

Best Practices #2.7: Procurement systems and procedures



Table of contents

1.1	Introduction/Purpose	2
1.2	Application of procurement policy	3
1.3	Procurement Committee	3
1.4	Procurement guiding principles	4
1.5	General procedures in making purchases:	4
1.6	Basic things to consider in choosing a provider/supplier of a product:	5
1.7	Procurement Receiving/delivery Goods and Services	5
1.8	Complaints:	6



1.1 Introduction/Purpose

How do you look at procurement in your WMA, it is viewed as a strategic function working to improve the WMA's profitability, procurement system is a tool to help make purchasing processes legal, more efficient in cost reduction, and to identify better sources of supply. By having a procurement system you have the chance to choose suppliers with suitable/reasonable prices, great products and reasonable time management. After selecting the suitable supplier the procurement system helps build a long lasting and professional relationship between your WMA and the selected supplier for a particular product or service.

The procurement system is guided by a few ideologies that help coordinate an appropriate system, developing a procurement system that is legal and effective there must be a few principles that need to be followed such as

- **Time Management:** an important feature for this system, its awareness and understanding on the importance of time therefore all the decisions and actions done in a time management manner leaving no room for time lag. Having a system that is time conscious helps the WMA make purchases in time making it more efficient
- **The Team:** having the right people to decide what to buy and what investor to select is very important for your WMA, people are often the most common determinant of development therefore it is important to select the right people. The arrangement of a team is dependent on your WMA such as you can decide to have the finance department as the supervisors of the system/ select a board (AA) to make procurement decisions/ or have temporary teams that decide on certain procurements. This form of decision making helps to save time in decision making by reducing the bureaucracy within the structure of the WMA.
- **Your Suppliers:** When selecting a supplier for the needs of the WMA having a checklist of the things a supplier should have, it is very helpful because you are able to choose a supplier who meets the tailored needs of your WMA.



A good procurement system has strong checks and balances to bring in accountability, eliminates conflicts of interests and yet remains efficient.

By understanding these important ideologies/principles that determine the direction of the procurement system you can develop an elaborate and effective procurement system that will ensure the selection of the right supplier, product or service and encourage development of your WMA. These ideologies are not enough for the development of an effective procurement system, it is helpful to include practices that help to further develop the system to cover different scenarios that may occur in the purchases of the WMA. These practices will strengthen the coordination of the WMA in its procurement processes such practices include:

Procurement system and procedures



1.2 Application of procurement policy

Here we get directions on when and how to use the developed policies in the procurement of the WMA's needs. This means that we can't use these policies just anywhere there are selected fields in which the policies are applicable and in this section we see where to use these policies.



Referring to the [Public procurement Act, 2011. Section \(5-6\)](#) are legal instructions on how to form and show the field of application for all the policies referring to the procurement of the WMA's needs.

1.3 Procurement Committee

Depending on the type of procurement the committee responsible may differ. Committees may be permanent or temporary for example some WMA's use the AA as the permanent procurement committee is entirely.

Deciding the procurement of the WMA's needs is dependent on a group of people, the formation of this group depends on the needs of the WMA hence the formed group may be permanent or temporary depending on the needs of the WMA. Your WMA is responsible for learning its needs and deciding the form of the procurement committee. Some WMA select permanent committees often composed of the AA and others form temporary tender committees.

Looking at [Public procurement Act, 2011. Section \(31-46\)](#) we can see the whole arrangement of the procurement committee, from its composition, type of committee formed to the structure of decision making and the responsibilities of the committee members. The act covers all the possibilities that may occur in the formation of the procurement committee to help your WMA handle its needs in a legal and proper manner.



Watch out for Conflicts of interest!

In the process of providing the WMA with its needs the parties involved in the procurement should not have any motives for personal gain over the needs of the WMA. Your WMA's needs and interests have to be prioritized by the parties/people involved in the Procurement for the WMA, if the priority of a party/person is different he/she should be terminated/removed from the procurement steps/procedures.



[Public procurement Act, 2011. Section 40\(5-6\)](#): here the law states on how to remove conflict of interest by signing code of conduct to make sure the parties involved in the procurement of the WMA have no motive for personal gain. Violation of the code of conduct will have consequences.

