



# PEOPLE'S PARTICIPATION

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## **-:Purchase Committee:-**

Procurement is the purchase of works, assets, goods and services for 'People's Participation'. Procurement is one of the most risky areas in NGO financial management, often abused by kick backs, paying too much for sub-standard goods, and buying from related parties.

### **Objectives of a procurement policy in People's Participation:**

- ✳ The correct goods or services are purchased, in terms of the correct quality and specification
- ✳ Best value for money is achieved
- ✳ The process is safe, i.e. risk of fraud is minimised
- ✳ The process is fast enough to meet programme needs
- ✳ Grant conditions are complied with

### **The steps to go through for a particular purchase depend very much on the type of purchase:**

- One off (eg consultancy service) or repeat (eg office stationery)
- Low, medium or high value
- Budgeted or not budgeted
- Subject to grant conditions or not
- Cash or credit purchase
- Fixed asset or consumable
- Routine or emergency

In developing a procurement policy, it is good to consider processes for these different options, because that enables any given purchase to have the right level of safety without too much bureaucracy. The figure below describes a typical process for the purchase of a high value item on credit.

**Prepare Specification, check budget--- Prepare Purchase Requisition--- Check & authorize Requisition--- Obtain Quotation--- Select Supplier (Purchasing Panel)--- Issue Purchase order--- Receive Goods--- Receive & Check invoices--- Prepare & authorize Payment Authority --- Pay Supplier Invoices--- Enter Payment in Cash Book**

President, Secretary and Treasurer would be involved in the procurement. This 'segregation of duties' reduces the risk of fraud. In 'People's Participation', it may be necessary to compromise if there is not enough staff to fill all the roles.

♣ **Governing Body**

The Governing Body would normally only get involved with authorising high value purchases, or significant items that were not budgeted for.

♣ **Purchasing panel**

The panel consists of representatives from the programme and finance departments, President and the key users and budget holders. They will select suppliers for the authorised supplier list for standard and repeat purchases. They also review individual purchases, choosing the best option from the quotes supplied to them.

♣ **User**

The 'user' needs the goods or services and makes a request for purchase. This could be a field officer, an office worker or a budget holder or Coordinators. Sometimes the user may be involved in sourcing suppliers or obtaining quotes, and checking the goods on arrival.

♣ **Budget holder**

The budget holder is responsible for managing the project and delivering objectives within budget. If the budget holder did not raise the purchase requisition, they should always authorise it. They should also approve the payment requisition.

♣ **Procurement / logistics officer**

The procurement or logistics officer may be responsible for sourcing suppliers and obtaining quotes, or advertising bids for large procurements. They should not normally sit on the **Purchasing panel**. They are usually responsible for going out to do the buying, or receiving the goods if they are delivered. (A dishonest person in this position may collude with suppliers to carry out frauds that are very difficult to prevent and detect – so consider segregation of duties carefully, and take care that they do not influence tender committee decisions unduly).

♣ **Finance Manager / Accountant / Bookkeeper**

The finance team needs to be represented on the **Purchasing panel**. They authorise purchase requests and Local Purchase Orders (for making credit purchases), and payment requests. They write the cheques or issue the cash, record the transactions in the books of account and ensure that all the paperwork is properly filed.

We also have to thinking about the environment; we might need to consider transport distances, energy efficiency of electrical products, fuel efficiency and cleanness of vehicles etc. **People's Participation'** often form a significant part of the economy and its purchasing decisions have a knock on impact, which may be negative if we perpetuate unsustainable, abusive, illegal or polluting practices. Creating an ethical procurement policy is important as it gives the **Purchasing Panel** a justification for selecting an option apart from the cheapest one, if that will be a more responsible and ethical choice.

There is a lot of paperwork associated with procurement, which needs to be kept and properly filed so that it can be easily retrieved for audit purposes.

### **Standard documents (internally generated)**

- ⊗ Purchase requisition
- ⊗ Local Purchase Order
- ⊗ Goods Received Notes
- ⊗ Payment Requisition
- ⊗ Payment Voucher
- ⊗ Purchase decision record (or equivalent)

### **Source Documents (from suppliers)**

- ⊖ Quotations and pro/forma invoices or records of telephone quotes obtained
- ⊖ Proposals (eg for consultancy services)
- ⊖ Contracts (eg for services )
- ⊖ Invoices
- ⊖ Goods Delivery notes
- ⊖ Receipts

### **Other documents needed for reference**

- ⋈ Budgets
- ⋈ Grant agreements
- ⋈ List of authorised suppliers
- ⋈ Ethical procurement policy
- ⋈ Minutes of Governing Body and Tender Committee meetings

This policy has been reviewed and is recommended for approval by:

**Dipankar Mitra**

**Secretary - 'People's Participation'**

This policy has been viewed and is approved by:  
**Samita Goswami**

✂ **President- 'People's Participation'**