods of procurement because of the time involved in using those methods;
- The Company having procured goods, equipment, technology or services from a supplier or contractor, determines that additional supplies shall be procured from that supplier or contractor for reasons of standardization or because of the need for compatibility with existing goods, equipment, technology, or services, taking into account the effectiveness of the original procurement in meeting the needs of the company, the limited size of the proposed procurement in relation to the original procurement, the unreasonableness of the price and the unsuitability of alternatives to the goods or services in question;
- For the acquiring of goods, works, or services provided by a public entity provided that the acquisition price is fair and reasonable and compares well with known prices of goods, works, or services in the circumstances.

Direct procurement shall be approved by the Accounting Officer. There is no threshold for this procurement method

3.2 Requests for Proposals

The request for proposals method is used for consulting services or other services where it is not possible for the Company to formulate precise or/ and final specifications. Such a situation may arise as follows:

- This falls under Procurement of Consultancy Services and applies to procurement of professional services that are predominately intellectual or advisory in nature (Section 115 of PPAD Act, 2015).
- The Company shall select the Quality and Cost Based Selection (QCBS) method as the preferred method to be used to evaluate proposals and shall state the selection procedure in the Request for Proposals (Section 124 of PPAD Act, 2015).
- The Company may use any of the following alternatives in the selection methods to evaluate proposals and shall state the selection method in the Request for Proposals:
 - a) Quality Based Selection (QBS), which focuses on quality and selects the highest quality proposal;

- b) Least Cost Selection (LCS), which selects the lowest-priced proposals, that meets the entity's technical requirements;
- c) Consultants Qualifications Selection (CQS)
- d) Individual Consultants Selection (ICS);
- e) Fixed Budget Selection: or
- f) Single Source Selection

Note: Section 124, subsection 7 -14 of the PPAD Act, 2015 –outlines circumstances under which the above methods may be used.

3.3 Restricted Tendering (PPAD Act, 2015 section 102)

This method shall apply in the following conditions:

- Where competition for the contract, due to the complexity or specialized nature of the goods, works or services is limited to pre-qualified contractors.
- Where the time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured
- The Company shall use a prequalification procedure to identify at least ten (10) firms selected from the pre-qualified list.
- In the absence of a pre-qualified list the Company shall place an advertisement on the country's leading newspaper and also place the advert on the company's website.
- Preparation and submission of the tenders shall be within fourteen (14) days

3.4 Requests for Quotations

- This involves inviting quotations from the approved registered firms. Requests for quotations should be circulated to at least three registered firms.
- The RFQ shall include the evaluation criteria proving the financial capacity to deliver and a commitment to deliver on time.
- At least three quotations must be received for adjudication and award
- Where the evaluation committee is of the view that the successful quotation is higher than the prevailing market prices, fresh quotations shall be sought from other firms.

A quotation box shall be provided at COMPANYYS HQ and, in an accessible area and shall be fitted with two different locks and keys to be held by two committee members of the Evaluation committee. The members shall sit at least once every month and shall sign on all the priced pages of the bid documents.

3.5 Low-Value Procurement

Low-Value Procurement will be used where there is no advantage of seeking quotations or using other procurement methods, e.g. purchase of goods from supermarkets. This will not exceed **Ksh.50, 000.00**, per procurement per item, per financial year.

3.6. Procedures for Processing Tenders and Quotations

- The procurement unit shall maintain a request for quotation (RFQ) register indicating details of the firms that quotations were circulated to, the postal address of the firm, and the quotation number should be clearly indicated.
- A Request for **Quotation (RFQ) Opening Register** shall also be maintained to give details of the firms that responded. The officers opening the quotations must append their names and signatures on the register and the quotation form as well as sign where the prices are indicated.
- Tenders and Quotations shall be submitted in sealed envelopes, indicating the tender number or quotation number on them. Tenders and Quotations shall not be opened before the time and date stipulated in the tender or quotation documents as the opening date and time.
- Once opened, the tenders/quotations shall be dated, stamped, serially numbered, and the details entered in the opening register.
- Tenders and quotations shall not be accepted after the stipulated submission time.
- The head of the procurement unit shall propose an ad-hoc evaluation committee to the Accounting officer; the accounting officer will then appoint an ad-hoc evaluation committee to carry out the evaluation of tenders/quotations as the case may be. Tenders or quotations shall then be tabled to the Evaluation Committee by the Procurement Officer for adjudication.
- When a tender is awarded, an immediate notification shall be given to the successful tenderer. The successful tenderer shall be requested to acknowledge receipt of the award by signing a letter of acceptance. A Contract shall then be signed by both parties after expiry of Fourteen (14) days from date of notification of the award. This shall be followed with a local Purchase Order (LPO) or Local Service Order (LSO) to the winning firm where applicable.
- For locally sourced goods or services (through quotations), suppliers shall deliver goods and services within fourteen (14) days from receipt of LPO /LSO. For goods that have to be imported, suppliers shall be asked to indicate a reasonable delivery period. If the winning firm does not deliver the goods / services, the Committee shall award the tender to the next lowest evaluated bidder.
- When a successful tenderer is notified of the award, the unsuccessful tenderers should also be notified simultaneously.

