



LANFORCE ENERGY PROCUREMENT POLICY

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LANFORCE TRADING (PVT) LIMITED

FINANCIAL RECORDS RETENTION POLICY

1. INTRODUCTION

As a for- Profit Social Enterprise, Lanforce has considerable purchasing power which implies certain responsibility. We have a responsibility to be transparent, to receive the best value for money spent, to avoid conflicts of interest and to be ethical. We are responsible to both our investors and donors and the community we serve to use funding in an economical, effective, transparent and socially responsible manner. In addition, institutional partners increasingly demand that we provide a written set of rules on how we procure goods and services, which we need to fulfil our mission.

This manual therefore provides guidance to all Lanforce staff whose official functions require involvement in the procurement processes of the organization or as delegated from time to time by the Chief Executive Officer or the Line Manager.

This manual is primarily aimed at guidance to the following groups:

- Initiators: individuals requesting procurement services.
- Individuals responsible for conducting Procurement activities.

Individuals responsible for overseeing, validating or approving procurement activities

2. SCOPE

Chief Finance Officer, Finance Manager, Accountant, Accounts Clerk,

3. POLICY STATEMENT

The purpose of this manual is to establish a homogenous framework for procuring goods and services as well as managing contractual or supplier relationships. It structures procurement rules, roles and their responsibilities, processes and relevant activities. Thereby, it aims to ensure that all related rules, roles, responsibilities, processes and activities are the result of transparent, objective, time and cost-effective decision making and risk management. Furthermore, it sets the appropriate level of review, approval and documentation.

This manual is mandatory for all Lanforce Employees, who are directly or indirectly involved in the purchase of goods and services as well as managing contractual or supplier relationships.

Management and employees who purchase services, supplies or equipment should understand and follow the procurement procedures. Some of the most important points are:

Seek competition in bidding whenever possible.

- i. Prepare specifications in such a manner to not effectively exclude any responsible bidder offering comparable supplies, materials, equipment or contractual services.
- ii. Submit purchase requisitions early enough to allow time to obtain competitive bids.
- iii. Combine orders for relatively similar type of materials or services on one purchase requisition in order that bids may be obtained.
- iv. Use purchase requisitions for items to be placed in "stock" for future use.
- v. Do not divide invoices to evade tender procedures.
- vi. Purchase from the lowest responsible bidder conforming to the terms specifications, of delivery and other conditions as specified in the bid.
- vii. Approve all invoices for payment as soon as the material or service has been received in acceptable condition and raising goods received voucher for all goods and services.

- viii. Maintain records of all transactions for at least 6 (six) years.

4. APPLICABILITY

The key objectives and mandatory principles of this manual are in accordance with the Lanforce **Good Management and Accountability Quality Standards:**

Principle 1: We are accountable to our investors, Customers, Stakeholders, local communities, and donors

Principle 2: We get things done with good and transparent management practices

Principle 3: We share responsibility for having the greatest possible impact on the welfare of the communities in which we operate.

The following procurement standards derive from the above principles:

5. PROCUREMENT STANDARDS

- i. Protect the interests of Lanforce, the Employees responsible for procurement and our supporters, by maintaining our reputation and credibility as a professional and trustworthy organization.
- ii. Ensure best value for money considering all relevant factors, including costs and benefits to Lanforce.
- iii. Ensure a transparent, fair and competitive selection process to identify the best possible supplier, by applying internationally recognized procurement standards.
- iv. Do not engage in unethical conduct such as corruption, bribery, collusion, coercion, situations of conflict of interests, and the purchase of items produced with child labour.
- v. Keep the administrative burden on Employees proportional and ensure that delivery delays are kept as short as possible.
- vi. Develop criteria for the selection and exclusion of suppliers.

- vii. Generally, apply the four-eye principle to manage risk and compliance (e.g. tendering, signature releases etc.) are discarded at the proper time.

6. TRAINING GUIDELINES ON PROCUREMENT PROCESS

Identify Top Procurement Talent

When assembling a strong procurement team, finding the right talent requires navigating the environment. This is done by hiring from their pool of undergraduate interns, depending on the positions offered and the requisite experience. Even though these workers are regarded as entry-level and could need extra guidance, designate a mentor or project manager to assist them in getting up to speed. A formal mentoring program will demonstrate your commitment to them and provide them the chance to gain useful best practices.

Cross-train in growth areas

Evaluating each employee's strengths and areas of interest as they join the organization. By recognizing these, management can assign recently hired procurement specialists to a direct or indirect material category where they will thrive and be able to contribute. Rotational programs could also be implemented by organizations to give new workers a variety of experiences. Exposing new personnel to the extensive range of procurement duties will motivate them to feel committed in both their own professional growth and the continuous development of Lanforce Energy.

Procurement Guidelines Training to new Employees

Lanforce is committed to ensuring new employees understand and are able to navigate through the procurement process. All new employees will be trained on procurement guidelines during the onboarding process.

7. ETHICAL PRINCIPLES

It is essential that all Lanforce Employees observe the highest ethical standards and do not engage in any unethical conduct throughout the procurement process for goods and services, in order to maintain and safeguard the reputation of the organization and to ensure cost-efficient procurement. Lanforce Employees must adhere to the [Anti-Fraud & Anti-Corruption Guideline](#).

Further, as outlined in the Lanforce Human Resources Policies and Procedures, employees must behave in a respectful, non-discriminating and responsible manner towards all potential suppliers and must strictly submit themselves to a professional and responsible use of power and position, and of all resources and information with which they may be entrusted or gain knowledge of in connection with the procurement process. A more detailed explanation of these criteria is outlined in section 8, “Ethical Business Conduct in the Procurement Process”.

8. CONSEQUENCES OF VIOLATING MANDATORY PRINCIPLES

Lanforce Employees who are uncertain regarding their compliance with the criteria of ethical behaviour as outlined are urged to discuss areas of concern with their supervisor. As outlined in the Lanforce Human Resources Policies and Procedures, proven violations may lead to disciplinary action up to dismissal from employment and / or legal pursuits. A violation of the outlined exclusion criteria by suppliers results in the **rejection of the offer** and immediate **termination of existing contracts**. This must also be stipulated in all relevant bidding or tendering and contractual documents. Further, any awareness of or doubt regarding a possible violation of ethical criteria by other Employees or partners must be reported and discussed with the supervisor, as it otherwise may be perceived as an intention to defraud Lanforce.

9. CONFLICT OF INTEREST

Lanforce Energy employees, including partners, employees, agents, or independent contractors, shall avoid participation in procurement decisions if their participation presents an actual or apparent conflict of interest. A conflict of interest exists when the individual involved in procurement decisions, or partners, engages immediate family members or an organization in which the individual has a financial or other significant interest and would benefit from the outcome of that decision.

Where a potential, actual or apparent conflict of interest exists, the Lanforce Energy employees with the conflict shall inform the manager responsible for approving the transaction (or another manager, if the employees with the conflict is a Lanforce manager) of the nature of the conflict.

A manager without a conflict of interest must approve the procurement of goods and services. Absent approval from a disinterested manager (i.e., a partner without a conflict of interest with respect to the transaction), no employees, including manager, employees, agents, or independent contractors, may solicit or accept gratuities, favours or anything of monetary value from individuals or entities in relation to the procurement of goods or services. This rule applies to gratuities, favors or other things of monetary value employees may receive from vendors and others who regularly provide goods and services to Lanforce Energy.

10. SPECIFIC ROLES

Role of the Chief Executive Officer

The Chief Executive Officer ensures that coherent purchasing functions are established and maintained. This will usually take the form of appointing Procurement Committees. The Procurement Committee shall consist of at least three (3) and no more than five (5) members. The Chief Executive Officer then delegates, as he/she finds appropriate, the responsibilities for the various elements of this task to members of his staff according to their qualifications.

