



Abu Dhabi Procurement Standards



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Introduction to the Procurement Framework

The Procurement Framework is a set of interrelated documents devised to help the Procurement Practitioners in their work. It explains the recommended approach and best practices for procurement operations.

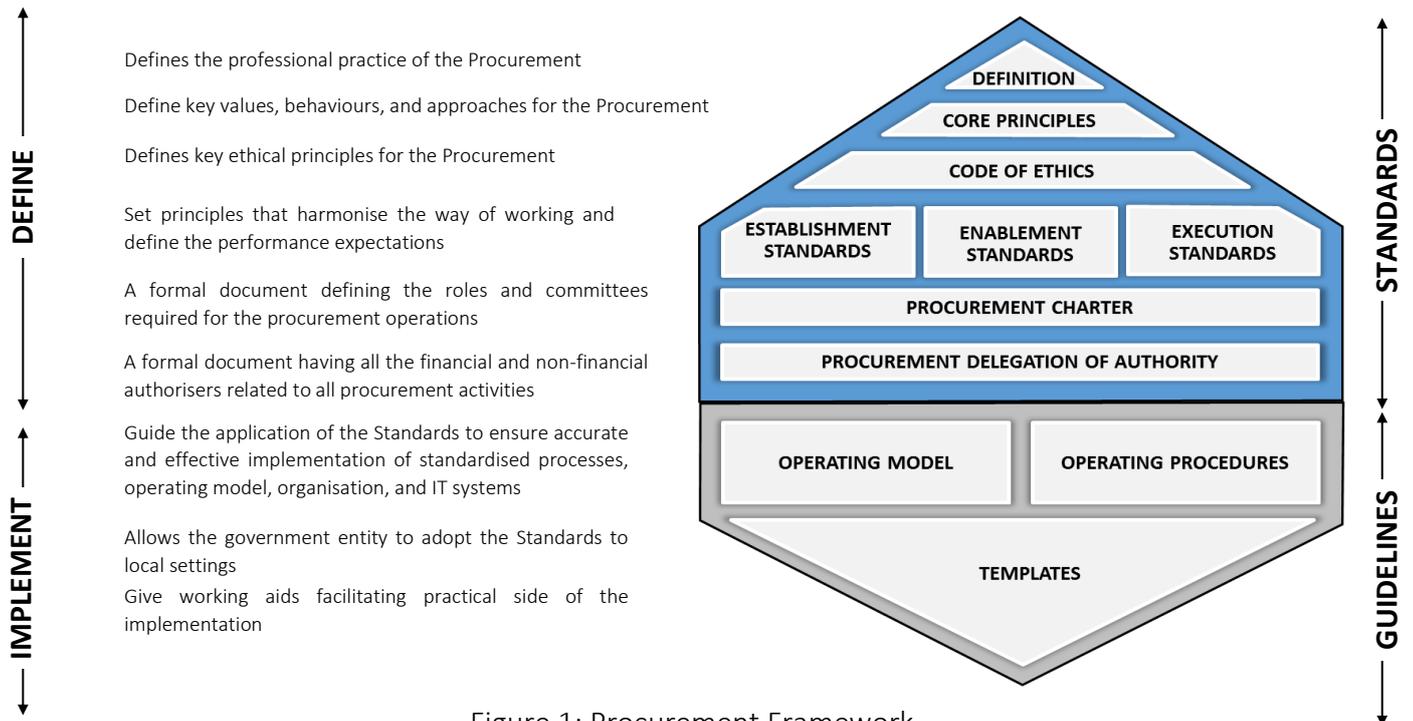


Figure 1: Procurement Framework



Definition of the Procurement

The Procurement is the support function that ensures identification, sourcing, and access to optimal goods, services and projects that the government entities and its End-users require to fulfil their objectives.

The Procurement exists to explore supply market opportunities and to ensure optimal implementation of the sourcing strategies that deliver the best possible supply outcomes for the government entity.