3.7 Financial Ceilings

The Financial ceiling for procurement of goods and services at DAWASCO is indicated in Table 1.

Table 1: Financial ceilings for procurement of goods and services by committees. The limits are subject to the provisions of the Public Procurement and Asset Disposal Act, 2015, and PPAD Regulations 2020.

Procurement Cost Ceilings	Procurement Method	Authorization/ Approval
An item/service costing up to Ksh.50, 000.00, annually Above this amount Request For Quotation shall be used.	Low-Value procurements	-Authorization for cash purchase by head of finance through imprest/petty cash and approved by the accounting officer
-An item/service costing Kshs 50,000.00 to 3,000,000.00 , above this Open Tender, shall be used. -for works up to a maximum of Ksh.5,000,000.00 , above this Open Tender shall be used.	Request For Quotations; at least three competitive quotations from registered suppliers	-Procurement is initiated by the head of the user department in consultation with the Accounting officer and subject to availability of funds through the procurement plan. -evaluation of bids by the evaluation committee -Professional Opinion must be approved by the accounting officer -Contract Award to be signed by Accounting Officer
Items /service Costing above Ksh. 3,000,000.00 for goods and above Ksh. 5,000,000.00 for works. No minimum for goods, works, or services. The maximum level of expenditure shall be determined by funds allocated in the budget for the particular procurement.	-National Open Tender(Sec 96 of PPADA, 2015)	-Procurement is initiated by head of the user department in consultation with the Accounting officer and is subject to availability of funds through the procurement plan. -Evaluation of tenders by the evaluation committee -Professional Opinion must be approved by the accounting officer -Contract Award to be signed by Accounting Officer

NOTE: Procurement shall not be split for the purpose of avoiding the use of certain procurement methods.

3.8 Procedure for Purchase of Goods and Services

User departments submit their departmental procurement plans to the Procurement unit which consolidates them into a Consolidated Annual Procurement Plan, authorized by the Accounting Officer and approved by the Board of Directors. This is later submitted to PPRA (Public Procurement and Regulatory Authority) and Treasury not later than 60 days into a new financial year.

- An approved Requisition for goods/services shall be submitted to the procurement officer.
- The Procurement Officer (PO) shall check the Requisitions against the stock position of the requested item and if out of stock raise a Purchase Requisition (PR)
- Depending on the volume of purchases, the PO shall initiate a competitive procurement process (Tenders or Quotations)
- The users must confirm with the Head of Accounts on the availability of funds upon the requisition.
- On procurement of spares and/or repairs to motor vehicles, quotations shall be sought from dealers and other registered firms.
- The procurement shall be approved by the accounting officer.

All procured goods and services shall be verified by the Inspection and Acceptance committee before the goods received note is raised and goods received into the store.

3.9 Committees Involved In Procurement

The Company shall set up various Adhoc committees for procurement and disposal purposes. The committees include:

- Evaluation of Tender/Quotation committee
- Tender Opening Committee (TOC)
- Inspection and Acceptance Committee(IAC)
- Disposal Committee (DC)
- Contract Implementation Committee (CIC)

4.0 Role of Quotation/Tender Evaluation Committee

- To evaluate quotations valued at a maximum of Ksh.3,000, 000 per item under goods and services and a maximum of ksh.5,000,000 under works(Ref to Second Schedule-Threshold Matrix The Public Procurement And Asset Disposal Regulations,2020), Open tenders and Request For Proposals.

