



**MINISTRY OF ENERGY & WATER
RESOURCES GALMUDUG**

(MoEWR - GSS)

***LOGISTIC AND PUBLIC PROCUREMENT
POLICY & PROCEDURES MANUAL***

NOVEMBER 2021

Dhusamareb – SOMALIA

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Introduction

The ministry of Energy and Water Resources, Southwest state of Somalia would hereby to go through these developed logistic and procurement procedure manuals for all ongoing activities implemented by the ministry of Energy and Water Resources through all state ministry offices officially after the signatory of the ministry is stamped.

It is important to follow the outlined procurement policies and procedures to ensure the effectiveness of the rules and procurement laws in avoidance of conflict interest and financial risks.

The logistic and supply chain manager shall be considered as directly responsible for these rules and procedures, however, the ultimate responsibility for the rules and procedures of this manual rest with the MoEWR. Director General and the senior management team of MoEWR.

1 Procurement Authorization process

The process of procurement and supplies will be made after the procurement requisition is done from the program staff and then directly to the logistic officer for preparing the request for quotation, competitive bid analysis, and selection minutes of committee, purchase order, delivery note, good received note or service completion note.

The logistic officer will then start to handle the invoice from the supplier and prepare the payment request form after the supplier receives the due money he/she should deliver the receipt voucher for documentation and future use.

The directors of the departments or the program managers and the director general are responsible for the approval of the procurement processes when the project officers or the project assistances creates the requisition of procurements passes to the department of finance for verification of budget and payment release.

The finance officer verifies the accuracy and validity of the disbursement of funds (DOF) against the agreed activities in the FACE FORMS and signed then Submits for approval for the Finance director.

2 Procurement Procedures

The procurement of goods and services is an important and frequent use of MoEWR funding. The following procedures outline standards and government requirements as well as the donors associated with these expenses. These procedures will also ensure that proper documentation is provided for both large and small purchases.

2.1 Procurement of Goods and Services less than \$2,000 threshold

For goods/services valued at less than USD 2000 threshold is not necessary to pass for three quotations but there should be clear justification for the selection of each and every supplier and that justification should be made available, upon request by MoEWR. program staff and by the approval of either the director general or head of departments.

For ordering and writing request for quotation of less than USD 2000 should be followed for these steps and procurement procedures:

- Procurement Request
- Request for Quotation
- Purchase order
- Goods received note/ delivery note
- Payment request
- Invoices
- Receipt notes from the suppliers

2.2 Procurement of Services and Goods more than \$2,000 threshold

All requests for purchases of goods/services above \$2000 must be put in writing and invite for at least three suppliers/contractors using the Request for Quotation form. Each request must include the following:

- A clear and accurate description of the goods/services being requested
- Quantity of each item requested
- Required delivery date
- Required terms of delivery, if appropriate
- Project and budget line to which the purchase will be charged

The request should be initiated by the program/project officer in consultation with the personnel in need of the goods/services. It is the responsibility of the Finance Officer to ensure that there is sufficient budget specific to the appropriate budget line to initiate the request. Once the form is filled and recommended by the admin and Finance director, it must be passed into the Director General for approval. It should be noted that each request form be sequentially numbered and copied to the file.

2.3 Supplier Selection

Once the Request for Quotation form is approved by the Director General, the Admin and Finance director will submit to the Admin and logistic officer to solicit quotes for the purchase of goods/services based on the approved Request for Quotation form. A minimum of three written quotes are required for all transactions valued at USD 2001 or more (this refers to the total value of a single procurement made from a supplier). The Request for Quotation form must be sent to each supplier who will supply a quote.

The Finance Officer will summarize quotes on the Supplier Selection form. Factors to consider when selecting a supplier include:

- Price
- Ability to fulfil the terms and conditions of the procurement (e.g. quality, technical characteristics, delivery dates etc.)
- Supplier's past performance
- After sales service
- Government registrations i.e. local authority and district commissioner

When a supplier is selected, the reasons for selecting the chosen supplier must be noted on the Supplier Selection form. While this will typically be because of the lowest price, there may be other valid reasons for choosing a supplier not offering the lowest price as suggested above. In cases where the lowest price is not chosen, it is important to clearly indicate why the supplier not offering the lowest price was chosen. Selection will be recommended by the Finance Officer, approved by the Director of admin and finance.

In the case of purchases over \$20,000 to \$50,000, the Director General will nominate procurement committee to solicit quotes for the purchase of goods/services based on the approved Request for Quotation form. A minimum of five written quotes are required.