The Procurement adds value and helps the government entity accomplish its objectives by deploying a systematic, disciplined approach to evaluate and address its needs collaboratively. The Procurement is executed through a series of activities spanning entire supply cycle from the understanding of requirements and evaluating the need for them, through identifying and analysing potential supply options, up to contracting with Suppliers and fulfilment of contracts. The Procurement runs continuously with ongoing management of relationships with the End-users, the Legal and the Finance, monitoring supply contracts and performance of Suppliers.



Core Principles

The Core Principles define key values and approaches for the effectiveness of the Procurement. The Procurement Practitioners of the government entity and every supplier engaged by it in procurement operations must adhere to the Core Principles when representing the government entity.

The Procurement Framework establishes the following ten integrated Core Principles:

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|------------------|---|
| A Ability | Develop procurement workforce with right capacity, capabilities and knowledge ensuring professionalism while providing attractive, competitive career options |
| B Accountability | Support accountability through the establishment or enhancement of authorities and ensure internal and external control mechanisms are coordinated and integrated into procurement operations |
| C Digital | Promote digital technologies and facilitate their adoption and development by enabling access to innovations and emerging digital solutions |
| D Effectiveness | Drive cost-effectiveness and improvement in performance of the Procurement through economies of scale, specialisation, and continuous assessment |
| E Excellence | Deliver efficiency and achieve greater value for money and high level of control through the development of streamlined processes and tools |
| F Fairness | Facilitate access to procurement opportunities for potential Suppliers through establishing a fair regulatory framework and implementing transparency and open-door attitude |
| G Integration | Support integration of the Procurement with relevant organisational functions within the government entity, ensuring services delivered are comprehensive and a seamless flow of operations is maintained |
| H Integrity | Preserve high standards of integrity and neutrality in the Procurement through the implementation of standards, code of business ethics and internal controls |
| I Sustainability | Ensure continuity and stability of supply through the integration of risk management practices and the establishment of control mechanisms in procurement operations making them sustainable |
| J Transparency | Ensure an adequate degree of transparency by allowing free access to procurement information, compliance with applicable legislations, and promoting fair treatment of Suppliers |



Code of Business Ethics

Article (1): Objectives and Scope of the Code of Business Ethics

1. The Code of Business Ethics aims to establish principles and rules that serve as a moral constitution that regulates the work of the Procurement Practitioners in accordance with the business ethics expected in the procurement profession.
2. The Code of Business Ethics promotes ethical behaviour and emphasises accountability of the Procurement Practitioners for protecting the reputation of the government entity they represent. It prevents the impropriety and unfair business conduct in procurement operations.
3. The provisions of the Code of Business Ethics shall apply to all Procurement Practitioners in the government entity that abides by the Standards.

Article (2): General Principles

1. The execution of procurement on behalf of the government entity involves the expenditure of funds. The Procurement Practitioners must conduct all activities to achieve sound commercial decisions with integrity and probity.
2. The Procurement Practitioners must be fully aware and act in accordance with the Code of Business Ethics. Violation of the Code of Business Ethics due to lack of awareness of its contents shall not be acceptable.
3. The Procurement Practitioners must immediately report any contravention of the Code of Business Ethics to their direct manager or the head of the Procurement to verify and take the necessary action.
4. The Procurement Practitioners found in contravention of the Code of Business Ethics shall be held accountable for their actions and will be liable for disciplinary or legal action based on the situation and applicable legislations.
5. The Code of Business Ethics establishes the following eight principles that assure ethical procurement:
 - Fiduciary Responsibility
 - Compliance with Applicable Legislations
 - Professional Integrity
 - Avoiding Conflicts of Interest
 - Protecting Confidential Information
 - Maintaining Fair Relationships
 - Environmental Responsibility
 - Professionalism at Work



Article (3): Fiduciary Responsibility

1. The Procurement Practitioners must act in the best interest of the government entity they represent and ensure required goods, services and projects are procured providing expected value to the government entity.
2. The Procurement Practitioners must carry out the duties and responsibilities assigned to them in accordance with the Procurement Standards.