Role of the Human Resources and Administration Manager

Oversees the procurement function of the organization

Role of the Chief Finance Officer

Authorize purchase orders

Role of Line Manager

- Identifying the requirements that require procurement action. This includes the item/service specifications, quantity, delivery point and delivery time/schedule. The HR and Administration can assist with the specifications and advise on delivery details.
- Approving order requests for goods/services required for their respective function areas.
- If a Procurement Plan is required, then coordinating with the Finance and Procurement functions to ensure that the plan covers all the Program/Financial/Administration requirements.
- Is the budget holder
- Ensures quality of requested material/service.
- Assures receipt of materials/services.

Role of Procurement Officer

- Maintains suppliers' database
- Establishing and maintaining local procurement procedures that are easily understandable and relevant to prevailing situation.
- Carries out supplier appraisals
- Minutes procurement committee proceedings
- Checks compliance to the procurement policy by staff
- Monitors investments budgets
- Carries out spot checks on purchases made for beneficiaries
- Represents the organization on negotiation with suppliers

Role of Board of Directors

- Approves the procurement manual.

- Approves annual procurement plan.
- Approves any procurement above US\$20,000 governed by approved budgets/plans.

11. PROCUREMENT CYCLE OVERVIEW

Procurement provides purchasing and contract management service to the Company. The Procurement team seeks to advance the understanding and use of best procurement practice in the Company and works with colleagues to achieve value for money (vfm) in all Company transactions.

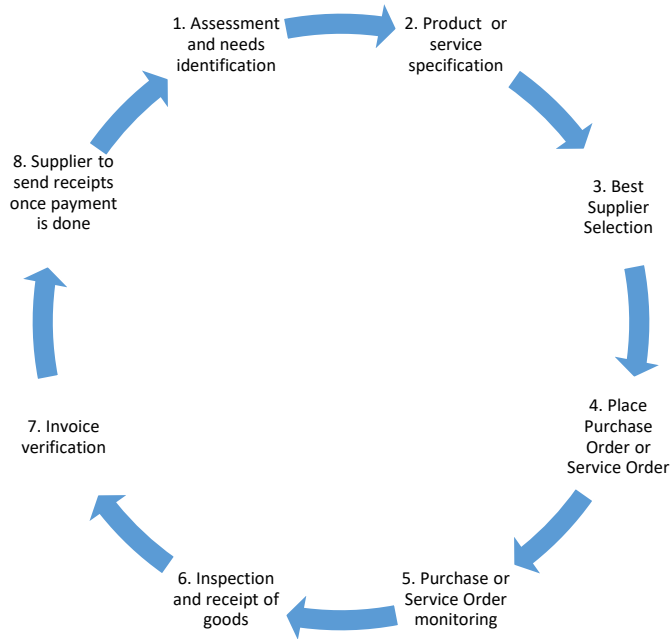
The current objectives of procurement fall within the following main headings:

- To establish and maintain an effective, operational procurement structure and facilitate the management and recording of the Company's contractual agreements.
- To source or deliver appropriate training for all staff involved in procurement.
- To develop, maintain responsible and effective procurement strategies (such as those to promote sustainability, equal opportunities, use of small and medium enterprises etc.).
- To update and publish policy and procedural guidance on implementing the strategies.
- To maximize the use of cost-efficient procurement systems and processes by leading their development and implementation and supporting initiatives led by others.
- To optimize the Company's contractual position by:
 - a. Managing tender processes to obtain best value for high cost, specialist or cross-functional requirements (or any other requirement on demand) by advising on contract strategy or managing the complete process.
 - b. Reviewing institutional non-staff costs to identify contract opportunities and improve value for money.

Definition of Procurement

Procurement is the formal process of acquisition of goods, works, or services.

The Procurement Processes



Thresholds and applicability of processes

The following limits shall apply and be reviewed from time to time

Process	Value	Procurement Committee	Authorisation
Single quotation	Up to US\$200	N/A Company to use petty cash.	Line Managers
Three quotations from list of preferred suppliers.	US\$201 – US\$5,000	Yes – Location, Administration & Procurement Coordinator can also decide up to this level.	Line Managers
Three quotations from list of preferred suppliers.	US\$5,001 – US\$20,000	Tender Committee to meet and decide.	Chief Executive Officer
Open Local Publication Tender	Above US\$20,000	The Board to meet on a round robin and decide.	Chief Executive Officer

The above invoice total thresholds do not apply to goods and services governed by other constraints in force within the organization e.g. utility bills.

12. PRINCIPLES OF PROCUREMENT

The following are the principles that should be observed in the procurement processes.

Best Value for Money

Value for money refers to economy, efficiency and effectiveness with which a task is undertaken. In procurement value for money means procuring the best item available (effectively) at least possible cost (economy) within the least possible time (efficiency).

Value for money shall be achieved through, careful preparation of both performance and conformance specifications. It is best to note that the lowest price offered does not mean the lowest total cost. Price is not the only factor to consider but the total cost of ownership. The other factors to consider are after sales support, delivery and warranties.

Fairness, Integrity and Transparency

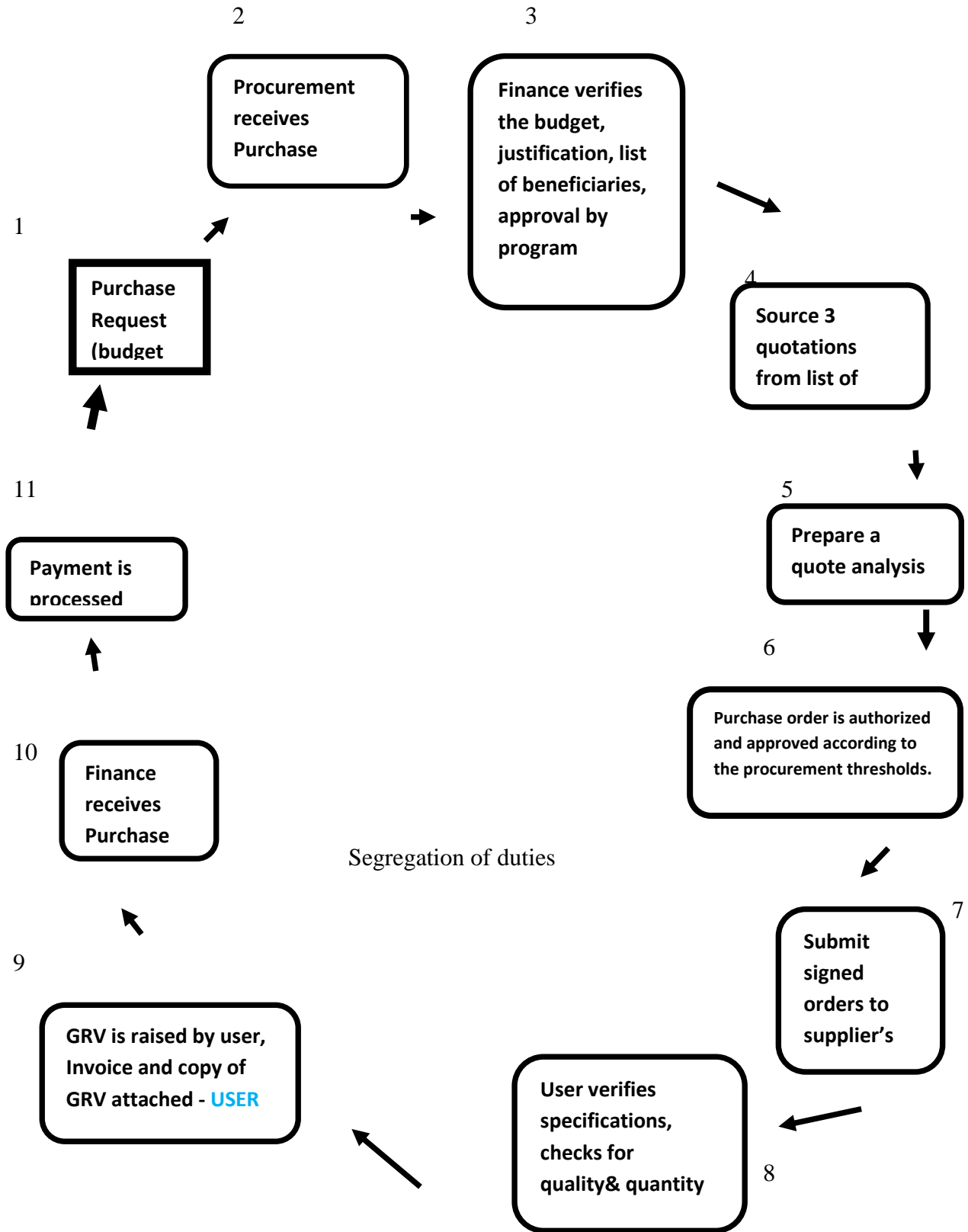
Employees involved in procurement can be subject to offers from suppliers. It is essential that all personnel involved in procurement maintain and demonstrate high level of professionalism and integrity especially in the eyes of suppliers. To be fair and give all suppliers equal opportunity to submit quotations or bids. All single sourcing must be justified and an authorized memo be attached to the documents justifying the reasons for single sourcing. A conflict of interest declaration document must be signed by the Procurement Officer and Procurement committee members. There must also be a conflict of interest declaration document signed by the Human Resources and Administration Manager and Procurement committee members.

