

National Procurement Policy & Procedure

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Section 1 : National Procurement Policy

PURPOSE

To establish standard requirements covering procurement.

POLICY SUMMARY

Purchases of goods and services must be made on the basis of the best price, service levels and terms. Purchasing decisions must be made in a fair and impartial manner, must be based upon competitive bidding (when applicable), and must follow a transparent and auditable process.

BACKGROUND / SCOPE

Expenditures (above certain minimal threshold amounts) must be reflected in a written contract that has received appropriate legal and business reviews and approvals. All designated purchasers are required to follow this policy.

APPLICABILITY

All National Projects and Activities of the Scout Association of Malta.

EXCLUSIONS / EXCEPTIONS

Changes to the policy can only be done on approval by the Scout Council

POLICY DETAILS

A. Purchases below € 249.00 (EUR)

Purchases of goods or services below € 250.00 (EUR) can be done directly by the responsible Commissioner for purchasing the item. The original fiscal receipts must be handed over to Commissioner of Finance. Purchases are not to be divided into separate transactions in order to circumvent items B, C, D and E below.

B. Purchases above € 250.00 (EUR) and below € 499.00 (EUR)

Purchases of goods or services above € 250.00 (EUR) and below € 500.00 (EUR), can be done by the Commissioner requesting the purchase following written approval from the Commissioner of Finance. Purchases are not to be divided into separate transactions in order to circumvent items C, D and E below. A minimum of three (3) quotations must be obtained. The request for purchase must be authorised by the Commissioner for Finance before the goods or services are purchased, however if this purchase was not included in the Departmental budget then it also requires authorisation from the Chief Commissioner.

C. Purchases above € 500.00 (EUR) and € 999 (EUR)

In the case of the purchase of goods or services above € 500.00 (EUR) a minimum of three (3) quotations must be obtained. The request for purchase must be approved in writing by both the Chief Commissioner and Commissioner for Finance before the goods or services are purchased. Purchases are not to be divided into separate transactions in order to circumvent items D and E below.. If a further purchase for the same goods occurs within 1 year of the first purchase, no alternative quotes are needed since the comparative quotes previously achieved will suffice.

D. Purchases above €1,000 (EUR) In the case of the purchase of goods or services above € 1000.00 (EUR) a minimum of three (3) quotations must be obtained. The request for purchase must be approved in writing by both the Chief Commissioner and Commissioner for Finance while also being minuted as approved by the Executive Committee before the goods or services are purchased. Purchases are not to be divided into separate transactions in order to circumvent item E below. If a further purchase for the same goods occurs within 1 year of the first purchase, no alternative quotes are needed since the comparative quotes previously achieved will suffice.

E. Competitive Bidding When purchasing goods or services, competitive bids should be obtained whenever possible for purchases of € 6,000.00 (EUR) or higher. Depending on the value of the purchase, the product category and the type of bid (sealed written or oral), the number of bids will vary. A minimum of three (3) sealed bids should be obtained when feasible. Purchases are not to be divided into separate transactions in order to circumvent bidding requirements. In all cases the standard form should be utilised when conducting bidding. The bids are to be reviewed by the Chief Commissioner and the Commissioner for Finance. Their recommendation shall be passed on to the National Scout Council for approval and awarding of the tender.

F. Notification to Legal Department Regarding Contracts in Excess of € 10,000.00 (EUR) Prior to the award of a contract with a supplier who would receive payments in excess of € 10,000.00 (EUR) from The Scout Association of Malta or its affiliates or related companies during any fiscal year, legal advice must be sought to review the terms of the contract.

G. Sole Source Purchases or Exclusive Vendors In limited cases, there may be justification for negotiating with a single supplier. Such situations can occur when one supplier is able to provide a clearly superior product or service with little or no industry competition and/or has experience or skills which are necessary to provide the desired level of service. In situations where using a sole supplier is appropriate. The party responsible for the purchase must circulate a memo explaining why competitive bidding was not performed, detailing the estimated annual euro amount of purchases from the supplier, and obtain written approval for using the single source supplier from the Finance Commissioner and Chief Commissioner

H. Financial transaction legislation All local purchases must be done through suppliers who have a valid VAT registration number.