Article (4): Compliance with Applicable Legislations

1. The Procurement Practitioners must conduct all procurement activities in compliance with the local and federal legislations.
2. The Procurement Practitioners shall ensure that engaged Suppliers adhere to local and federal legislations, health, safety and environment regulations when dealing with the government entity.
3. The Procurement Practitioners shall inform the relevant administrative authorities of any violation of the provisions of the applicable legislations by a Supplier.

Article (5): Professional Integrity

1. The Procurement Practitioners shall conduct themselves with highest standards of integrity and must not exhibit the intent or appearance of unethical or compromising conduct in relationships, actions or communications.
2. The Procurement Practitioners shall not misuse their official positions, dispense special favours or make private promises on behalf of the government entity they represent.
3. The Procurement Practitioners must be impartial in carrying out procurement activities to ensure that all stakeholders have confidence in the results, and must demonstrate good procurement practices, accountability and stop purchases in case of violation or suspicion of such.

Article (6): Conflicts of Interest

1. The Procurement Practitioners must manage and avoid conflicts of interests proactively.
2. The Procurement Practitioners shall immediately disclose personal interests and conflicting roles or roles with potential conflicts that may affect or might reasonably be seen by others to affect the integrity of decisions to their direct managers or the head of the Procurement.
3. The Procurement Practitioners are prohibited from participating in any decisions or recommendations concerning individuals or institutions with which they have an existing or prospective Financial Interest.
4. The Procurement Practitioners must not grant special favours or treatment and avoid personal, reciprocal agreements with Suppliers. The Procurement Practitioners shall not accept gifts or anything of material or moral value.



Article (7): Confidential Information

1. The Procurement Practitioners must not disclose confidential or proprietary information for the personal or professional benefit.
2. Sensitive information related to spend, contracts, pricing, sourcing events, Supplier performance, commercial and strategic planning must be kept confidential and disclosed only to the authorised personnel, maintaining an electronic audit trail.
3. The Procurement Practitioners shall be responsible for safeguarding financial, proprietary and other confidential information provided by Suppliers to the government entity.

Article (8): Fair Relationships

1. The Procurement Practitioners shall promote positive Supplier relationships to maintain a competitive procurement environment by treating all Suppliers equally and fairly.
2. The Procurement Practitioners shall not exert undue or coercive influence over Suppliers to supply at prices below the cost or deliberately establish terms resulting in a loss to the Suppliers or exclusion of any of them.

Article (9): Environmental Responsibility

1. The Procurement Practitioners shall consider the concept of sustainability to avoid adverse social and environmental impact of the goods, services and projects procured.
2. The Procurement Practitioners shall strive to purchase goods, services and projects that meet environmental regulations and they shall challenge the demand to purchase and consume optimally by eradicating wasteful practices.
3. Where applicable, the Procurement Practitioners shall offer assistance to Suppliers in raising their environmental awareness in accordance with applicable local and federal environmental legislations.

Article (10): Professionalism

1. The Procurement Practitioners must conduct themselves professionally and apply high professional standards while performing work, thereby contributing to the efficient and professional execution of their responsibilities. The Procurement Practitioners must observe the following:
 - Be familiar with the Procurement Framework
 - Be familiar with applicable legislations which the government entity is subject to
 - Exercise necessary professional attention in the execution and supervision of procurement operations and the preparation of reports
 - Maintain professional competence through continuing professional development



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Procurement Standards

Establishment Standards

The Establishment Standards explain the overall Procurement Framework defined to promote the practice of professional procurement. The Establishment Standards set the purpose and objectives of the Procurement Standards, their structure and management approach.

Section 1: Purpose, Scope and Structure of the Procurement Standards

1.1. Purpose of the Procurement Standards

- A. The Procurement Standards set out principles and operating rules for running procurement operations. They offer information on the leading practices and professional requirements.
- B. They aim to ensure consistency and professionalism in everyday procurement activities. The Procurement Practitioners abiding by the Procurement Standards positively influence the value for money for the government entity they represent.

1.2. Scope of the Procurement Standards

- A. The Procurement Standards apply to individual Procurement Practitioners as well as the Procurement as an organisational function within the government entity.
- B. The Procurement Standards apply to every purchase made by the government entity, for goods, services and projects regulated by price list agreements, contracts or orders.