4.1 composition of Quotation/Tender Evaluation committee

The Evaluation Committee shall be composed of between 3 (three) to five (5) members appointed by the accounting officer. The quorum for the meeting shall be the Chairman and at least two other members. For matters requiring technical opinion, the committee shall invite a technical person for guidance. The committee shall also invite the user/s during adjudication evaluation.

4.2 Role of Tender Opening Committees (TOC)

a) Tenders

- i) To seal the tender box in the presence of the bidders
- ii) To open the tender box and Bid documents
- iii) To prepare and keep a signed record of bidders in attendance and members of the TOC
- iv) To prepare and submit a report to the head of the procurement unit.

On the opening of bids, the following shall be indicated and carried out:

- Name of the bidder
- Number of bid documents submitted by a bidder
- Total price of tender including any discount
- Tender security if any
- Confirmation of Technical and financial proposal
- Sign where the price is indicated and cross non-priced and blank pages
- Prepare tender opening minutes, which shall set out ;
 - i. A record of procedures followed in opening of the tenders and
 - ii. The particulars of those persons submitting the tenders or their representative who attended the Opening of Tenders.

NB: To acknowledge that the minutes are true reflection of the proceedings held, each member of the tender opening committee shall-

- i. Initial each page of the minutes;
- ii. Append his/her signature on each page of the minutes indicating their full names and position/designation

b) Quotations

On the opening of bids, the following shall be disclosed:

- Names of bidders
- Bid prices
- Confirm Technical and financial proposals
- Sign where price is indicated
- Submit a copy of the quotation opening proceedings and quotations to head of procurement unit

4.2.1 Composition of TOC

TOC shall be composed of at least three (3) members drawn from, different departments and appointed by the Accounting officer.

4.3 Role of Disposal Committee (DC) as per section (165) of the PPAD Act 2015.

The role of DC is to recommend the best methods of disposing of unserviceable, obsolete, un-economic, surplus stores and equipment.

The disposal methods include: -

- Transfer to another public entity or part of a public entity, with or without financial adjustment;
- Sale by open tender
- Sale by public auction
- Waste disposal management
- Trade-in
- As may be prescribed

NB: 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 public entity except as expressly allowed under this Act and the regulations. The board shall approve all disposals before the commencement of the process.

4.3.1 The composition of DC

- Procurement Officer
- Head of Accounts
- Two officers from end-user divisions/sections
- Where necessary the Disposal Committee may co-opt a relevant technical expert in the process of carrying out its functions.

The members shall elect a chairman and secretary of the DC

5.0 Procurement Documents and Operations

The following are accountable documents used in procurement operations and are generated from the company's integrated financial management system

i) Local Purchase Order (LPO)/Local Service Order (LSO)

The LPO and LSO respectively authorize a supplier to deliver goods or carry out services.

- a) Local Purchase Order (LPO) and local Service Order (LSO) shall be used to initiate Ordering for goods, works and services.
- b) Authorization of LPO/LSO shall be given by the Accounting officer.

ii) Stores Requisition Form

This is a document used to request for goods/services from the stores.

iii) Goods Receipt Note –

This is a document used to receive goods at the stores from suppliers.

iv) Suppliers Material Return Note –

This is a document that provides records for returned goods to suppliers.

v) Bin Card –

This is a document used to maintain stock records in a warehouse.

vi) Request For Quotation Form -

This is a form used to request quotations from suppliers.

vii) Gate Pass

This is a document that allows the movement of items out of the company.

5.1. Safety of Records

Procurement records shall be kept for a period of at least six (6) years after the contract was entered into or if no contract resulted, after the procurement proceedings were terminated. The documents shall be kept in safe custody by the head of the procurement unit and for ease of accountability and reference; all the documents shall bear serial numbers. The head of the procurement unit is the custodian of the records.

5.2 Procedure for Purchase of Goods, Works and Services

- i) Items to be purchased should be in a procurement plan
- ii) Purchase Request shall be signed by the unit head and head of the department after confirmation of availability of funds and approved by the accounting officer.
- iii) The Procurement unit shall check the purchase request if the item is not in stock, arrange for the procurement of the same
- iv) The Procurement unit shall initiate a competitive procurement process
- v) Quotations for spares and/or repairs of motor vehicles shall be sought from dealers and registered firms.
- vi) Quotations and tenders shall be tabled to the ad-hoc evaluation committee for adjudication
- vii) Goods procured through an imprest shall be verified before use.