When it is not possible to get competitive bids, this must be noted on the Supplier Selection form. A full explanation must be provided, such as steps taken to locate vendors and detailed reasons why vendors are unable to be located or are unsuitable to supply the goods/services. This would normally only occur when the goods/services being procured are very specialized or technical in nature and the number of vendors with the capability to provide these goods/services is truly limited. There may also be special conditions that make it difficult or impossible for most suppliers to respond to the request for goods/services (e.g. when goods are required in an emergency situation).

2.4 Conflict of Interest

When making purchase decisions, conflict of interest must be avoided. Conflict of interest arises when a prior relationship exists between an employee and the potential supplier of goods/services that unfairly influence the selection of the supplier (e.g. the supplier chosen was given the quotes of the other suppliers and asked to underbid). Conflict of interest occurs when an individual:

- has an unfair competitive advantage in competing for a procurement;
- may be unable to provide impartial/objective advice or assistance

To avoid conflict of interest, neither the admin and Finance director nor the Director General shall allow the ministry to enter into a contract, purchase agreement or service negotiation with any person, firm or organization that results in a real or perceived conflict of interest as indicated above.

It is the responsibility of both to seek authorization from the MoEWR for any supplier that may be perceived as a conflict of interest. Additionally, no employee shall receive kickbacks, commissions or gifts from any person, firm or organization with whom MOH has entered into a contract, purchase agreement or service negotiation.

2.5 Issuing Purchase/Service Orders

Once a supplier has been selected a Purchase Order form/service contract must be prepared by the logistic officer based on the Supplier Selection form for all purchases over \$2000.

Each purchase order/service contract must be sequentially numbered and contain the following information:

- The date that the purchase order/service contract was issued
- The supplier name and address

- A detailed description of the items being ordered – number of items, unit price, total price, taxes if applicable etc.
- A detailed description of services to be done by the supplier with the actual amount written in the contract and quality of services needed.
- Any shipment / delivery instructions

The purchase order is only valid after it has been checked by the Finance Officer and approved by the Director General or Department heads. The original purchase order is sent to the supplier and a copy is maintained in the purchase file. All related documentation like quotations, supplier correspondence, Supplier Selection Form etc. must be attached to the Purchase Order Form copy retained by the logistic office.

2.6 Amending Purchase Orders

Minor amendments to the purchase order can be made on the original copy and must be countersigned by the Finance Officer or Director of Admin and Finance and the Director General (small changes to quantity etc., so long as the total value of the order does not increase by more than 10%).

Any amendment that will increase the value of the order by more than 10%, a new purchase order must be prepared and the previous one cancelled. In such cases, the cancelled purchase/service provision order must be attached to the new one. The vendor must also be informed of the amendment in writing by sending them a copy of the new purchase order and the cancelled one.

2.7 Receiving and Inspection

All goods must be delivered to the attention of the program staff and logistic officer. The goods must be inspected by the program staff (the requester) who must ensure that the goods delivered meet the terms and specifications stated on his/her request order.

After the delivery has been checked and found in good order, delivery note/good received note must be prepared and counter signed by the program staff and logistic officer.

Related information like delivery notes, competitive bid analysis, request for quotation etc. must also be attached to the Purchase Order Form/service contract. Please note that prior to payment the goods must be counter-checked Finance Officer. This is for internal control reasons. The Finance Officer is personally responsible for ensuring that the products or services provided meet the provisions set in the Purchase Order form/service contract.

2.8 Payment on Purchase Order after Delivery and Inspection

Unless an advance payment was required (in which case the Finance department checks and the Director General must authorize on behalf of MoEWR), payment for goods/services will only be made when all goods have been received and inspected.

The following documentation must be in the possession of the Finance Department before payment will be made:

- Invitation of vendors
- Request for Quotation forms
- Competitive bid analysis
- Selection minute
- Approved Supplier Selection form (with a minimum of three written quotes attached)
- Approved Purchase Order form with delivery and inspection verification
- Delivery notes or any other shipment docs like waybills, packing lists etc.
- Suppliers invoice (original)
- Payment request form

2.9 Closing Purchase Orders

Purchase orders are closed when the goods/services have been received and full payment has been made. Once completed the purchase order is marked “CLOSED” or stamped “PAID” and attached to the payment voucher to which the payment was made. Documents required to be attached to the payment voucher along with the closed purchase order are:

- Goods/Service procurement Request form
- Copies of quotations
- Competitive bid analysis
- Selection minute
- Supplier Selection Form
- Purchase Order form/service contract
- Delivery notes, packing lists and other shipment information
- Invoice original
- Payment Voucher (signed or with original receipt)
- Supplier’s Receipt voucher

2.10 Bulk Office Supplies or Stationary

In the case of bulk office supplies and stationary purchases, one supplier should be selected and typically used throughout the year based upon an evaluation of prices offered for commonly used supplies and stationary.