Effective Competition

Competition is an effective way of achieving value for money and enables the procuring officer to demonstrate fairness in the choice of suppliers. A quote analysis must always be produced. The analysis must always compare like items.

Separation of duties to attain checks and balances

The Procurement Officer receives a purchase requisition from users. Sources three quotations from a list of approved suppliers. Does a quote analysis and raises a purchase order. Authorisation of the purchase is based on the procurement threshold. The initiator or user collects and receives the goods after confirming rightness of quality and quantity. The user raises a goods received voucher and sends to Procurement office for onward submission to Finance for payment.



13. SOCIAL, ECONOMIC & ECOLOGIC CONSIDERATIONS IN THE SELECTION OF A SUPPLIER.

Based on our mission statement, we understand ourselves as a social development organization. We base our conduct on ethical standards and consider the social implications. Lanforce acts in a socially responsible manner when it comes to procuring goods or services and therefore the following criteria must be considered in the selection of the supplier:

- Social impact: The impact of supplier selection on poverty reduction and eradication, human rights, sustainable development, fair trade and equality in the distribution of resources. For example, in a situation of several bidders it might be more ethical to choose a supplier with a socially conscious background.
- Local impact: Where possible, providing that competitive prices are achievable, goods or services should be purchased locally in order to support the regional market and economy.
- Environmental Sustainability: Lanforce aims to reduce the environmental impact of its operations and promote environmental responsibility by integrating environmental performance considerations in procurement processes. Where relevant, environmental aspects such as waste management and sustainability of products and services should be considered, as well as suppliers certified with environmental labels or eco-labels. Environmentally preferable goods and services consider, for example:
 - Reduction of greenhouse gas emissions and air contaminants
 - Improved energy and water efficiency
 - Use of renewable resources
 - Reduced waste and support reuse and recycling
 - Reduced hazardous waste and substances

Contracts should be awarded to suppliers whose products are environmentally friendly. Guidelines for choosing eco-friendly products include the following:-

- Reusability

- Durability
- Energy efficiency
- Type of material used
- Recyclable
- Packaging

14. IMPORTANCE OF COMPETITION

Competition ensures that the Company gets value for money. The Procurement Department shall treat all bidders and suppliers fairly and impartially, and avoid any business arrangement that might prevent the effective operation of fair competition.

15. EXEMPTIONS TO COMPETITION

Purchasing policies require competition to be sound in all purchases. However, there are times when the competitive bid process is not reasonable because competition doesn't exist, i.e. proprietary product, continuity in equipment and or rebuy, maintenance or repair by manufacturer, publishing houses in case of school textbooks, airlines etc. When special circumstances arise where bidding is not possible, procurement department should to submit a written justification to the Chief Executive Officer regarding the situation, depending on values. All special approval purchases are reported and made available to the Board.

Justification for waivers must be fully supported and recorded irrespective of the value of the purchases.

Sole source purchases

Sole source purchases are one type of special transactions, i.e. item or service is only available from a single supplier. Due to unique feature and need of the end-user, the item or services cannot be obtained from any other source, e.g. specialized equipment repair, textbooks, electricity etc. The explanation must be maintained in the procurement file and the explanation must have three

components:

- a) Why is the item/service unique?
- b) How do you know that there is only one source for this item/service?
- c) The basis upon which the price/cost was determined to be fair and reasonable.

The final decision should be approved by the Chief Executive Officer or Board Chair as per size of the procurement.

Emergency purchases

Emergency purchases are special situations that require special review and approval. First phase emergency response and rapid appraisal assessments are especially important during the first phase of an emergency when critical operational information is imperative so as to ensure that requirements are met quickly and effectively in order to save lives and prevent suffering.

Emergency Floats

If agreed with the budget holder and the Chief Finance Officer purchasers can request an emergency float up to the direct purchase limit without a requisition and use this float for small emergency purchases that are not known in advance (e.g. for making emergency repairs or paying unseen charges).

Once a supplier is selected by the Procurement committee and approved by the appropriate authority, provided there is no change in price and quality, the same items could be purchased without collecting proforma invoices for six months with the approval of the Chief Executive Officer.

16. PROCUREMENT PLANNING

Procurement planning is the process of considering whether and at which point in time, a certain volume of goods and services shall be procured. It is usually integrated and completed in course of the budgeting process, but can also be carried out separately, e.g. for software or emergency projects, or any other program unit starting during the fiscal year. Program units must plan and schedule their procurement activities thoroughly in order to ensure efficiency, transparency and accountability

Procurement Delegated Authority

Procurement Officers shall adhere to the procurement policy and manual for guidance in the acquisition of goods and services. It is the primary responsibility of the Chief Executive Officer, Management and Budget holder to ensure compliance to the policies and procedures established in this manual.

It is essential that a clear chain of responsibility for any procurement action can be established. Procurement files shall provide a clear time-line of procurement actions. Those officers responsible for procurement actions shall be clearly identifiable at all stages of the procurement process.

Conflict of interest

The Procurement Officer and the Procurement Committee shall declare any interest in any supplier, and shall not take part nor seek to influence in any way all transactions involving the supplier. Company employees shall declare any personal interest they may have in any procurement that may affect, or may reasonably be deemed by others to affect, their impartiality in any matter relevant to their duties.

It is good practice to have officials involved in vendor registration and due diligence committee (ad-hoc committee) and quotation, proposal and bid review and analysis committee sign, in advance of their duties for each assignment, a declaration of no conflict of interest.

Procurement Ethics / code of conduct

It is essential that all Lanforce Employees observe the highest ethical standards throughout the procurement process for goods and services, in order to maintain and safeguard the reputation of the organisation and ensure cost efficient purchasing. An employee shall not use his authority or office for personal gain. Personal gain includes accepting or requesting anything of material value from bidders, prospective bidders or suppliers for the employee, his spouse, parents, children or other close relatives, or for other persons from whom the employee might gain direct or indirect benefit from the gift. This manual shall be read in conjunction with the Lanforce Human Resources Policies and Procedures.