5.3 Procedure for Receiving and Issuing Goods and Services

- i) Goods delivered or services sought must conform to the specifications as outlined in the LPO/LSO
- ii) A copy of LPO must be forwarded to the warehouse
- iii) Deliveries of goods shall be accompanied by a Delivery Note (DN). Where haulers deliver on behalf of a supplier a Consignment Note should accompany the goods.
- iv) Goods must be inspected to ensure conformity with specifications and quantities indicated on the Purchase Order. Where the receiving officer cannot ascertain, technical specification of goods delivered, a technical officer will be invited to confirm the specifications.
- v) The receiving officer shall retain the original copy of the Delivery Note and Invoice while the supplier takes the duplicate.
- vi) The store keeper will then update the Bin card by posting the physical quantities of the items received.

- vii) The storekeeper shall use the Delivery Note / Invoice and a payment copy of the LPO to raise a Goods Received Note (GRN)
- viii) The information on the GRN will be posted on the stock card.
- ix) Where an invoice is in foreign currency, it shall be converted into Kenya Shilling, at the prevailing market exchange rate.
- x) For payment purposes, the Procurement unit must forward the Invoice, DN, GRN, Inspection and Acceptance certificate, and LPO payment copy to the Accounts.
- xi) Once received at the Company, the goods shall be checked against the LPO to ensure that they conform to the store requisition.
- xii) The receiving officer at the stores will sign the duplicate copy of the GRN/Delivery Note as confirmation that the items were received.

5.4 Return of Goods to Suppliers

- i) Rejection of goods will arise when items supplied do not conform to specifications.
- ii) The goods, accompanied by the Supplier Material Return Note (SMRN) will be returned indicating reasons for rejection and action to be taken by the supplier

5.5 Goods leaving the company

- i) An item leaving the Company for repair or use in the field must be accompanied with a gate pass duly signed by the authorized officer indicating; item description, model, serial number, the name of the firm (for repairs) or employee where applicable and the reason the item is being taken away
- ii) The details on the gate pass must be entered in a Register at the gate.
- iii) Items on loan should be returned on due date

5.6 Procedure for Issuing Goods from the Stores

- i) Goods shall be issued against an approved Stores Requisition Form
- ii) The issuing store officer shall sign the approved Stores Requisition Form on the part of issued by to signify that the goods have been issued.
- iii) The receiving officer will sign the original and duplicate copies as confirmation that the Items issued are as indicated on the store's requisition.
- iv) Once the items have been issued, the store supervisor will use the approved Stores RequisitionForm to update the system on inventory.

5.7 Procedure for Loan Issues

- i) Loaned items are issued for specific tasks and are returnable after the task is complete
- ii) Officers who require items on loan will have to obtain authority from the head of his/her department and procurement officer
- iii) A register showing loaned items will be maintained at the store's office.

5.8 Procedures for Return of Goods to Stores

- i) Surplus, defective, damaged, or obsolete items shall be returned to the stores for re-issue, repair, or disposal
- ii) Items returned to the store will be accompanied by a **Stores Return Form**
- iii) The warehouse officer shall examine the returned items and their report for appropriate action
- iv) Material Return Note Form shall be given to the officer returning the items and the duplicate retained in the warehouse
- v) A Material Return Note Register will be maintained at the stores

5.9 Stocks-Taking

- i) This involves a physical count of stocks at the end of each financial year to confirm the actual stock position, verify the stock records, and establish the value of the stock held.
- ii) The exercise shall be undertaken by Accounts and stores staff" and shall be headed by the procurement unit as per the PPAD Act (161),(162) subsection(2). The Company shall conduct Quarterly stock-taking exercises at the end of every quarter which shall involve the accounts and stores staff in order to control stocks and ensure the safety of stocks.
- iii) The stock-taking report shall be submitted to the accounting officer

6.0 Instructions for Stock Taking

Stock-taking instructions include;

- a) Carrying out a physical count of all stock items indicating figures obtained under the 'Physical count balance' in the stock-taking sheet.
- b) Ensuring that the correct units of issue are used
- c) Recounting where card and physical balances do not tally
- d) Investigating variance between Stock bin card and physical count balance and indicate variance on the 'Remarks' column of the stock sheet.
- e) Filling stock adjustment forms for items with confirmed variances.
- f) Adjustment on the stock cards will be made after approval is granted.
- g) Recommending obsolete / damaged / expired stock for disposal.
- h) All officers undertaking the exercise should sign the stock taking sheets.

