



PROCUREMENT POLICY

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Table of Contents

1	Objective of the HST Procurement Policy	1
2	Scope	1
3	Principles of HST Procurement Policy	1
4	Functioning of the Procurement Policy	2
5	Procurement cycle: General Guidelines	4
6	Summary of Procurement Methods	5
7	Workorders/Contracts	10
8	Product Receipt & Storage	10
9	Wastages & Stockouts	12
10	Special note on procurement of pharmaceuticals, medicines and medical products	12
11	Ethical guidelines, prevention of fraud & conflict of interest	13
Annexures		14

Rationale:

The first component of a good project is the strategy and design. The second is efficient implementation, which is derived substantially from the quality and integrity of our procurement and deployment of goods and services.

Your Role

You have accountability for the quality and integrity of procurement outcomes in your project up to the levels defined for your position in this section. Where you do not have full authority, your role will be to participate in the development of sound procurement requests, including documentation to support assessment and approval of your proposal.

OBJECTIVE OF THE PROCUREMENT POLICY

To ensure transparency and effective system & procedure are in place for procuring any assets, materials, and services for program implementation of any projects of the organization.

To ensure that there is continuous availability of quality products and services in the right quantities at the right time and transparently purchased at the right price.

To ensure continuous availability of the product when it is needed thereby ensuring timely execution of project activities.

SCOPE OF THE PROCUREMENT POLICY

The procurement policy covers both procurement of “products (assets and materials” and “services”.

“Product” includes “medical” and “other products.

“Services” include the hiring of individual consultants, consultancy services, and services of a contractual nature offered by independent for-profit or not-for-profit organizations specializing in the offer of such services and contractors, hiring venue and accommodation for training/meeting/workshops etc. (no need for calling procurement committee meeting)

“Other products” products include furniture, fixture, office equipment including computers and accessories, communication system, and civil works for restructuring, up-gradation and expansion of office space including mechanical, engineering and plumbing services.

“Medical” products include medicines, medical supplies, condoms, diagnostic test kits, lab supplies and medical equipment.

PRINCIPLES OF THE PROCUREMENT POLICY

Ensuring ethical procurement: HST believes in ethical procurement and ensures that it procures goods that are environmentally sustainable and are produced through globally accepted green and ethical best practices that help minimize carbon footprint.

Transparency & Accountability: HST procurement process shall be transparent and accountable.

Efficiency: The choice of procurement method shall be determined by the size of the procurement to promote cost-effectiveness and value for money.

Quality and cost-based selection (QCBS): In general, HST shall follow process of ‘quality and cost-

based selection' where the primary focus shall be on the quality of goods and services procured. This shall imply that the agency offering the lowest quote may not necessarily be the preferred bidder/provider. At times, HST may choose to go in for only Quality Based Selection, for which appropriate justification must be provided by the Procurement Committee.

Compliance with local laws: All procurement and contracts issued shall ensure compliance with this Policy, tax laws, and Income Tax guidelines.

Process for obtaining quotes:

Bids/Quotes are to be solicited only against an approved expenditure approval form and purchase requisition.

Suppliers are not approached for quotations once a decision has been made. Bids must not be made as cover up nor manipulated to support and already determined selection. Quotes can be obtained from vendors or through online platforms.

Any procurement below INR 50,000 requires single quotes. Quotation requested from vendor should contain the following information:

1. Vendor Name, Address and contact details.
2. Description of the item being quoted.
3. Price Quoted and
4. Payment Terms
5. Delivery Terms
6. Justification for selection of Vendor (Only applicable for items above 50,000)

Written responses must be obtained for all equipment, purchases for non-standard conditions or requirements, or at any time when permanent documentation appears advisable.

Suppliers must be aware of the following HST Policies which relates to the solicitation of the bids.

- Discussion may be held between HST Staff and vendor before conclusion of a contract are preliminary and non-binding and
- HST is under no obligation to cover any cost incurred by the supplier prior to the confirmation of an order, unless otherwise agreed to in advance in writing.