Corruption is defined as an act or acts involving the misuse of a person's position or authority in order to further personal interest or the interest of another person or entity. This includes the abuse of power for personal financial and / or nonfinancial advantages. Risk of corruption exists throughout the entire procurement cycle, starting from the planning and tendering stage up to the administration of the contract, contract performance and control. Therefore, the choice of procurement procedure is a vital factor in procurement as it may impact the possibility of corruption. In most cases corruption in the procurement process involves several actors instead of a single individual. The main actors are usually the contractors paying the bribe, e.g. the suppliers, and the recipient of the bribe, e.g. members of the Procurement Committee. In many cases bribes do not flow directly between the main actors but instead through another person or intermediary. Whilst not final, corruption in the procurement process may arise in the following situations:

- Collusion: Price fixing between bidders or between Lanforce Employees and the contracting authority. As a result of active or tacit co-ordination of potential contractors' competitive behaviour, with the likely result that prices rise, output is restricted, and the profits of the colluding companies are higher than they would otherwise be.

Conflict of interest: A conflict of interest occurs when an Employee has a personal interest involving family, emotional life, political or national affinity, economic interest or any other shared interest with a third party that might compromise their actions throughout the procurement process. A conflict of interest may arise even if the staff is not aware of it. Employees of the procurement organization should always avoid situations where a personal or business relationship with a prospective supplier might prevent them from exercising impartial judgement on such supplier by creating a favourable or unfavourable bias. In particular, the following situations shall be avoided for employees of the procurement organization involved in the procurement process:

- The employee owns (partially or totally) a prospective supplier
 - The employee owes or is owed money from a prospective supplier
 - The employee is a relative of an employee of the prospective supplier
- Acceptance of gifts and other benefits for Employees: According to the Human Resources Policies and Procedures, the acceptance of gifts of symbolic nature and value, given as a token of gratitude or local custom, are not seen as corruption within the context of these guidelines. With regards to the procurement process, contractors frequently offer different types of gifts such as

products, hospitality, free training courses or experiences like exhibitions. In order to avoid unfair competition and conflict of interests, as a general rule, significant gifts from potential suppliers may not be accepted. Promotional gifts (e.g. pens, calendars, small food items) with a value of less than USD 50 may be accepted (this limit may be adjusted downwards depending on the local context). Gifts of higher value should not be accepted. If a supplier offers such gifts, the Procurement Officer or Committee should be informed, and the supplier should no longer be allowed to tender for future work.

- Donations in kind: When receiving donations in kind on the behalf of the organization, the supplier should be informed that Lanforce will not favour the supplier in any procurement decisions in return.
- Private usability: When procuring goods or services which can also be used for private purposes of Employees, it is essential that decisions in the procurement process are made according to the benefit of the organisation instead of for the private benefit of any Employee. It is strongly recommended that Employees involved in the procurement process be trained on appropriate business behaviour. For this a “Code of business behaviour” should be elaborated to which the Employees are committed

17. PROCUREMENT PROCESS DETAILS

Supplier approval and appraisal

Supplier’s approval shall be done by the National Procurement Committee and suppliers to be appraised periodically to check on their status as it can change anytime. A list of approved suppliers will be shared by the Administration & Procurement Coordinator at the beginning of each year and there must be justification for purchasing from suppliers who are not on the approved list.

Budget review

A budget review committee will be set in all locations to review budgets performance.

Goods specification

- Clear and well documented specifications are a pre-requisite for effective procurement. It is the responsibility of the requisitioner to come up with effective specifications. The specifications must be clear and unambiguous.
- The specification is a most important section of the invitation to tender documentation, both for the purchasing organisation and for potential suppliers, since it is the specification which sets out precisely what characteristics are required of the products or services sought.
- There are two main types of specification. The “functional” specification sets out the functions that the goods and/or services are expected to fulfil, including the performance to be achieved. The “technical” specification stipulates the technical characteristics of the goods or services, usually designated in accordance with accepted national or international technical standards.
- As a general rule, the specification should include expected performance or output but should not necessarily define how this should be achieved. To do so may lead to costly solutions to the purchasing organisation’s requirements than might be proposed by potential suppliers.
- Compatibility of goods with existing equipment Competitive bidding requires that at least three or more potential suppliers are requested to provide an offer.

Purchase requisition

A purchase requisition is a request or instruction to purchasing to procure a certain quantity and quality of a material or a service so that it is available at a certain point in time.

A purchase requisition is raised by the budget user. All items requested for purchase must have been budgeted for. In case of unexpected need for procurement that can arise due to various reasons a motivation letter or justification must be approved prior to the purchase.

A requisition must be raised to start any procurement process. It serves a number of purposes, including:

- documenting the need for the goods, works or services required;
- confirming the availability of funding, based on the estimated value of the procurement requirement;
- confirming that the goods required are at the minimum level of existing stocks in stores;

- replenishment to maintain maximum or minimum stocks;
- Establishing the chain of responsibility for authorising the procurement for purposes of pre- and post-procurement monitoring.

N.B. Purchase Requisitions should NOT mix requirements. Separate requisitions should be used for different requirements (e.g. do not include requirements for vehicle spares on the same requisition as requirements for photocopier spares).

The purchase requisition must be signed in three separate places by the appropriate officials, to provide the following information:

- Availability of funding for the procurement requirement in the budget, based on the estimated value on the requisition form;
- Confirmation of the need for the goods, works or services listed on the requisition form; and
- Approval to proceed with the procurement process for those items.

Selecting Qualified Vendors

Procurement department shall call for supplier registration in the local print or online media. Prospective suppliers to respond by providing their company profiles, CR6, CR14, certificate of incorporation and memorandum of Company. Procurement department together with members of procurement committee shall carry out supplier appraisals periodically and check for existence, compliance, capacity, controls among other things. The selected suppliers will be maintained in the supplier database where their performance will be monitored periodically as circumstances may change for the better or worse.

The procurement department researches vendor backgrounds prior to placing an order or establishing a contract. A vendor may be barred from doing business with Lanforce Energy for any of the following reasons:

- If the Vendor fails to produce a clearance letter to the effect that it has not been convicted of a criminal offense in relation to obtaining or attempting to obtain a contract or in the performance of such contract;
- Conviction in a court of law for embezzlement, theft, forgery, bribery, falsification or destruction of records or receiving stolen property.
- Failure to perform in accordance with the terms of one or more contracts following notice of such failure, or a history of failure to perform, or of unsatisfactory performance on one or more contracts;

Invitation to bid / Request for quotes

Request for quotes will be done through company email and reminded telephonically where all details date, time, telephone number and details of the person contact must be documented. Suppliers must be given the same specification so as to make quote analysis easier and transparent. Requests for quotes must be done at the same time to avoid collusion between the procurement department and suppliers.

Receiving and evaluating bids / quotes

The quotations and bids are evaluated by the procurement department to check for compliance to specifications.

Quotations comparison statement

Comparative schedule will be compiled where price, quality, payment, competency, capability, previous experience among other things will be evaluated. Total cost of ownership will be taken into consideration among other things not price. It is not mandatory to consider the lowest price as at price low price bids may turn out to produce or result in high costs in terms of poor quality, delayed delivery, etc.

Negotiation

Negotiation in the purchasing process covers the period from when the first communication is made between the purchasing buyer and the supplier through to the final signing of the contract. Negotiation can be as simple as trying to obtain a discount on a case of safety gloves through to the complexities of major capital purchases. A purchasing professional must aim to be successful in their negotiations with suppliers to obtain the best price with the best conditions for every item that is purchased.