I. Purchaser's Relationships with potential Suppliers Any person involved in the purchasing process must disclose to the Chief Commissioner or Commissioner for Finance any relationships, (financial, personal or otherwise) with potential suppliers prior to bids being solicited from any supplier. Failure to disclose such relationships can result in disqualification of the supplier.

J. Prior use of Supplier

It is common to develop long-term relationships with suppliers who have consistently provided satisfactory service at competitive prices over a period of time. However, the existence of such relationships should not be given excessive weight when finalising purchasing decisions

Our suppliers and business partners are required to adhere to the minimum set of responsible business standards in the following areas:

Human Rights

The Scout Association of Malta complies with employment and labour laws of Malta; We support fundamental human rights for all people and we expect our suppliers and business partners to commit to the same threshold. This means among things that:

Our Suppliers and business partners should not employ individuals who are under the lawful age of employment.

Our suppliers and business partners should comply with all wage and compensation requirements as defined under applicable local laws and regulations, including those relating to minimum wages.

K. Corporate Responsibility

Our suppliers and business partners should not exceed maximum hours of work defined by applicable law and will appropriately compensate overtime

Sustainability

Our suppliers and business partners acknowledge that sustainability is a critical resource issue for The Scout Association of Malta and is an essential feature of our normal purchasing practices, along with other traditional factors such as product safety, price, performance and availability.

Diversity

We expect our suppliers to not tolerate any discrimination, harassment or retaliation against any individual or group on the basis of ethnic, gender, racial, religious or cultural factors or any other characteristic protected by applicable law.

L. Insurance

Prior to commencing work, all suppliers must provide Certificates of Insurance to The Scout Association of Malta evidencing that they are carrying the types of coverage with the limits specified in the applicable contracts.

M. Bid Confidentiality

All bid response information is to be treated as The Scout Association of Malta confidential information and is not to be disclosed to any other bidder at any time.

Section 2 : National Procurement Procedure

1. Supplier Relations

Honesty, impartiality, maintenance of good quality, on-schedule delivery, and fair prices, are the main elements of the TSAM's continuing to do business with all of its suppliers. Purchasing transactions are conducted in a manner that the TSAM hopes that its suppliers will add value and opportunities to compete for the TSAM's purchasing business. Suppliers are selected for their capability to serve the needs of TSAM in the most economical and efficient manner possible.

Gifts, Favours, and Solicitations: In order for TSAM to conduct its business impartially and give all suppliers an equal opportunity, it is necessary to refuse all personal gifts or personal favours. A supplier who abuses this policy may be removed from the TSAM's bidders' list. Members of the Council and Executive personnel are forbidden to solicit from suppliers, no matter how worthy the cause is, without prior authorisation. Any violation of this policy by TSAM members may be cause for disciplinary action.

2. Quotations

In line with Policy Details above, applicable procurement should be based on competitive quotations of at least 3 in number. Quotations are to include at least quality, delivery schedules, as well as price. Competitiveness of price includes favourable terms (as well as discounts and similar) for prompt payment of invoices or encouraging credit terms.

These purchases of require purchase orders; this applies for both local as well as foreign procurement. When procuring supplies/services, the best value for money at the lowest possible cost must be obtained, unless otherwise specified.

3. Procedure

- 3.1 Purchasing requisition: All supplies, equipment and other services are procured by using the purchase requisition form. Requisitions should be sent to Finance (Procurement Officer). Having said this, the Commissioner requesting such a purchase is always responsible for recommending the purchase effected or to be effected.

- 3.2 Purchases requiring pre-payment: Normally, payment is not authorised before goods or services are received. However, if prepayment is imperatively required, documentation must be attached to the requisition form fully justifying the need for prepayment. Adequate lead time must be given in order to have sufficient time to prepare payment. The requesting department must coordinate pre-payment with Finance (Procurement Officer), who in turn liaises with the Commissioner for Finance for issue accordingly.

