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Policy Owner:	**MSIA Finance Team**
Notes:	***This is a Global MSI Policy that has been adopted in full.***

Contents

GP&L would like to thank the following teams for taking the time to review this document:
USAID, DFID, Global Accounting, LAD, Legal & Donor Compliance

Introduction

This Global Procurement Policy supersedes the MSI Global Supply Chain Manual & Standards (2013). The Policy covers the procurement of goods (e.g. computers, medical equipment, office consumables, vehicles, etc), services (consultants, travel, audio/visual services, training provision, etc), and works (e.g. construction). It includes guidance and a set of adaptable templates. All team members should be aware of the minimum standards in this Policy

This Policy is designed to be used by **all MSI team members who procure, whether using MSI or donor funds**, **and also applies to MSI sub-grants and sub-contracts[1].**

> **This Policy should be read in conjunction with the MSI Anti-Fraud and Bribery Policy, the Gifts and Entertainment Policy and the Conflicts of Interest Policy. Any team member who does not have access to these policies should contact the Legal and Donor Compliance Team. Any breach of those policies during procurement processes will be taken very seriously and will be investigated.**

Support office team members should use this Policy when conducting all procurement. Where more information is required, they should review the **Global Procurement & Logistics Toolkit**

MSI Country Programmes (CPs) should use this Policy, along with the GP&L Toolkit, as the basis for their country specific procurement **Standard Operating Procedure (SOP)** document.

> **Each country specific SOP must follow the minimum standards laid out in this document, and should be tailored to meet the programme's context and procurement processes. It should detail who will be involved in the approval, reviewing and signing of procurement documentation and clearly define programme specific thresholds. Both documents work together, so there is no need to duplicate information found in this Policy in your local SOP.**

Donor requirements

While this Policy has been written with MSI's key donors in mind, some donor grants have specific requirements that must be complied with in order for the procurement expenses to be considered allowable. MSI team members should check the donor agreement or check the relevant grant manager (as per the Grants Database) to determine any grant specific requirements before the procurement process begins.

Where there is a difference between donor thresholds and MSI thresholds, you should always use the stricter thresholds. This ensures that we are always compliant.

> - **MSI country programmes must discuss donor procurement requirements with Global Procurement & Logistics (GP&L) Team in London.**
> - **Where MSI has specific donor teams (e.g. DFID, USAID, GATES etc) you must also consult the relevant team prior to undertaking procurement**
> - **All international tendering should be discussed in advance with the GP&L Team**

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[1] A sub-grant or sub-contract (and not a service contract) is issued when the MSI entity will transfer donor funds (in advance or arrears) for the implementation of a specific project, or a component within a project, and for which the implementing organisation has a certain level of autonomy in the way the results or outcomes are achieved.

Minimum standards

Minimum Standard 1	**Minimum Standard** 2	**Minimum Standard** 3	**Minimum Standard** 4
Procurement contracts are awarded in line with programme specific, competitive procurement thresholds, which must not be higher than the thresholds set by MSI London.

There are procedures/conditions in place for sole sourcing.

All international tenders are conducted in consultation with GP&L London. | All procurement outside of petty cash is clearly documented with contracts/framework agreements and/or purchase orders.

For all procurement outside of petty cash, the following documents (at a minimum) should be filed and archived to provide a clear audit trail: purchase requisition, invoice, goods received note, evidence of procurement decision and shipping documents. | All team members on procurement committees who are engaged in procurement decisions have all have signed the MSI code of conduct for procurers (based on CIPS code of conduct) | All key sexual & reproductive health (SRH) products procured must be MSI Approved Products, which means meeting the quality standards as outlined in the MSI SRH Commodities Quality Policy |

Determining specifications

To ensure that the good/service supplied is appropriate, the specification must be as detailed and clear as possible. The responsibility for providing the specification is with the requester of the item assisted by the technical expert and, when necessary, the GP&L team.

> **It is not the GP&L team's responsibility to set specifications for technical items such as medical equipment, lab equipment, pharmaceutical products or terms of reference for consultancy contracts or procurement of services. This is the responsibility of the end user or specialised technical function. However, GP&L can provide support with this process so please do contact us if you would like help.**

When developing or providing product specifications, consider the following guidance:

- be clear and comprehensive

- Where possible, standardise- check whether there is an existing product/service available which will meet your needs.

- If alternatives to your required specification are acceptable, make this clear to prospective bidders

- Avoid requesting a specific brand unless absolutely necessary. You should seriously consider whether it is essential to your procurement to receive a specific brand. Where possible, consider saying 'brand X or equivalent' rather than only stating a specific brand. **Donors may disallow procurement where a specific brand and model is specified. Check with the relevant grant manager before beginning procurement**

Before procuring medical, pharmaceutical or FP/RH items you must refer to the following documents and adhere to all the requirements included:

Minimum Standard 4
MSI SRH Commodities Quality Policy
MSI Standard Products List Policy
GP&L Toolkit Module 2: Product Quality

Preferred and approved suppliers

MSI requires that all new suppliers go through a basic approval process, and that all Country Programmes maintain an Approved Suppliers list or database.