1.4 Procurement guiding principles

These act as a guiding light on how the WMA should conduct its procurement step, the directions set by these principles help the WMA make its purchasing procedures easier, faster and legal. The principles act as a roadmap to help the WMA find the products tailor to its needs.

[Public procurement Act, 2011. Part V and Section 63](#): the law states clearly the principles that should be followed in conducting procurement for the WMA's needs. Without these principles it would be difficult to conduct purchases for the WMA's needs. With that being said principles are crucial/important for the procurement for the WMA's needs.

1.5 General procedures in making purchases:

There are several steps to conduct in the procurement of the WMA. The procedures create a formal approach towards the purchases of the WMA. This creates a code of conduct/protocol which has to be followed by the WMA's procurement committee. If the procedures are not followed the procurement becomes invalid. Each WMA decides to formulate its own procedures based on their manner of purchases.

[Public procurement Act, 2011. Section 105](#): the law insists on the importance of each WMA forming its own ways/procedures of conducting the purchase of its needs. This is considered as a good practice because it gives the WMA an organized 6-ways of conducting its activities.

Making a purchase:

Here we look at how to buy the WMA's needs. By analysing/looking at different qualities/properties of the products offered by the supplier before making a decision to buy the products is very important. Upon deciding on the right product for the WMA then buying the product follows. Here we look at methods of delivery of the selected/purchased product for the WMA and the agreement between the supplier and WMA on the payment method.



A [Public procurement Act, 2011. Section 76](#): this section gives the direction for a legal purchase of the products. The act shows the acceptable means of payment and delivery for the WMA and supplier to choose from meaning that purchases cannot be made if the payment and delivery means are apart from the legally provided ones.



1.6 Basic things to consider in choosing a provider/supplier of a product:

In search for the product or services needed by the WMA you will come across different providers/suppliers from which you have to choose from. How do you know that you have the right supplier for your WMA's needs by developing a checklist for the things that a supplier must have in order to be selected by the WMA makes it so much easier to get the right supplier to tailor to your WMA's specific needs hence it is really important to have.



[Public procurement Act, 2011. Section 82](#): displaying the guides on the things to consider when selecting a provider of service or products here we look at criteria legally suggested by the act in order to get the ideal supplier for the WMA's needs.



For more information about the selection of the vendor and their criteria , read this link [Fundamentals of Public Procurement](#)

1.7 Procurement Receiving/delivery Goods and Services

After the supplier has been selected and paid for his/her services/product. The delivery decision has to be made whether the supplier or the WMA is responsible for the delivery of the purchased needs for the WMA here we also look at the costs of delivery and to whom the cost of delivery falls upon, how long the delivery will take this helps you to anticipate all scenarios that may arise as well as additional costs that should be considered.

[Public procurement Act, 2011 Section 99 and 101](#): the act specifies on the conditions to be taken into consideration on the decision of delivery on the purchased product. It also looks at how to handle situations in case of the loss of the purchased goods in the act of delivery while specifying the duration of delivery and what happens if the product or service is not delivered in time as well as the penalties for the delayed delivery.

After the agreement between the WMA and the selected supplier on the type of product needed by the WMA and the amount to be paid for the purchase by the WMA. Commonly the payment approval in most WMA's is made by the AA after the approval the payment is transferred/made by the accountant or financial manager. The approval makes sure that the purchased product/services are right for the WMA's needs.

[Public procurement Act, 2011. Section 35, 49, 65 \(8\)](#), the WMA is protected by the act against fraud and double payment therefore the act encourages the WMA to develop a system for the approval of payment for the purchases of all the commodities that the WMA needs. This involves the confirmation

Procurement system and procedures



of more than two parties in the purchase of a commodity which is often the AA and the financial manager/accountant with signatures on the purchase documents to indicate that the purchase of commodity is made official.

1.8 Complaints:

Disagreements may arise in the procurement process between the supplier and that WMA. The disagreement leads to complaints made by the party who feels that the deal was unfair. By investigating both sides of the story you are capable of coming up with a fair solution to make sure both parties have the deserved amount from the procurement deal.

Public procurement Act, 2011. Section 36, 96 and 98: the act looks into ways on how to solve these conflicts hence it is very important to refer to the act in situations that have complaints. The act gives an insight/look into legal procedure on how to solve different complaint scenarios. This helps to maintain the positive reputation of the WMA.



For more information about the legal procurement procedures, read this study about [National Procurement Act](#)