- 3.3 Purchase orders: All purchase orders must be supported by a properly executed requisition form. Only purchases authorised on an official purchase order will be considered authorised purchases. A requisition is not an authorised purchasing document. The purchase order will only be raised when all the necessary documentation has been provided, including quotations, recommendation by the authorised official/s, reference to the relative budget, etc.

Note : It is important that the Finance (Procurement Officer) keeps track of the accumulation of procurement from each source, in order to ensure that procurement thresholds are adhered to at all times, and that the necessary controls are in place before the purchase orders are raised.

- 3.4 Changes: Purchase orders may require to be altered and be modified. The initiating department may request such a change by e-mail routed through the same approving officials as the original requisition. All change order requests must be approved by Finance (Procurement Officer).

Requests for cancellation or modifications of purchase orders should be directed to Finance (Procurement Officer) by the Commissioner requesting in a written memorandum. Reasons for the request should be stated with reference to the purchase order number and supplier. Approval signatures required is the same as for the requisition which created the original purchase order.

Since a purchase order is still a legal document, it can only be cancelled by mutual agreement with the supplier and Finance (Procurement Officer). There may be cancellation charges if the supplier has expended money to initiate and/or fulfil the order.

Mistakes or insufficient information in specifying the product desired by the requisitioning department could create difficult problems. Rectifying such errors after delivery is likely to be costly because of restocking charges and dissatisfaction on the part of the supplier. It is therefore important to be correct in the first place.

- 3.5. Supplier selection: Whenever practical and invariably, competitive quotations from suppliers handling the same or similar products should be obtained. A memo to Finance (Procurement Officer) explaining the rationale for the procurement is prepared by the relative Commissioner. The Finance (Procurement Officer) coordinates with the department/unit concerned in the preparation of 'Terms of Reference' when necessary, to be made available to all potential suppliers.

The Commissioner for Finance should also be consulted in order to confirm that the payment terms stated are in order, and to ensure, as far as possible, that no clauses in the purchase document could eventually create difficulties. In case of doubt, legal advice may also be sought.

The department/unit concerned evaluates the quotations received as specified in the Terms of Reference and makes its recommendation. Final adjudication is by the Commissioner of Finance, the Finance (Procurement Officer), as well as the Commissioner requiring the purchase itself.

The Commissioner for Finance in consultation with the Chief Commissioner may reject all bids/quotations if it is determined that rejection is in the best interest of TSAM.

- 3.6. Contracts, agreements and licenses: All contracts for goods and services, supplier agreements, software licenses and other documents containing terms and conditions binding TSAM must be reviewed by the Legal Consultant, and require the approval and signature of the normal signatories specified below. If these documents are signed without proper authority, both legal and financial difficulties can result for the relative department(s) themselves, the Commissioner/member(s) concerned, and TSAM.

All types of purchases, leases, or rental agreements must be signed on behalf of TSAM by the mentioned signatories. All rental/lease/purchase requisitions must have the prior

approval of Finance (Procurement Officer) before any commitment on the part of TSAM comes into effect.

Prior to submitting a requisition for an agreement to Finance (Procurement Officer), analysis should be made in order to determine the economic soundness of whether the goods or services should be leased or purchased.

- 3.7. Procedure for processing professional services: Individuals who provide professional services (consultants, speakers, workshops, seminars, etc) are independent contractors but their supply of trade is still subject to these regulations. All contracts for such services must be reviewed and signed by Finance (Procurement Officer). It must be understood that identifying a scope of work prior to the work commencing will avoid misunderstandings and increased costs.

When engaging professional services, a comprehensive fee which covers all of the services and expenses must be negotiated. This is part of the service provider's cost of doing business. All requests for consultants, etc must have the following information attached to the Requisition prior to their being sent to Finance (Procurement Officer) for processing:

- A copy of either a letter of agreement or a consultancy contract, or similar.
- Documentation as to how the service provider was selected if the competitive process was required.