This is to ensure that MSI has a broad enough range of suppliers to meet its needs, and that these suppliers adhere to the relevant procurement, anti-fraud and bribery and ethical policies. Crucially, a robust approval process will also reduce the risk that MSI contracts suppliers who engage in fraudulent or illegal activities.

All new suppliers are required to complete a **Suppliernaire** (**Appendix 7**) which requests basic contact, financial and reference information and commits them to following MSI's code of conduct for suppliers.

Procurement thresholds

Minimum Standard 1

The use of procurement thresholds promotes more efficient competitive procurement processes, providing guidelines for when competitive procurement is required, the level of the competition and the appropriate contracting mechanism.

The table below shows MSI's **annual** thresholds - which means that when you undertake the procurement you must consider if there is a possibility that you might need to purchase the same goods or services (including consultancy services) again within the same year. If this is likely, follow the higher threshold.

PLEASE REFER TO ANNEX 1: MSIA PROCUREMENT THRESHOLDS

Value in GBP	Process	Steps to Take	Contract Mechanism
Up to £500	Single Quote	• Confirm price before committing spend • Ensure price is reasonable via market survey • Create Purchase Order or consultancy contract	Purchase Order[2] or Consultancy contract
£501-£3,000	Price Comparison	• Collect 3 prices (via websites, catalogues, known consultancy day rates, etc) • Compare prices and select supplier • Create Purchase Order or consultancy contract	Purchase Order or Procurement / Consultancy Contract
£3,001 - £100,000	Request for Quotes	• Issue Request for Quotation (RFQ) & receive at least 3 responses • Analyse quotes – create Bid Analysis • Select supplier • Create Purchase Order / consultancy contract	Purchase Order or Procurement / Consultancy Contract
£100,001-£500,000	Formal Tender Process Liaise with GP&L	• Issue Invitation To Tender (ITT) Documents & receive at least 3 responses • Convene Tender Committee • Analyse bids and select supplier • Negotiate Contract Terms (12 to 36 months) • Draft procurement contract or consultancy contract	Purchase Order or Procurement / Consultancy Contract

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[2] Including MSI standard terms and conditions

| £500,001 + | Formal Tender Process: International

Liaise with GP&L | • Issue International Invitation To Tender (ITT)
• Documents & receive at least 3 responses
• Analyse bids and select supplier
• Convene Tender Committee
• Analyse bids and select supplier
• Negotiate Contract Terms (12 to 36 months)
• Draft procurement contract or consultancy contract | Purchase Order or Procurement / Consultancy Contract |

Table 1: MSI London Procurement Thresholds

For more information, including details of who should complete supplier approval process, what to look for and how often supplier should be re-approved, please consult the **GP&L Toolkit Module 4: Supplier Approval** and **Global Finance Manual.**

> **MSI Country Programmes must develop written procurement thresholds that are appropriate to their local market. These must not be higher the MSI Global Thresholds**

Artificial splitting of contracts

The estimated value of a contract or purchase must not be determined with a view to evade required procedures or keeping procurement below a more rigorous threshold.

Similarly, the estimated value of a contract may **NOT** be reduced by purchasing items via different contracts in order to make the contract fall below a certain authorisation or procedure threshold.

Price Comparison

This process requires ensuring the price offered by your supplier is competitive, based on a review of the market e.g. via pricing published on a website or catalogue. You should document these prices (e.g. via screen shot of a website) however there is no requirement for formal analysis of quotations.

Request for quotation (RFQ)

An RFQ is issued to suppliers and used as the basis for their quote, should include:
• Specifications for the goods/service
• Delivery requirements, timelines, etc
• Where applicable, MSI Quality standards
• Time and deadlines in which to respond, etc.

You should document requesting the quotation (for example, by saving up the email you use to make the request) and record any suppliers who respond saying they are unable to quote.

In some situations, you may be able to use this as justification for not receiving three quotes. Bear in mind however, if there is a broad supplier base you will be expected to provide a minimum of three quotes.

Once you receive the quotes, you should document your analysis of the quotes and your reason for selecting a particular supplier.

Tenders

A tender is a mechanism used to obtain bids or quotes (referred to as tender responses/bids) from suppliers for the procurement of goods, services or works. It is a more formal process than the RFQ. Tenders are used when the:

- Procurement is of a high value
- Products or services are legally or technically complex
- Budget requires this
- Donor requires this

For more information on the tender process, please consult the **GP&L Toolkit** (page 16).