- i) The stock taking sheets must be stamped prior to handing over to head of Procurement unit for report writing and submission to the accounting officer and copied to finance manager
- j) Where discrepancies arise possible sources as stipulated below will be looked into:
 - Arithmetical errors
 - Issues and Receipts transactions
 - Unit of issue
 - Adjustment on previous stock sheets
 - Duplication in postings
 - Item description

Reconciliation of the variances should be done and a report on the same is prepared and forwarded for approval by the accounting officer.

7.0 Disposal of Stores and Equipment

The Company's Disposal Committee shall liaise with the individual user departments to facilitate the disposal of assets.

7.1 Procedures for Carrying Out Disposal

- i) Assets, that are beyond economic repair, obsolete, expired, or damaged, will be assembled centrally in the stores.
- ii) Once a substantial quantity of such goods is accumulated, the Disposal Committee will be constituted by the Accounting Officer to facilitate disposal.
 - iv) A technical report must be provided for all capital assets.

7.2 Methods of Disposal

- i) The Disposal Committee shall recommend to the Accounting Officer the most appropriate method of disposal, which may include: -
 - Transfer to another public entity
 - Sale by public tender
 - Sale by public auction
 - Destruction, dumping or burying
- ii) In case the Disposal Committee recommends disposal through burning, dumping into sea or burying underground, a destruction certificate shall be issued to remove the items from the records.

7.3 Write-Off of Assets

- i) The Accounting officer shall authorize write – off of lost assets and stores with a value of not more than **Ksh. 10,000.00**

- ii) Write off of assets and stores of value more than **Ksh. 10,000.00** shall be authorized by the Company's Board of Directors.

7.4 Disposal Criteria

The management shall obtain authority from the board before the commencement of any disposal process.

The following guidelines shall apply to the disposal of boarded assets and stores

- i) The highest bids will be accepted subject to the condition that they are equivalent or above the reserved price.
- ii) The highest bidders in descending order will be accepted until the reserve price is reached.
- iii) Where two or more candidates tender the same amount, they should be notified in writing to make an alternative offer, the higher of which will be accepted
- iv) If the sale is not effected with any of the highest bidders equivalent or above the reserve price, the items will be re-advertised for sale
- v) Successful bidders will be given seven (7) days to pay for the items won. If no payment is effected within the 7 days, clause (ii) above shall apply
- vi)) Payment for the items will be made in full to the company's bank accounts or by banker's cheque or through electronic bank transfer.
- vii) Purchasers must remove the items from DAWASCO premises within seven (7) days of payment after which the items shall remain on DAWASCO premises at the purchaser's Risk. the same shall attract storage charges.

Mode of acceptance of the bids will be by any of the following means: -

- Registered Post
- Hand delivery
- Prescribed digital modes.

The foregoing modes of communication should be followed up by a phone call.

8.0 Professional Ethics

8.1 Declaration of Interest

A member of any of the committees interested in any tender other than in his capacity as a member of the committee should immediately declare his interest therein and withdraw from that particular deliberation.

8.2 Conflict of Interest

An employee or agent of DAWASCO or member of the Board of DAWASCO who has conflict of interest with respect to any procurement shall not take part in the procurement proceedings

and shall not, after a procurement contract has been entered into take part in any decision relating to the procurement or contract. The declaration shall be recorded in the register

8.3 Confidentiality

A member of the board or a committee of the Company shall keep information of procurement proceedings confidential.

8.4 Collusion

No person shall collude or attempt to collude with any other person: -

- To make any proposed prices higher than would otherwise have been the case.
- To have that other person refrain from submitting a tender, proposal, or quotation or withdraw or change a tender, proposal, or quotation.
- To submit a tender, proposal, or quotation with a specified price or with any specified inclusions or exclusions.

9.0 Alterations and Amendments

This policy will be subject to regular review and amendments when the need arises.

Effective Date

This policy comes into effect on this day of.....2021

This policy was approved by the Board on Day.....2021 under a minute Number.....

Signed

MANAGING DIRECTOR.....

CHAIRMAN – BOARD OF DIRECTORS.....