Procurement / Planning / Action

Program Manager and Program Director are to agree whether procurement activity is to take place locally or regionally where suppliers may be more numerous or capable to deliver high quality. In either case, Program Manager and Program Director must work with the appropriate Finance Officer/Admin Officer to perform the core procurement tasks, which include the following:

a) Bid Preparation and release:(Admin)

The RFP will be developed in consultation with the Finance Team. Potential vendors from the data base and vendors/consultant suggested by the internal and external sources will be shortlisted. RFP will be released to shortlisted vendor/consultant.

All participating vendors are to receive an identical written request for proposal with all specification included with timelines. Quotes/bids to be submitted directly to HR and Administrative Manager or designated person.

There is a special RFP in case of purchase with Technical Specified procurement in which all the requirements are mentioned.

All suppliers are to be treated equally. Any request for revised bids requires that initial bidding must first be closed and invalidated. All suppliers will then be asked to submit fresh bid/quotes.

Any procurement above INR 50,000 requires three quotes.

Bids/Quote for items more than INR 50,000 but less than INR 1,00,000, must be opened by and in the presence of 3 persons (2 program team, HR/Admin), in addition to one person from Finance. Bids for items more than INR 1,00,000 are not to be opened till the convening of procurement committee of at least three persons, comprising of the requisitioning individual, a program representative, HR/Admin and at least one external person above the manager level on rotational basis in addition to the finance officer of the same department. A procurement committee must be convened for all the procurement transactions having an individual value of more than INR 1,00,000. All committee members need to sign off the bids/quotes. In case of Electronic Bidding, confirmation on email from all the procurement committee meeting will be considered as equivalent to sign off document.

Process for Electronic Bidding

1. **Email ID for receiving bids:** IT Manager will create unique separate email IDs (on which bids shall be received) from the pool of the email IDs created for electronic quotes/bidding purpose.
2. **Vendor's email ID:** Teams to ensure that email ID (on which RFP will be sent) of the vendors should be correct and valid.
3. Procurement officer (HR and Admin Manager) will email RFP to the vendors from the official email ID specifying the following:
 - a. Subject of email (i.e. Bid for _____)
 - b. Quote/Bid Opening Date
 - c. Quote / Bid Closing Date
 - d. Email ID for sending Bids (as allocated by IT Manager)

- e. Email ID for sending any query related to RFP (Preferably this should be the ID from which RFP was sent), specifically mentioning that bids should not be send/copied on this email ID and by doing this bid are liable to be disqualified.
- f. IT manager will set Auto response for Receipt and Rejection of the bids once information received from the procurement officer (HR and Admin Manager) about the closing date and time of the RFP sent.
- g. Auto response confirming the bids will go to the vendors, whose bid is received before the closing date and time of the bid.
- h. Auto response for rejection of the bids will go to the vendors, whose bid is received after the closing date and time of the bids.
- i. After closing date and time, HR and Admin officer will download the bids received.
- j. HR and Admin officer will prepare comparison sheet and forward the same to the procurement committee members for their evaluation and call for a meeting of the committee meeting.
- k. HR and Admin officer will move ahead with the selection of vendor and issuance of PO/Contract/Work Order.
- l. In case, RFP require technical evaluation, on completion of the bid opening process, the HR and Admin officer will forward all the bids to technical committee members with signatures/confirmation from the procurement committee members.
- m. The CEO or the Finance Director shall have oversight over the functioning of the Procurement Committee.

Methods of Procurement:

- By Obtaining open (unsealed) quotes
- By Obtaining sealed quotes
- By electronic method (email)
- In the current scenario, obtaining open quotes and sealed bids are bit challenging and people are encouraged to provide electronic quotes.

Separate clause for hotels –

Rate contract- list of preferred hotels for HST; for same category design – make my trip as source document, second by booking.com

Procurement Committee: HST shall have a Procurement Committee that shall be responsible for all procurement as per the provisions of this policy. The Procurement Committee shall comprise of the following members:

- a. A representative from HR and Admin
- b. A representative from Project Team (on rotation basis)
- c. Project Manager/Director of the respective project.
- d. Representative from external project unit
- e. Thematic Person (Technical Person) from the respective team. (e.g. for procurement of IT equipment, IT manager should be part of committee). The person will present only in the relevant procurement.
- f. A representative of finance team

FUNCTIONING OF THE PROCUREMENT COMMITTEE

The Procurement Committee shall function in the following manner:

- All meetings and decisions of the Procurement Committee shall prepare minutes of the meeting and recorded with the signatures of all the members of the Procurement Committee. The same needs to be prepared by the HR and Admin officer or by designated person.
- In case the procurement committee meet online, the decisions can be communicated on the email.
- All decisions of the Procurement Committee shall require to be ratified by Finance Manager/ Finance Director. Finance Manager/Finance Director will present a brief report on the procurements every quarter to the CEO.
- The Procurement Committee shall prepare a list of empaneled vendors and supplies for all goods and services that will be consistently used in the procurement of groceries, stationery, internet services and travel etc.
- The Procurement Committee will review the list of approved Vendors every year to ensure efficiency by creating a competitive environment for better pricing and quality.
- The Procurement Committee will have the powers to undertake procurement of products and services above Rs. 1,00,000(Rupees One lac only) and up to the value of Rs. 10,00,000 (Rupees Ten Lakh only).
- For procurement of value above Rs 10,00,000 (Rupees Ten Lakh only) the CEO shall be a part of the procurement committee and shall chair the Procurement Committee.

Separation of Duties:

Good control practices require that different people perform the key functions of the procurement operations. In collaboration with the Director Finance and his staff, Project heads are responsible to ensure that these functions are adequately separated. The table below identifies the anticipated breakup of the essential procurement activities. Based on the size and personnel present in offices,

the duties may need to be assigned somewhat differently. The Finance Director will approve the duty separation for each project.

Procurement Function	Responsible Person
Preparation of Purchase Requisition/ Expenditure Approval Form (EAF)	Officer or Manager requiring item or services
Budget, Budget Line item, Account code to be checked at EAF level	Sr. Finance Officer/Finance Officer/ Finance Manager
Review and approval of EAF or Purchase Requisition	Project Manager/ Project Director/ Technical Director/Finance Manager/Finance Director/ CEO based on the estimated procurement value and the limits set out in this policy
Preparation and TOR preparation	PM and FO
Review, and release of RFP	HR and Admin officer
Completion of the Bid Analysis and Final Vendor Selection	Procurement Committee Members and/or Technical Committee Members and HR and Admin Officer
Preparation and Issue of PO/ Contract/ Work Order	Finance Officer
Approval of PO/Work Order/ Contract	Project Manager/ Project Director/ Technical Director/Finance Director/ CEO based on the estimated procurement value and the limits set out in this policy
Receipt of Goods/Services	Officer or Manager requiring item or services
Vendor Payment Preparation	Sr. Finance Officer/Finance Officer/ Finance Manager

Procurement Procedure

Requests for expenditure authorization will originate in one or more than one project. Procurement requests must be in support of the project plan and approved budget. A head of the project will be appointed to manage the budget and approve or recommend for approval specific procurement requests as per authority given below.

Staff Level	Authorization Limit	Remarks
Manager / Senior Manager and Finance officer	Up to INR 50,000	Signature from all staff mentioned here are compulsory
Project Director and Finance officer	Up to INR 1,00, 000	Signatures from all staff mentioned here are compulsory for approval
Project Director, Finance officer and Finance Manager, Director Programs	Between INR 1,00,000 to INR 5,00,000	Signatures from all staff mentioned here are compulsory for approval
Project Director, Finance officer, Finance Manager and Finance Director, Director Programs, CEO	Between 5,00,000 to INR 10,00,000	Signatures from all staff mentioned here are compulsory for approval
Project Director, Finance Manager, Finance Director. Director Programs and CEO	Above INR 10,00,000	Signatures from all staff mentioned here are compulsory for approval

Time Lag for approval of RFP

RFP to be vetted by approved authority before being sent out to vendors.

The standard turnaround time for approval of RFP by the approving authority is a maximum of 48 hours.

The led time for response by vendors to RFP's will be minimum of 3-7 days from the date RFP been floated.

Note on Sole Sourcing

Sole sourcing, the act of awarding a procurement contract to a particular supplier or manufacturer or consultant without following required competitive bidding process is an exception to conventional procurement rules governing the procurement of goods and services using donor funds. Sole sourcing requires adequate justification that are in compliance with the procurement regulations of the donor. In rare and very exceptional circumstances, procurement may be done without competition as it does not provide the benefits of competition regarding quality and cost, lacks transparency in selection of vendor/consultant and could encourage unacceptable practices. This happens due to following reasons.