Where the projects is complex a team comprising the Chief Executive Officer and Board members excluding the Board chair to be part of the negotiation. The negotiation process has become a more important sector in the supply chain process as companies look to reduce their expenditure whilst increasing their purchasing power. This means that purchasing professionals have to negotiate increasingly better rates with suppliers whilst maintaining or increasing quality and service negotiation with suppliers. Negotiations must be done in a fair and transparent manner resulting in best value

Purchase/Service Order

A purchase /Service order is raised in four copies as follows

No of copy	Colour	Purpose
1 st Copy	White	Suppliers copy
2 nd Copy	Blue	Finance payment Copy
3 rd Copy	Green	Procurement
4 th Copy	Guava	Audit trail

Goods receipt

When goods or services are received, a good /service received voucher is raised by the receiver or user. The user must verify and inspect the goods to see if they meet the specification. Consultants with relevant technical expertise shall be co-opted to help the organisation certify whether the received goods meet the technical specifications and expectations of the users. The GRV/SRV is filled in duplicate the top copy will be attached to the purchase order, purchase requisition,

motivation letter or list of beneficiaries. The fast copy remains in the book for audit trail.

Supplier invoice

Goods delivered must be accompanied by the supplier's invoice and delivery note. The delivery note to be signed by the receiver.

Payment authorization

No payments shall be made for goods that have not been received unless authorised by the Chief Executive Officer e.g. imported goods/services or where a deposit is required in order to mobilise materials for construction works etc. Suppliers must be appraised about this arrangement during registration.

Fixed asset register

Purchasing a fixed asset is done in the same manner as any other purchase of goods if it has been approved through the capital budget process. The department prepares a Purchase Requisition (attaching a copy of the approved investment budget), acquires approvals from the Budget Manager and the Programs Director and forwards to the Procurement Office for processing.

Fixed asset register to be maintained for all assets. Assets to be checked twice a year.

Flow Chart of Procurement Documents

- a) User raises a purchase requisition clearly indicating budgeted amount
- b) Purchase requisition approved by Supervisor and submitted to Finance
- c) Finance verifies budget, authorises for purchase and submits to Procurement. **NB IT related requests should be submitted to the IT Consultant for specifications before submission to Procurement.**
- d) Procurement sources for three or more quotations and the due tender process is followed until tender is awarded.
- e) Procurement forwards approved Purchase order to the preferred supplier
- f) Supplier responds by accepting purchase order and issues a tax invoice with banking details and copy of valid tax clearance certificate.

- g) Procurement submits documents to Finance
- h) Supplier delivers goods or services and submits a delivery note
- i) User verifies quality and quantity of goods, raises GRV and submits to Finance
- j) Finance process payment after receipt of GRV and submits proof of payment (POP) to Procurement.
- k) Procurement forwards POP to supplier and requests for a receipt to be issued after funds have reflected in supplier's account.
- l) Procurement submits receipt to Finance for filing.

18. INVITATION FOR BIDS / PROPOSALS

The Procurement Department shall issue the Invitations to tender along with all of the tender documentation, including the specification of requirements, and this will include a date for receipt of tenders which should be not less than 14 days from dispatch of the invitations.

Letter of Invitation

It is common practice for the enquiry inviting tenders to consist of:

- a covering letter explaining the invitation and re-iterating the date and time by which tenders must be returned
- re-iterating the instructions to tenderers about the manner in which the tender should be submitted
- the name and contact details of the responsible procurement person
- the procedure for raising queries and receiving clarification
- the tender document
- pre-printed labels for tender return.

All documents forming part of the tendering procedure are recommended to follow international practices for such documents. The letter of invitation to bid must outline the tender procedure and dedicated point of contacts, e.g. who will send out documents, answer questions and receives

filled-out documents. Moreover, the letter has to establish explicitly the exclusion, selection and award criteria and these must be non-discriminatory. All documents should as far as possible avoid the use of brand names (e.g. use “Acetylsalicylic Acid” instead of Aspirin®). Brand names can be used if it is clear, that this is for illustrative purposes only (e.g. “such as Toyota Corolla 1400 cc or technical equivalent”) or if a certain product or brand is the only one compatible with existing equipment (e.g. spare parts for machines, printer cartridges). The invitation to bid must also establish criteria on how the bidder’s financial, technical and professional capacity to fulfil the contract will be assessed. Exclusion grounds and other criteria set out in our manual must also be included. Bidders may be asked to provide evidence that they are legally authorised to perform the contract under the applicable national law.

Currencies and Payments

For the purpose of tender evaluation and comparison, tender prices shall be in a single currency, selected by the Company via the Request for Quotation (RFQ).

Payment under the contract will be made in the currency or currencies in which the tender price is stated in the tender of the successful bidder.

Submission of offers

Offers to be submitted in sealed envelopes and clearly marked the tender number.

19. EVALUATION OF OFFERS

The purpose of the evaluation methodology is to determine the lowest priced tender with the expected quality as specified in the purchase request.

This ensures that the Lanforce only purchases works of the required standard, but does not pay any more than necessary for the performance of those works.

Purpose of Evaluation

Tenders should be initially evaluated under the twin considerations of commercial and technical,

the latter possibly carried out without price information, to ensure that the bids are brought to a comparable basis for more a thorough evaluation and study, without the influence of commercial considerations.

The criteria for tender evaluation should follow the award criteria set out in the tender documents and communicated to the potential suppliers. This can be either lowest price only or a range of criteria, linked to the subject matter of the contract, collectively known as contributing to the “most economically advantageous tender”. The relative weighting of each criteria, or their listing in descending order of importance, must be set out in the contract document and/or in the contract notice.

In principle, the evaluation process should include not only the analysis of the potential supplier’s response to the main subject matter of the requirement set out, such as price, delivery, quality, methodology, for example but also, most importantly, the quality of the bidder’s offer.

Evaluation of Quotations

Once the tenderer has demonstrated the appropriate capacity to perform the contract on the grounds of the selection criteria, the offer will be assessed on the basis of Award Criteria, which serves to identify the most economically advantageous tender.

Opening of Bids or Proposals

The outer envelopes of tenders, which have been received on time, are opened publicly, in the presence of bidders, to obtain the separate envelopes containing the technical and financial proposals within. The technical proposals are then opened and summary details read out and recorded.

Bid security is the part of evaluation and should be submitted along with technical proposal, and if required in percentage of the cost of item(s)/ services then with the financial proposal. Technical proposal envelopes which do not contain any Bid Security are rejected and are not evaluated further. Financial proposals are kept sealed until the technical evaluation has been completed and approved.

The financial proposals of tenders proceeding to the financial evaluation are opened publicly at a separate tender opening meeting, at a date and time notified to the bidders whose technical proposals have been evaluated and accepted after the technical evaluation. Total prices quoted, together with all itemized unit prices, together with the technical scores awarded to bidders in the technical evaluation, are read out and recorded.

The financial proposals envelopes of bidders, whose technical proposals are not found acceptable by the Evaluation Committee or not contain or deficient Bid Securities are returned to them.

Evaluation of Bids

The supplier eligibility criteria that will be applied to rate the bids / quotes must be established and made public in advance. There are three categories of evaluation criteria:

- a) Formal criteria
- b) Technical and qualification criteria
- c) Commercial and financial criteria

- a) Formal criteria

Under the formal criteria, offers are checked for compliance with formal conditions stated in the tendering documents, such as but not limited to:

- Offers are complete regarding submitted forms and content
- Offers have been properly signed or include documents indicating that the offer is authentic
- Offers includes evidence of acceptance of the essential components of the Lanforce General Terms and Conditions. Proposed changed must be assessed as acceptable, which may require input from the Legal department. Offers that are not meeting the formal criteria will be rejected. Thus, it is important to carefully consider the formal criteria before issuing the tender documents. Once preliminary examination of the offers has been conducted,

technical evaluation of qualification requirements as well as commercial / financial evaluations are undertaken.

b) Technical and qualification criteria. The criteria are derived from the specifications as well from qualification conditions specified in the tender document. Technical and qualification criteria consist of requirements to be met by the supplier, such as, but not limited to:

- Technical compliance to specifications
- Manufacturing and quality certifications: If applicable, certification that the commodities are manufactured according to International Organization for Standardization (ISO, including applicable standard number), Standards Association of Zimbabwe (SAZ), European Standards (CE) etc.
- Ethical conduct of contractors
- Experience in the geographical region
- Available capacity and equipment to undertake the assignment: Information about monthly production capacity, company's estimated production / delivery lead times etc.
- Client references
- Minimum requirements regarding value of previous contracts
- Environmental requirements as applicable

c) Commercial / financial criteria

The weight of the price depends on the chosen evaluation methodology. It is essential to clearly state in the tender documents which price factors will be used for evaluation. Various factors such as operational cost, freight cost, incidental or start-up cost as well as life cycle cost could be taken into consideration ensuring that the total cost of ownership perspective is considered.