The selection process must be documented. More than one supplier may be used but the rationale for this approach should be included in the written documentation. While it is not mandatory, mid-year reassessments are recommended.

3 Travel and Daily Service Allowance (TDSA)

Each employee is entitled to receive financial support for costs incurred while traveling away from their duty station on official MoEWR business. The following rules and procedures shall be adhered to at all times regarding this support.

➤ Accommodations

Accommodations shall be reimbursed based on actual cost and require submission of the original receipt. Accommodation costs exceeding the limits indicated below shall be reimbursed up to the limit unless approved in writing by the Partner or MoEWR authority TDSA

A daily service allowance will be issued for each day in the field. This amount is intended to cover the cost of meals, local personal travel, personal internet café use, and any other personal incidentals. Work-related costs incurred during travel that an employee feels are above and beyond the intent of this allowance may be submitted for reimbursement as incidentals and will be approved at the discretion of the ministry, the employee can seek an advance for the TDSA or receive reimbursement of the TDSA at the time of submitting the final travel claim.

➤ Travel Advance

Requests for TDSA advances should be submitted using the upper portion of the DSA form. Once approved, this amount shall be deducted from the final claim. If the final claim is less than the advance (for instance if the trip duration is unexpectedly cut short) then the employee must return any balance. *Advances shall not exceed 80% of anticipated costs.*

➤ Travel Claim

All DSA for travel outside of the employee's home of record shall be reimbursed per the schedule below. Claims for all TDSA must be submitted using the TDSA form (Annex x). *If the employee travels to any area not indicated below, MOH will establish a temporary rate for that destination.*

❑ **Within Somalia**

- Accommodations: not to exceed \$ 15 per day (receipt required for reimbursement)
- TDSA: \$ 30 per day (no receipts required)

❑ **Nairobi**

- Accommodations: not to exceed \$ 30 per day (receipt required for reimbursement)
- TDSA: \$ 50 per day (no receipts required)

❑ **All other countries apart from the above**

- Accommodations: not to exceed \$ 50 per day (receipt required for reimbursement)
- TDSA: \$ 80 per day (no receipts required)

Attached Appendixes



**Ministry of Energy and
Water Resources –**

Appendix 1: Purchase Request Form

PURCHASE REQUISITION FORM

PFR No.....

Location:

Funding Source: -----

Sector/Depart: -----
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Grant Ending: -----

Date required:

Transport by: Air.....Road.....

Please arrange to purchase and send to this location the items below urgently/within a month

ITEM NO.	DESCRIPTION (Detailed specifications e.g make, model size and part number)	UNIT	QUANTITY	COST ESTIMATE/BUDGET LIMIT (USD)
S/N				
Grand total:				

Request by: Name..... Sign:..... Date:.....

Budget confirmed by: Name..... Sign:..... Date:.....

Approved by: Name..... Sign:..... Date:.....

Appendix 2: Competitive Bid Analysis



Ministry of Energy and Water
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Procurement Process Document Competitive Bid Analysis CBA

COMPETITIVE BID ANALYSIS				Company 1		Company 2		Company 3	
SN	DESCRIPTION	UNIT	QUANTIT Y	RATE (USD)	AMOUNT (USD)	RATE (USD)	AMOUN T (USD)	RATE (USD)	AMOUNT (USD)
1									
2									
3									
4									
5									
6									
7									
Grand Total							-		-
Total cost for							-		-
Succeed Companies									
Key Notes									
Prepared by----- Checked by----- Approved by -----									
Title----- Title: ----- Title: -----									
Signature ----- signature-----Title: -----									
date -----date -----date: -----									

COMPETITIVE BID ANALYSIS

Appendix 3: Local Purchase Order

LOCAL PURCHASE ORDER

PO:

Date:

To:

Ref:

Please supply the under mentioned goods

[illegible]

Prepared by.....Sign:.....Date:.....

Authorized by.....Sign:.....Date:.....

Approved by..... Sign:..... Date:.....

Please quote this order No. On all invoice and delivery Notes

Appendix 4: Local Purchase Order



Ministry of Energy and Water Resources Galmudug State of Somalia

SERVICE COMPLETION NOTE

Service Completion Note			
Region		Date	
District		Ref/Contract No.	
Contractor			
Prepared by		Approved By	
Title		Title	
Date		Date	
Signature		Signature	
The Contractor	Name		Title
Signature & Stamp			

Appendix 5: Payment Request



MINISTRY OF ENERGY AND WATER RESOURCES (MoEWR) GALMUDUG STATE OF SOMALIA

PAYMENY VOUCHER

Date: _____

Paid to: _____

Amount in number: _____ Amount in words: _____

Purpose:

Prepared by name: _____ Signature _____

Approved by name: _____ Signature: _____

Received by: Name: _____ Signature: _____