- ✓ For tasks that represent a natural continuation of previous work the vendor /consultant has carried out and for which earlier vendor/consultant was selected by following competitive process of procurement.
- ✓ In emergency cases such as in response to disasters and vendor/consultant required during the period of time immediately following the emergency
- ✓ For very small assignments
- ✓ When only one vendor/consultant is qualified or has experience of relevant work for the assignment
- ✓ Authorized or require by statute.

Procedure:

A request for a sole-source or preferred service provider procurement may be submitted along with the EAF with the following documents:

- ✓ Sole source justification notes duly approved by the Project Director, Finance Director and CEO.
- ✓ All such sole-source or preferred vendor contracts
- ✓ Till INR 1,00,000 by Finance Director and beyond INR 1,00,000 by CEO

In case the donor agencies are already mentioned in the proposal or budget notes, no quotes are required for the same.

PROCUREMENT CYCLE: GENERAL GUIDELINES**Demand forecasting**

Forecasting is a good practice, and all Program and Administrative teams will generate and record their demand at the beginning of every financial year or/and at the beginning of every approved project. The value of procurement could be big, or small but annual forecasting will be mandatory with updates every quarter.

Given the nature of the current activities of HST, there is no fixed large-scale procurement required on an ongoing or fixed periodic basis. When such a need arises, the policy and processes mentioned herein will apply to that procurement need also, unless there is a set process defined by the Donor or by the Law of the Land or requires special additions to be made to the processes set in this policy.

The demand for products or services will be requisitioned by the concerned Department Head or Program Head through an acquisition format (*Annexure 1*)

The duly filled and signed requisition form will be submitted to the Administrator of HST, who will forward the same to the Manager of Finance.

Validation of procurement forecasts

The Finance Manager/Admin Manager shall thereafter validate the requisition by:

- Verifying that existing quantities by checking the Inventory cut off levels, where applicable, are not enough to meet the requirements mentioned in the Requisition Form. The Finance Manager will check the Stock register to ensure that additional quantities are indeed required.
- Assessing and ensuring if the quantities requisitioned are in line with previous demands or in sync with any planned and budgeted program activity and the forecasting.
- Checking whether the item(s) required for procurement is within a budgeted activity and whether funds for the same are available or not.

Procurement method: Empaneled Vendors list

The Procurement Committee will empanel select vendors and will create a list of approved vendors and suppliers for all services of a recurring nature such as groceries, stationery, travel etc.

The Committee will prepare a list of articles and services that are required regularly and invite quotations from vendors through word of mouth, newspaper and internet search, minimum of three reputed and established vendors will be identified.

These quotations will be reviewed by the Committee and a detailed report will be prepared along with a justification for empaneling the shortlisted vendors and suppliers. This list will be sent to the CEO for approval. Once approved, Empanelment Letters will be provided to the selected vendors or service providers. The time validity for any empanelment will be for one year. The empaneled vendors also have to provide quotations for any services to be extended or taken by the institutions. The approved quotation will have validity for six months from the date of approval. The Committee will then publish the list internally and ensure that all goods and services listed in the approved vendors' list are procured only from those suppliers. This list will be reviewed annually to ensure that the price and quality of the goods and services are not compromised. The Procurement Committee can decide the weight to be applied which can vary from tender to tender but the decision must be backed by appropriate justification and approved by the CEO.

Work orders/contracts

- For all decisions related to issuing work orders/contracts, except for sole source purchases, a comparative statement will be developed summarizing the quotes, evaluation scores, etc. (as required) and signed by all the Procurement committee members. The comparative statement shall include the final recommendation forward of work including justifications for the same explaining how the procurement Committee has arrived at its recommendation.
- The Recommendation of the Procurement Committees shall be vetted as per the table provided in the policy.
- Wherever Appropriate and Required, HST shall issue the work orders/ contracts for products /services being procured.

The work order/contract shall include but not be limited to the products required /Services sought quantities/deliverables, timeframes, delivery schedules, the terms and conditions, payment schedules.