> **Remember, you should always liaise with GP&L before beginning a tender process, as the team can support you with drafting tender documents, advertising tenders, analysing bids, etc.**

For a more detailed guide to each procurement process, please consult the **GP&L Toolkit** (page 24)

Analysing bids

When performing a Request for Quote or Tender process, there needs to be a document explaining the decision to award the contract to a specific supplier. Depending on the complexity of this decision, this can be done via a **Bid Analysis** document, such as Appendix 3 of this Policy, or a more complex **Narrative Report,** such as Appendix 4.

The criteria used to make this determination should include:
- Whether the supplier meets most/all of the specifications or the requirements in the terms of reference
- Available budget
- The expected service life of the item or service
- Donor requirements e.g. relating to brand, source, origin etc
- Where relevant, MSI product quality standards,

> **Goods, services and works should be selected based on a determination of what is appropriate. You are not required to choose the cheapest supplier. However, bear in mind that if you do not select the cheapest supplier, it is important to document your reasons for this.**

Exceptions: Single source procurement

If the thresholds dictate that a competitive procedure should be undertaken but there are clear justifiable reasons for inviting only one supplier to quote, the purchaser must fully document the case justifying the decision using a **Single Source Justification Form** (Appendix 5).

Note that you will need to provide evidence that you tried to follow competitive procurement process. Single source procurement should only be carried out if you have attempted to follow the correct process based on the thresholds shown above and have been unable to do so. The Justification Form contains more information on the process.

Note that some donors will not accept single source procurement unless they are informed in advance and, in some cases, they will want to approve the procurement before takes place. Therefore, you should always liaise with the relevant donor team before performing single source procurement.

Request for information

If you have a requirement for a product or service, but are not yet in a position to procure (for example, if you require pricing information for a budget) you can issue **Request for Information (RFI)** (Appendix 6).

An RFI is designed to is to gather information about the market, identify possible suppliers, get an understanding of likely costs, etc. and can provide the prospective buyer with an understanding of the product or service prior to a **Request for Quotation** (Appendix 2) or **Invitation To Tender** (for examples of I.T.T. documents please contact GP&L).

Engaging consultants and procurements for services

Engaging consultants requires a procurement process – just like procuring any other service. MSI's global thresholds (or local thresholds for MSI Country Programmes) therefore apply, although, of course, the documents used will be different. For example, in place of a Request for Quotations, teams should develop a Terms of Reference (ToR) or Request for Proposal document.

As with any procurement process, donors and auditors will want to see that a clear ToR was in place and that a competitive process was followed, and that payment was made in line with contracted payment terms. Consultants represent a risk area for Procurement compliance since individual consultants are often repeatedly hired once they have been used once, without a new procurement process being completed. It's important to justify each new or repeat hire based on the ToR and to provide evidence that a competitive process has been followed.

Some donors, for example USAID, also have additional requirements when contracting consultants, so don't forget to check with the relevant donor team.

Single sourcing is valid when recruiting consultants but should be the exception not the rule – using the same consultant repeatedly will need to be justified.

Contracting mechanisms

All procurement, regardless of value, should be on the basis of a contract[3].

Contract types range from simple Purchase Orders, issued with Terms and Conditions, to bespoke contracts for supply of goods, services and consultancies.

For more details on type of contracts, please see the **GP&L Toolkit Module 5 Contract Management & Supplier Performance** or contact the GP&L team for templates.

Each team must designate the person responsible for authorising POs and other forms of contracts. This will usually be the Cost Centre/ Budget Manager. If the relevant Manager is unavailable, then responsibility for authorising payment must be delegated upwards. The person approving the PO/contract should never be the same person who has raised the order.

If you are using procurement software such as Konducta or Inflow, a Purchase Order will be generated for you. If you need support with developing contracts, please contact the GP&L team.

The Purchase Order/ contract must include the following provisions:[4]
- Unique contract/PO number
- Date of issue

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[3] With the exception of in country expenses via petty cash or spend on MSI credit cards
[4] POs created on Inflow or Konducta will contain the required information.

- Delivery details including location and date
- Full details of supplier
- Quantity required
- Price per quantity in currency of purchase
- Price for any extras (insurance, freight, testing) in currency of purchase
- Total price
- Payment terms
- Approval
- Terms and conditions

Wherever possible, contracts and orders should be issued on the basis of MSI Standard Terms and Conditions (T&Cs). If the supplier does not accept MSI's T&Cs, the person responsible for the procurement – i.e. the cost centre manager – is responsible for ensuring that the agreed terms are acceptable to MSI.

Procurement documents to file

Procurement documents are regularly requested by auditors. Failure to provide evidence of a procurement practice may results in costs being disallowed.

Minimum Standard **2**

Therefore, these need to be saved up in a location which is easily accessible to the whole team and not in one team member's personal files, which can be lost when team members move on. For more information, please review the **MSI Document Retention Policy**, which is available from the Legal and Donor Compliance

Remember that this applies to the procurement of services as well as goods.