Evaluations will vary for goods, works and routine services, but the evaluation methodology will always consist of three stages:

- A preliminary screening, to eliminate tenderers who do not comply with the basic requirements of the bidding document and bidders who do not meet mandatory eligibility requirements;
- A detailed evaluation, to determine whether tenders are substantially responsive to the technical and commercial requirements of the Bidding Document; and
- A financial evaluation to compare the costs of responsive tenders and determine which is the successful tender and should be recommended for award of contract.

Evaluation of Proposals

This sets out general procedures for evaluating proposals for consultancy services. It must be read in conjunction with the relevant procedure for the particular evaluation methodology to be used, which will be either:

- for quality and cost based selection (QCBS); or
- for quality based selection (QBS); or
- for least cost selection (LCS).

Precise evaluation procedures vary between the different methodologies, but all consist of three stages:

- a preliminary screening, to eliminate proposals which do not comply with the basic requirements of the Request for Proposals Document and bidders who do not meet mandatory eligibility requirements;
- a detailed evaluation, to determine whether proposals are responsive to the terms of reference in the RFP Document, to assess the relative quality of the proposals, using a merit point scoring system and to determine which proposals should proceed to the financial opening and evaluation; and
- A financial evaluation to examine the prices of the proposal or proposals and determine which is the successful proposal and should be recommended for award of contract.

20. PROCUREMENT COMMITTEE

Purpose

The main objective of the Procurement Committee is to serve as another layer of review and documentation in order to ensure the compliance to the procurement guidelines.

Their responsibilities include to ensure tenders are conducted in a fair and ethical manner without conflict of interests, to give guidance for negotiations, and to recommend suppliers to be awarded. But the Procurement Committee is not responsible for validating if delivered goods and services are of agreed quality and quantity.

Roles and Responsibilities

- a) The procurement committee verifies whether the proposed procurement action is in accordance to the procedures of the Company. The procurement committee plays an advisory role on procurement actions.
- b) Its role is to suggest measures for streamlining procurement of goods and services. To identify, review and approve new and innovative practices to strengthen and speed up procurement processes.
- c) Carrying out supplier appraisal and approving the suppliers list.
- d) Prepare a minute of recommendation on the discussions and recommendations of the Procurement Committee and present it for the approval of the Chief Executive Officer.
- e) Ensuring that all purchases are made at the most competitive prices, and have regard to quality, delivery time, general services and according to the policies and procedures of the MA.
- f) Work on a simple quorum majority basis and keep minutes of its discussions and recommendations.
- g) Open bid documents and sign on each page of the technical and financial proposals.

Terms of Reference

The committee ensures transparency in procurement and dealing with suppliers/ service providers through the following responsibilities:

- Serve as an advisory forum to suggest measures to streamline and simplify procurement of goods and services.
- Review special cases of procurement referred by procurement committee of the management for seeking directives of the Committee.
- Identify, review and approve new and innovative procurement practices/ strategies to strengthen, streamline and speedup the procurement process and ensure that procurement process achieves value for money in delivering the Company strategy and strategic priorities.
- Review the Company's policies/ procedures for procurement of goods/ services/ works and recommend changes for improvement.
- Review and approve awards of high value Procurement and Contracts and Original Equipment Manufacturer (OEM) Procurement Contracts.
- Review (a) the annual procurement plan (b) any changes to financial authorities relating to procurement and (c) any Updates / changes made in the Procurement Manual. Purchases shall be planned and effected as per the work program and budgets for the fiscal year. However, when emergency procurement is required, upon the justification of the requesting department, the Chief Executive Officer can approve emergency purchases.

Duties of the Chairman of the Procurement Committee

Locations to appoint a chairperson:

- Convene meetings where necessary.
- Consolidate procurement plans
- Refer to the Company budget and liquidity before initiating the procurement
- Scan for the sustainability of suppliers and ensure adherence to program requirements and organisational regulations

Duties of the Committee Members

- Attend procurement meetings and ensure proper procurement process has been followed in order to ensure transparency and competitiveness in the procurement process.
- Evaluate the existing list of all preferred suppliers and identify new potential suppliers, check worthiness, community acceptance, code of conduct and capacity through vendor vetting process.
- Select and compile up-to-date list of pre-qualified suppliers for the next 12 months, recommend the list to the Chief Executive Officer for approval and validation.
- Ensure that the selected list of suppliers are respected in the community, reliable in every aspect of their businesses and are not involved in any terrorism or criminal related activities.
- Enforce strict use of validated suppliers, vet and advise if a new vendor has to be added to already validated list of suppliers.

8.4 Composition

The Procurement Committee is not a fixed group and needs to be appointed on an ad-hoc basis. Therefore, its composition differs from instance to instance.

The Procurement Committee must consist of at least three members and once they are appointed, they cannot be changed. The first member of the Procurement Committee is always the Procurement Officer. Other members include project or line managers, or similar Employees. Depending on the nature of the initiative, additional members of the Procurement Committee can include user team members, members of functional teams (Finance, IT, etc.) or relevant subject matter experts. The members as a collective must – as a minimum – possess the necessary technical, administrative and financial knowledge and capacities to evaluate and analyse the offers or bids presented, under observance of the relevant budgeting situation and these procurement rules.

All members of the Procurement Committee have equal voting rights, i.e. each member has one vote. The names and functions of all those involved must be recorded in the procurement report. The quorum for meetings of the Procurement Committee will be a majority of the members. Therefore, for a three-member-committee a minimum of two members have to attend any meeting.

The quorum for the procurement committee meeting is (4) four

The quorum for the procurement committee meeting has to be majority as well as odd number. Members of the committee to be identified based on the current structure.

Submission / Inputs to the PC

Documents for consideration by the procurement committee to be submitted two days before the scheduled committee meeting. Procurement committee members to have sight of the documents prior to the meeting.

Frequency of PC Meetings

Procurement committee meetings to convene once a week or as when necessary.

Documentation

Records of the proceedings to be maintained. The Procurement Officer is the secretary of the procurement committee. A register of attendance to be maintained. A comparative schedule to be compiled and signed minutes to be attached.

21. LEGAL ADVICE

It is highly recommended to obtain legal advice when reaching the contracting step of the procurement process or as early as possible in the procurement process, where deemed necessary

and value-adding. This applies especially for initiatives reaching significant risk, e.g. financial risk such as credit or operational risk, and negative legal implications. This allows for a better assessment of proposals. Furthermore, timely legal advice may lead to more favourable contract terms and ensures fully informed decisions.

22. CONTRACT MANAGEMENT

Description

For complex and high value procurement activities involving products or services that are not precisely determinable discrete and / or not easily identifiable, an individual contract must be made.

Contract management is the process of systematically and efficiently managing contract creation, execution and analysis for maximizing operational and financial performance and minimizing risk. Successful contract management, however, is most effective if upstream or pre-award activities are properly carried out.