Product receipt and storage

At the time of receiving the product, the intender (Administrator) shall use the following checklist to document the inspection and file the same as a post-shipment inspection report (*Annexe2 - Good Receipt Note*)

- a) Does the product that is delivered match the specifications in the work order/contract?
- b) Is the packaging seal tampered?
- c) Are the product brochures, catalogues, manuals, and other supporting documents for future replacement/repair in order?
- d) Are the quantities as per the purchase order and the delivery note?
- e) Random supervisory checks will be conducted both on the quality and quantity of the goods delivered as a means to detect a possible irregularity.
- f) Acceptance of goods upon delivery will be made by the Administrator and the concerned Program Head shall be consulted wherever required.
- g) The Following Checks Will Be Made on any equipment purchased.

Delivery	The item received matches the order
Quality	Quality check conducted
The service	Service contract matches requirements and guarantees
Maintenance	Maintenance of logbook and call outs record
Identification	Item marked according to donor

Suppliers are required to issue bills or invoices for payment at the time of the delivery of goods or quickly afterwards. Audit checks will be conducted on these bills or invoices.

Payments for goods or services will be made against duly certified invoices, bills, receipts or claims within specified time limits to avoid any undue delay.

Regular reports on payments made for the procurement of goods and services will be made available to the CEO. Any discrepancy and the result of the investigation will be immediately brought to his/her attention.

After inspection, the Administrator shall receive the product and ensure appropriate documentation and recording in the asset register as per the guidelines mentioned in the Asset Management Policy. The Administrator shall ensure appropriate and secure storage and/or installation (as applicable) of such products.

Wastages and stockouts

To avoid wastages, the first-in-first-out (FIFO) procedure shall be followed for fast-moving consumable goods/items. First-expiry, first-out (FEFO) procedure shall be followed for medical products.

While forecasting demand adequate buffer stock shall be estimated and procured to ensure no stock-outs. While estimating the buffer stock, the rate of consumption/usage of a particular product, its shelf life, and its ordering time shall also be kept in mind.

Inventory cut-off levels for determining the time for reordering shall be decided by the procurement committee wherever required.

Special note on procurement of Pharmaceuticals, Medicines and medical products

Though the scope of this policy refers to medical products as well, HST is conscious of the fact that this policy does not include specific details related to the large-scale procurement of drugs.

Therefore this policy covers the purchase of medicines and medical products in limited quantities only where the donor/client provides the detailed specifications of the products and also provides the list of empaneled vendors from whom such purchases need to be made. In all such cases, the Procurement Committee shall ensure that only such empaneled or notified vendors are used. For all such procurement the guideline mentioned shall supersede all other procurement method-related provisions of this policy.

Ethical guidelines, Prevention of Fraud and Conflict of Interest

HST shall ensure that no corrupt, fraudulent, coercive, or collusive practices are followed during the procurement process and if any such practices are detected, the same shall be dealt with as per the provisions of the "HST Policy on Risk Management and Prevention of Fraud and Corruption".

All current and anticipated conflicts of interest issued should be disclosed upfront and cleared with the procurement committee to ensure that no conflict of interest facilitates /promotes a procurement decision in favor of or against any supplier, agency or individual.

ANNEXURES

Annexure 1

PRODUCT ORDER/PURCHASE REQUISITION FORM

Date:

To: _____

Subject: _____

Sr.No	Particulars	Qty	Rate INR	Amount
			Total	

Rupees in words	
Terms & Conditions	
Delivery details	
Payment	
Packaging and forwarding	
Taxes	
Authorized Signatory	
Organization Copy	Supplier Copy

Annexure 2

GOOD RECEIPTNOTE GRN No.:

Inspection by

(Name/Designation)

Producttype/category/name.....

Procurement Reference.....

(Order Number, Purchase approval reference)

No	Parameter	Observation			Comments	Inspection By (name & designation)
		Yes	No	Not applicable		
1	Is the product received match the order?					
2	Are the specifications matching the specifications of the order?					
3	Are the receipts in the right quantities?					
4	Are the products received within-tampered packaging?					
5	Is the price mentioned in the invoices per the agreed value/sanctioned value?					
6	Has the product been installed?					
7	Has the test run been demonstrated?					
8	Are the user manuals/literature available?					

Recommendation:

- Accepted and forwarded to Manager Finance for release of payment.
- Not accepted & returned to the vendor.

Signature of the Administrator Signature of the Program in-charge

Name, designation & date

Name, designation & date