No payment for services is allowed prior to service being rendered, unless stipulated otherwise in the contract. A formal invoice must be presented by the service provider and approved by the requisitioning party prior to being sent to Finance (Procurement Officer).

- 3.8. Capital Expenditure: Prior to submitting a requisition for the purchase of an instrument or item of equipment, the requesting department should ensure adequate space, storage, handling, power or other utility requirements are available.

- 3.9. Receipt and inspection: A system of inspection shall be used to ensure that TSAM is receiving serviceable goods in the quantity and quality for which it has negotiated. The Finance (Procurement Officer) together with a representative from the ordering/receiving department should open and inspect all items received. The ordering department Commissioner should be requested by the Finance (Procurement Officer), at the time of delivery, to sign and date the receiving documents.

Material or services received directly by the department which were ordered through a purchase order, must be immediately reported to Finance (Procurement Officer) so as to be in a position to complete the purchase and subsequent payment process.

Invoices that are received directly from suppliers by user departments must be promptly approved by the relevant Commissioner and sent to Finance (Procurement Officer). The credit standing of TSAM depends upon paying our dues on time.

- 3.10. Miscellaneous procurement:

3.10.1. Emergency repairs: Emergency action/repairs may be made by calling the supplier directly. The supplier's copy of the repair ticket should be attached to a requisition and sent through the normal channels, making sure to identify the situation as an emergency.

3.10.2. Office machine maintenance and repair: The repair and preventive maintenance of office machines (computers, copiers, air conditioners etc) can be obtained through an annual service agreement negotiated by Finance (Procurement Officer).

3.10.3. Printing orders: The department concerned is responsible for the planning and designing printed materials, etc ensuring that a requisition is properly written and submitted to Finance (Procurement Officer), before the printer assumes any production expenses.

Requests for routine printing jobs (forms, pamphlets, memos, etc.) should be forwarded to the Administration Officer for initial consideration. If the work cannot be done internally, it will be submitted to Finance (Procurement Officer) with an approved requisition.

Furthermore, if the item is a reprint of an existing publication or form printed outside of TSAM, the following steps should be observed:

- A requisition stating the requirements and desired delivery date should be sent to Finance (Procurement Officer).
- Appropriate lead time should be given to allow sufficient bid time and normal printing time. This can be longer if proofs are requested.

After an order for printing has been placed by Finance (Procurement Officer), the department that has prepared the requisition will deal directly with the printing firm in correcting the proof, but changes of quantity or specifications must be authorised in writing by Finance (Procurement Officer) since such changes require a revision of the purchase order contract and encumbered funds.

- **3.11. Contact with suppliers:** Suppliers play an important role in keeping TSAM informed of products and services available. Members are encouraged to take advantage of these supplier contacts. However, specific rules must be followed when dealing with suppliers in order to avoid financial liability and other misunderstandings. The following rules are intended to keep TSAM and its members out of trouble:

- Always identify yourself as a member of TSAM when talking with a supplier.
- Do not accept free products for testing or any other reason without approval from Finance (Procurement Officer).
- Do not request a supplier to design, measure or do any other work unless a purchase order has been issued for the service, even if the supplier volunteers.
- Never promise a supplier that TSAM will buy a product or service before the purchase order is issued.
- Do not discuss terms or order status with a supplier.
- Any contact with a supplier after the purchase has started is to always be made through the Finance (Procurement Officer).
- Any questions/clarification should be addressed to/sought from Finance (Procurement Officer).

- **3.12. Storage facilities:** TSAM has limited capacity to store materials. Temporary arrangements would be considered if a condition exists at the time of delivery that would prevent the department from receiving the material. Arrangements should be made before the order is placed to ensure proper storage at the time of delivery.

4. Authorisation

- **4.1. Purchases valued at less than Eur 250:** Procurement of goods or services valued less than Eur 250 require the authorisation in writing of the responsible Commissioner. The authorisation may be in the form of a purchase order, email, etc.