It is worthwhile noting that contract management is successful if:

- the arrangements for service delivery continue to be satisfactory to both parties, and the expected business benefits and value for money are being realized.
- the expected business benefits and value for money are being achieved
- the supplier is co-operative and responsive
- the organization understands its obligations under the contract
- there are no disputes
- there are no surprises
- a professional and objective debate over changes and issues arising can be heard
- efficiencies are being realised.

Payments and Taxes

No prepayments to be made without approval from the Chief Executive Officer. All suppliers to present a valid tax clearance; (current itf 263)

Breach and Termination of Contract

When parties have entered into a legally binding agreement and one party fails to fulfil their obligations under the terms of that agreement, they are said to be in breach of the agreement. The significance of a breach depends upon the relative importance of the term that has been breached. Breach of a condition will give the other party the right to terminate the agreement. Distinguishing whether the contractual term is a condition or a warranty will depend upon the nature of the agreement.

Contracts may be terminated in a number of defined circumstances. First, the parties may have fulfilled their contractual obligations to each other and the contract is terminated by performance. Second, the parties may agree to terminate the contract by mutual agreement. In rare circumstances, the contract may be terminated by frustration, where one party cannot fulfil their obligations due to circumstances that could not reasonably have been foreseen and incorporated into the contract. Finally, contracts may be terminated if there is a breach of a fundamental condition of the contract.

23. SUBGRANTS AWARDS AND MANAGEMENT PROCESS

Key principles

Lanforce must award the sub-grants following similar principles as the calls for proposals for projects, but taking into account the specificities of the smaller size of the financed action.

The **key principles** to follow are:

Principle	Description
Transparency	Lanforce, acting as “contracting body”, shall publish all relevant information in order to enable the potential sub-grantees to obtain timely and accurate information on the actions being undertaken. The sub-grant scheme must be implemented by publishing calls for proposals and all sub-grants awarded will be published with due observance of the requirements of confidentiality and security.
Equal treatment	No preferential treatment may be given to any potential sub-grantee. This rule applies not only to the process of identifying and selecting sub-grants but also during the implementation of the action.
Co-financing	The costs are shared between the Programme and the project. The contribution for the co-financing (minimum 10%) may be given either by Lanforce or the sub-grantee.
No cumulative award	Each sub-grantee may not get more than one sub-grant per project. The sub-grant applicant must specify in the application form any applications and awarded grants or sub-grants relating to the same project.
No retroactivity	The sub-grant may not be used to finance actions which have already been completed. Financed activities cannot commence prior to the award of the sub-grant.

Content of the call

The first element of the call for sub-grant is to develop simplified “**guidelines for sub-grant applicants**” with the clear identification of:

Contracting body: identification of the project Lead beneficiary / partner signing the sub-grant contract

Scope: type of eligible activities to be carried out by sub-grantees, which must contribute directly to the project goals

Maximum duration

Profile of the subgrantees: type of eligible organisations or persons (even natural persons), which may apply, including any limitation to participation (e.g. “*no more than one sub-grant shall be awarded per each applicant*”)

Partnership: in case that the sub-grants require the work in partnership, either in the same country or in different countries

Geographical eligibility of the sub-grantees and the activities: ideally the same than the project partnership, even though they may be extended to all the programme area. Specific activities outside the eligible area are not recommended but they may be exceptionally included, provided that this possibility is foreseen in the call for sub-grants and their added value to the projects is well justified

Financing: the maximum amount of the sub-grant and specify if a co-financing by the sub-grantee is foreseen

Financial regime: type of eligible costs and their reporting during implementation, either via direct costs or simplified costs option

Budget: regardless of the financial regime, the sub-grant applicant must prepare a simplified budget with an estimation of costs

Reporting: frequency and content of the reporting to the Lead beneficiary / partner

Implementation conditions: the sub-grants reporting shall be output-based or result-based. The type of output and/or results indicators must be clearly identified

Selection and award criteria and procedure, including an estimated timetable and appeal procedure

The “**Application pack**” should also include:

Sub-grant contract template

Reporting template

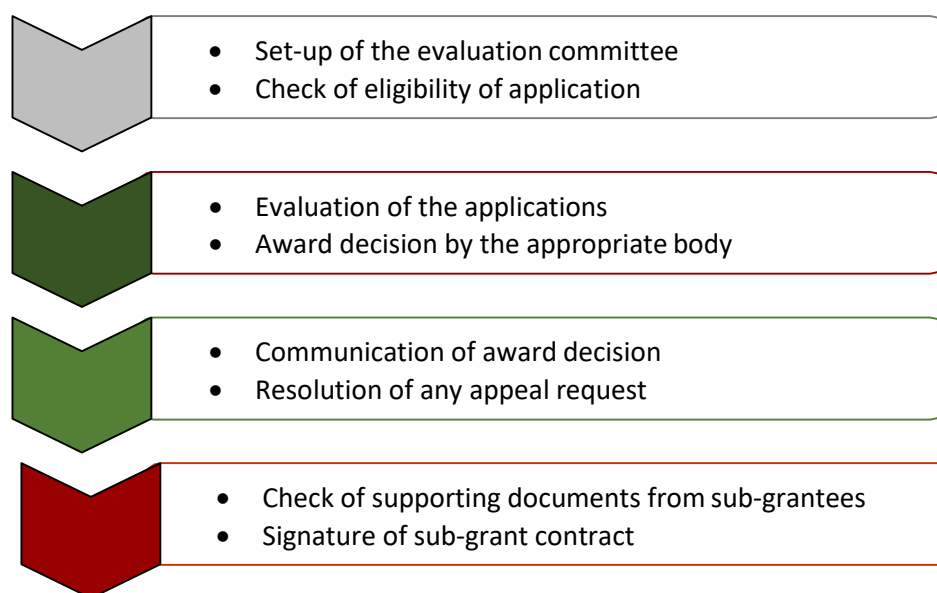
The application pack shall be written and filled-in in the English language.

Publication and publicity of the call

The call must be published through appropriate means, in order to ensure the principles of transparency and equal treatment. The project must prove that there was a wide dissemination amongst the target group(s) identified as potential sub-grantees.

Steps of the call for sub-grants

Here below the **steps** to follow since the submission of the applications until the signature of the sub-grant contracts:



Evaluation procedure

The selection of the sub-grants is a critical procedure. Any non-respect of the principles mentioned in this section or any incompliance of the self-defined criteria included in the call for sub-grants, might lead to the ineligibility of the sub-grants.

On top of the procedure itself, it is essential that the applications are assessed by an ad-hoc evaluation committee with adequate technical capacity and complete independence from the potential sub-grantees.

As in the case of the calls for proposals for projects, the sub-grants must have clear, non-discriminatory and not prejudicial to fair competition criteria to be defined by Lanforce taking into account the description of sub-grants included in the Description of the project.

These criteria must be measured with a scoring system that must be known in advance by the potential sub-grantees and published in the documents of the call.

Sustainability and cost-effectiveness.

The results should be published shortly after the evaluation process; moreover, applicants should be informed in writing of the decision concerning their application and, if rejected, the reasons for the negative decision.