Process	Documents to be kept on file for future audits
Single Quote	- Evidence of agreed price - Purchase Order/ consultancy contract - Invoice - Proof that goods/ service was received
Price Comparison	- Evidence of comparative pricing - Purchase Order/ consultancy contract - Invoice - Proof that goods/ service was received
Request for Quotes	- RFQ - Evidence that you approached at least 3 potential bidders - All quotes received - Bid Analysis - Purchase Order/ consultancy contract - Invoice - Proof that goods/ service was received - Proof that payment was made against contracted terms
Formal Tender- National	- ITT documents - Evidence that you approached at least 3 potential bidders - All bids received - Tender Committee Reports - Bid Analysis - Procurement contract/ consultancy contract - Proof that goods/ service was received

	Proof that payment was made against contracted terms
Formal Tender-International Goods/ services	• ITT documents • Evidence that you approached at least 3 potential bidders • All bids received • Tender Committee Reports • Bid Analysis • Contract • Proof that goods/ service was received • Proof that payment was made against contracted terms
Exception: Single Sourcing	• Single Source Justification Form • Evidence of market assessment • Purchase Order/Contract • Proof that goods/ service was received • Proof that payment was made against contracted terms

Note: If documentation is missing, a "memo to file" should be developed and filed as soon as possible, including:
- Reasons for the missing documents
- Details of the item, cost, etc.
- Certification that the information documented is true

Code of conduct - procurement

Procurement often requires transactions that include large sums of money. Team members who are involved in procurement are therefore placed in a position of trust, and one which requires responsibility and discretion.

Minimum Standard 3   A copy of the standard **Code of Conduct – Procurement** (Appendix 1) is included in this Policy.

It should be read, understood and signed by all team members who procure using MSI funds. MSI will take action, as required, on intentional violations of the conflict of interest or code of conduct policies.

Segregation of duties/ financial approvals

Wherever possible, the principle of segregation of duties must be adhered to in order to help minimise opportunities for violations of the code of conduct and to provide financial controls in the procurement process. For more information, please see the **Global Finance Manual**

Ideally, separate staff should be responsible for:
- Approval of the procurement
- Accepting delivery of the goods/services and performing a quality check
- Authorisation for payment

Authorising POs and/or payment indicate acceptance of responsibility for ensuring compliance with the purchasing requirements.

Authorisers must therefore ensure that there is evidence of the correct procurement process before approving.

CPs using InFlow logistic management information system can use the system to facilitate segregation of duty through log in and version control.

Stock and asset management

Auditors will also expect you to provide evidence how, when and where stock and assets are used.

When you receive equipment/stock which has been procured with donor funds, this should immediately be entered into your Logistics Management Information System (LMIS) or other inventory systems. Note that donors will have different rules/thresholds for what needs to be entered in inventory.

For more information on stock management review the stock management policy in the **GP&L Toolkit Module 3: Stock Management,** review donor guidelines or discuss with the Global Accounting Team.

For more information on asset management, see the **MSI Global Finance Policy**.

For more information

For more information on any of the topics covered in this Policy, please contact Jo Hows, Head of Procurement & Purchasing Jo.Hows@mariestopes.org

List of Annexes and Related Documents

- Annex 1.
- MSI Code of Conduct-Procurement
- Request for Quotation
- Single Sourcing Justification
- Request for Information
- Suppliernaire

ANNEX 1: MSIA PROCUREMENT THRESHOLDS

VALUE AUD	PROCESS	STEPS TO TAKE
UP TO 750	**Single Quote**	• Confirm price before committing spend • Ensure price is reasonable via market survey • Create Purchase Order or consultancy contract
751 - 5,000	**Price Comparison**	• Collect 3 prices (via websites, catalogues, known consultancy day rates, etc) • Compare prices and select supplier • Create Purchase Order or consultancy contract
5,001 - 50,000	**Request for Quotes**	• Issue Request for Quotation (RFQ) & receive at least 3 responses • Analyse quotes – create Bid Analysis • Select supplier • Create Purchase Order / consultancy contract
50,001 - 500,000	**Formal Tender Process Liaise with GP&L**	• Issue Invitation To Tender (ITT) Documents & receive at least 3 responses • Convene Tender Committee • Analyse bids and select supplier • Negotiate Contract Terms (12 to 36 months) • Draft procurement contract or consultancy contract
500,001 +	**Formal Tender Process: International Liaise with GP&L**	• Issue International Invitation To Tender (ITT) Documents & receive at least 3 responses • Analyse bids and select supplier • Convene Tender Committee • Analyse bids and select supplier • Negotiate Contract Terms (12 to 36 months) • Draft procurement contract or consultancy contract