- **4.2. Purchases and Contracts valued at Eur 250 but less than Eur 500:** Procurement of goods or services, or signing of contracts (such as Service/Works, etc) valued at over Eur

250 but up to Eur 499, require the authorisation of the Commissioner for Finance and must include at least three quotes. If amounts are not included in the Departmental budget, then Chief Commissioner's authorisation is also required.

- 4.3. Purchases and Contracts valued at over Eur 500 but less than Eur 1000: Prior to procurement in this category, a draft contract or a purchase order not only requires the authorisation of the Commissioner for Finance, but should also be discussed with the Chief Commissioner for his approval or otherwise and must include at least three quotes.

- 4.4. Purchases and Contracts valued at over Eur 1000: Prior to procurement in this category, a draft contract or a purchase order not only requires the authorisation of the Finance (Procurement Officer), the Commissioner for Finance and the Chief Commissioner, but should also be discussed with the Executive Committee for its approval or otherwise.

- 4.5. Budget Provisions: Budget provisions for procurement of services and/or supplies, alone, i.e. without following the above procedures, do not automatically constitute an approval of procurement. Despite that the budget is approved and provides for procurement, the above mentioned procedures have to be followed.

- 4.6. Unauthorised purchases: No individual has the authority to enter into purchase contracts or to bind TSAM for procurement indebtedness unless specifically authorised to do so by the Finance (Procurement Officer), The Commissioner for Finance, or The Chief Commissioner. Any such negotiations are considered unauthorised purchases and the individual may incur a personal obligation to the supplier. Firms regularly doing business with TSAM should be made aware of this policy and are advised that all purchases chargeable to TSAM of €250 and over, excluding VAT, require official TSAM purchase orders.

Any procurement, whether local or foreign, of €250 and over, excluding VAT, requires a purchase order. TSAM is not bound to pay for unauthorised purchases. Unauthorised purchases become the personal obligation of the individual who made the purchase. The onus is always on the respective Commissioners who must ensure that the relative expenditure falls within the approved budget. Thus liaison with Finance (Procurement Officer) is always best.

5. Refund of Expenses

- 5.1. Petty Cash: TSAM shall operate a Petty Cash system which shall be maintained by the Office Administrator according to the 'Imprest System'. The value of the petty cash float shall be Eur 250. Every payment or cash refund made through the petty cash system shall be supported by a receipt (fiscal or otherwise) attached to a petty cash voucher which shows who was the supplier/provider of the item/service and who authorised its payment. The amount paid through the petty cash system must not normally exceed Eur 250.

- 5.2. Expense Claims: Any expenses in excess of Eur 250 made on behalf of the TSAM by any TSAM member can be claimed back by compiling and making an Expense Claim supported by appropriate receipts (fiscal or otherwise). The refund will be made by the issue of a cheque by the Commissioner for Finance and is subject to the controls listed in section 6 below. Obviously for expenses less than € 250, the appropriate procurement supporting documents have still to be presented to ascertain the appropriate refund.

6. Payments

The TSAM's Statute states that in normal circumstances the Hon. Treasurer (Commissioner for Finance) and the Chief Commissioner are the authorised signatories of any bank documents and similar.

Thus, in exceptional circumstances only, such as when a payment cannot wait and must still be made, and when either the above positions are vacant, or either of the above signatories is abroad or indisposed, alternative arrangements are necessary. In such cases, the absent signatory is substituted by the Hon. Secretary.

7. Role of the Hon. Treasurer

The Hon. Treasurer (or more familiarly the Commissioner for Finance) is empowered by the Scout Council to monitor, question and scrutinise each financial transaction.

In the event that the Hon. Treasurer feels that there are unwarranted or unexplainable discrepancies, he or she is empowered in consultation with the Chief Commissioner, to call an urgent Council meeting to discuss the matter; especially if efforts to sort out the problem by liaising with the parties involved through e-mail or other means of written communication have failed.

The Hon. Treasurer will also monitor that the costs incurred are within reasonable amounts to ensure that purchases are used in the most efficient way.