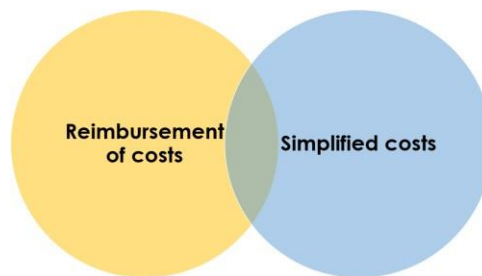
Lanforce shall keep internal records on the evaluation as audit trail in case of e.g. complaints by proposers, audits, or checks by the Programme bodies. These records comprise as a minimum:

- An evaluation report summarising the selection procedure and its results, including dates of call, how it was published, dates of evaluation, number of proposals received, number of proposals funded, as well as a list of all selected proposers and their funding amounts
- A listing of proposals received, identifying the proposing organisations involved (name and address)
- All received proposals
- All communications with applicants before call closure and during evaluation
- The names and affiliations of the experts involved in the evaluation
- For each proposal a copy of the filled forms used in the evaluation
- A record of all incidents which occurred during the evaluation (e.g. how conflict of interest were handled if they were detected during the evaluation process) and any deviation from standard procedure (e.g. if a proposer selected was not the highest scoring one, you must document the objective reasons why the highest scoring one was passed over)

IMPLEMENTATION

Financial regime

The sub-grant may take one of the two following forms, to be decided Lanforce and specified in the call for sub grants along with the list of categories of eligible costs



Reimbursement of costs

The sub-grant may be defined as the reimbursement of a specified proportion of the eligible costs actually incurred by the sub-grantee. If this is the case, the sub-grantee must:

- Ensure that the **costs are compliant with the eligibility requirements** of the

programme and included in the categories accepted in the call for sub-grants

- Follow the **programme rules** in what concerns the eventual **revenue** deriving from the sub-grant activities
- Keep sub-grant accounting showing a reliable and easy to follow **audit trail** of the expenditure and revenue
- **Keep the original accounting supporting documents** until the end of the open-to-control period
- Have the declared **expenditure verified** by the project auditors or competent public officer, following the requirements of the programme and the national requirements .

In the case of reimbursement of eligible costs, these costs must be added to the financial report of Lanforce, once verified by an auditor or competent public officer, and reported to the Managing Authority together with the costs directly incurred by Lanforce.

A co-financing by the sub-grantee may be foreseen in the call for sub grants (usually following the same proportion than the project).

Simplified costs

The sub-grant may also take the form of a **lump sum** (e.g. a fix amount of money to support the set-up of a new company or to pay specific equipment) or standard scales of **unit costs** (e.g. an amount of money for each person participating in environmental awareness raising events or for the number of days of a research stage).

However, in order to use the simplified costs, the following conditions shall be clearly defined by Lanforce in the call for sub-grants and their fulfilment shall be verified by the project external auditor:

- a) justification concerning the appropriateness of such forms of financing with regard to the nature of the projects as well as to the risks of irregularities and fraud and costs of control;*
- b) identification of the costs or categories of costs covered by lump sums, unit costs or flat-rate financing, which shall exclude ineligible costs;*
- c) description of the methods for determining lump sums, unit costs or flat-rate financing, and of the conditions for reasonably ensuring that the no-profit rule and co-financing principles (if any) are complied with and that double financing is avoided.*

Under this financial regime, there is **no obligation to keep any accounting and financial supporting documents**. However, the evidence of the implementation of the activities become the key eligibility.

To this end, outputs and deliverables shall be provided by Lanforce and will be checked during the assessment of the Interim / Final report.

Another characteristic of this method is the removal of the obligation of financial reporting and expenditure verification at sub-grant level.

In the case of simplified costs, only payment of Lanforce to the sub-grantee is considered as the eligible cost and the contribution of the co-financing must be done by the former, that is, there is no co-financing by the sub-grantee.

Payment schedule

The payment schedule may be decided by Lanforce when developing the guidelines for sub-grants. Depending on the duration of the sub-grant activities it may include an initial pre-financing, intermediate payment and a balance payment at completion. The intermediate payment may be linked only to activity reports, but also to expenditure verification in case of reimbursement of costs and sub-grants with a duration longer than 12 months.

Take into consideration the following factors when deciding on the payment schedule:

- Risk of non-performance of activities (in time or in full)
- Risk of error in the eligibility of expenditure
- Financial capacity of the sub-grantees. A reduced pre-financing may hamper the possibilities of success in small NGOs or civil society organisations
- The harmonization of payments and reporting of the sub-grants with the project reporting, depending on the moment of signature of the sub-grant contracts.

Monitoring of activities

Lanforce acting as contracting body must ensure an adequate monitoring of the sub-grant activities and delivery of the committed outputs. This may include monitoring visits and/or the participation of its representatives in the key events of the sub grant.

Sub-grant completion

Upon completion of the activities, the sub-grantee must prepare the final report for the contracting body, showing that the outputs and results have been achieved.

During the period of compulsory record and document keeping, the sub-grant may receive checks from the Managing Authority and the Audit Authority of the programme, as well as any other competent body.

REPORTING

Reporting to the project Lanforce acting as contracting body

The frequency of the reporting will depend on the duration of the implementation period:

For one-off activities, only one report is needed at completion.

For less than 6 months, one brief progress report after 3 months a final report after completion is recommended.

Until 12 months, two 4-monthly reports and the final one are recommended.

For more than 12 months, 6-monthly reports and the final one are recommended.

Financial reporting

Only the sub-grants with reimbursement of costs must submit financial reports to the contracting bodies. Considering the limited number of transactions usually performed in low-value grants, simplified reporting in Excel is recommended, accompanied by all the necessary supporting documents.

The reporting requirements must be proportionate to the size of the grant. It is important not to over-burden the sub-grantees with complex reporting templates.

No financial reporting is requested in the case of simplified costs.

Activity reporting

The activity reporting must be adapted to the nature of the financed activities. The type of report may not be the same when the sub-grant finances stages of researchers, the acquisition of one piece of equipment or an environmental start-up.

Nevertheless, the report must include at least:

- A description of the activities, compared with the initial work plan
- The delivery of outputs
- The assessment on the achievement of the results
- The compliance with the visibility requirements

Reporting to Managing Authority

The sub-grants must be embedded in the project reporting to the Joint Technical Secretariat and the Managing Authority. Lanforce is responsible for including adequate information on the performance of the sub-grant schemes in this reporting, following programme requirements.

Beyond the description of the sub-grant activities, it is essential that Lanforce includes its **own assessment on their success** and, specially, in how they contributed to the achievement project goals, both individually and the global scheme.

24. EQUIPMENT MAINTENANCE AND SERVICE AGREEMENTS

If the equipment purchase is a ‘one time’ buy, service and maintenance requirements should be addressed in the bid or during negotiations with the supplier. In evaluating an RFQ/RFP, costs for service and maintenance should always be considered as part of the total price of the equipment. The LIFE CYCLE COST of the equipment includes purchase price for the equipment and the cost of service/maintenance extended over the useful life of the equipment – typically 5 to 10 years. If the equipment will be rented or leased, the contract administrator should carefully review the service coverage offered as part of the rent/lease program for adequacy.

25. PROCUREMENT RECORDS

All procurement committee meetings to be recorded, and the minutes of such meetings should be attached to the supporting documents of purchase requests.

26. Procurement of Consultancy Services

The following is the procedure when engaging an External Consultant:-

- Notify the Chief Executive Officer in writing of your intention.

- An advert will be placed inviting consultants with the relevant qualifications and experience to apply. Applicants will respond through the Lanforce Procurement email.
- The Chief Executive Officer will appoint a technical committee to consider these applications and the committee's responsibility is to shortlist the suitable ones in terms of qualifications, experience in the relevant field or area and whether all the relevant documents will have been submitted e.g. copies of certificates, CV, sample of research conducted by applicant and the financial proposal.
- The Finance department through the Chief Finance Officer will do the Financial Evaluation.
- The results of both the Technical and Financial evaluation will determine the Consultant to be engaged and this will be submitted to the Tender Committee for adjudication.
- As a best practice it is recommended that an interview be conducted in order to probe the candidate and make the final decision. The interview can either be face to face or virtual.

27. PROCEDURE FOR REVIEW AND UPDATE

This manual will be reviewed and updated after every two years to find out if it is still relevant. It is the responsibility of the Human Resources and Administration function to review and update the manual.