1.3. Structure of the Procurement Standards

- A. The Procurement Standards comprise of three main types: Establishment, Enablement, and Execution.
 - A1. The Establishment Standards introduce the Procurement Framework and the Procurement Standards as its component and define the purpose, intended use and applicability. They assign responsibility and set the governance mechanism thereof.
 - A2. The Enablement Standards define attributes of functions and individuals practising procurement and describe requirements for actors, relations and setup conditions to procure efficiently. They introduce the Procurement as a function providing services to the requesting party or End-users.
 - A3. The Execution Standards define the way of working and expected performance of the Procurement with the criteria against which to measure it. They split procurement into strategic, tactical and operational processes.
- B. The Procurement Standards as a document is organised into sections containing enumerated standards.



Section 2: Application of the Procurement Standards

2.1. Applicability of the Procurement Standards

- A. The Procurement Standards shall be implemented in their entirety and within the flexibility defined therein. Partial implementation of the Procurement Standards is not allowed.
- B. The Procurement Standards shall be applicable to the government entities and any other organisation included through a resolution issued by the Executive Council or by any other body authorised by the Executive Council.

2.2. Compliance with the Procurement Standards

- A. The Procurement Practitioners must have knowledge and understanding of the Procurement Standards.
- B. The head of the Procurement shall ensure that Procurement Standards are communicated and made available to all the relevant stakeholders across the government entity.
- C. The head of the Procurement shall be responsible for ensuring that the Procurement Practitioners act in compliance with the Procurement Standards.
- D. The head of the Procurement and the Procurement Practitioners shall sign a declaration undertaking the responsibility to ensure that the procurement function of the government entity operates in compliance with the Procurement Standards.

2.3. Procurement Manual

- A. The government entity must implement the Procurement Manual issued pursuant to the Abu Dhabi Procurement Standards. The Executive Council or the relevant body authorised by the Executive Council may exclude any government entity from the application of the Procurement Manual.
- B. The Procurement Manual shall be consistent with the Procurement Standards and shall include the methodology and procedures of the procurement.
- C. The Procurement Manual shall be updated periodically to ensure that best practices are applied in procurement operations.
- D. The head of the Procurement shall be responsible for ensuring that the Procurement implements the Procurement Manual.

2.4. Quality Assurance

- A. The head of the Procurement shall prepare and maintain a quality assurance and improvement program that covers all aspects of the procurement function.



- B. The head of the Procurement shall obtain approval of the quality assurance and improvement program from the Procurement Committee.
- C. The quality assurance and improvement program shall assess compliance of the procurement function with the Procurement Standards, the Procurement Manual and the Code of Business Ethics. This program shall include an evaluation of the effectiveness and efficiency of the procurement function and the identification of opportunities for improvement.

2.5. Interpretation of the Procurement Standards

- A Dedicated procurement professionals authorised for maintaining the Procurement Standards shall be responsible for responding to queries regarding the Procurement Standards.



Enablement Standards

The Enablement Standards define the attributes of functions and individuals involved in procurement operations. They describe requirements for actors, relations and setup conditions required to perform the procurement effectively.

Section 3: Procurement Function

3.1. Procurement Charter

- A. The Procurement Charter defines the obligatory roles in the procurement function and mechanism of its governance in line with the Procurement Framework.
- B. The Procurement Charter defines the committees required for the procurement operations, in particular the roles and responsibilities of the Procurement Committee and the Tendering Committee.
- C. The head of the Procurement shall ensure that procurement operations are in accordance with the Procurement Charter.

3.2. Types of Procurement

- A. The Procurement is divided into the following three main types:
 - A1. Procurement of goods
 - A2. Procurement of services
 - A3. Procurement of projects including capital assets
- B. The procurement of goods, services and projects is facilitated through execution of the following:
 - B1. Price List Agreements
 - B2. Contracts
 - B3. Orders

3.3. Organisation of the Procurement Function

- A. The Procurement shall execute its operations through an organisational unit led by the head of the Procurement.
- B. This unit may be established within or outside of the government entity and shall be independent of the other units of the government entity. It shall be empowered and capable of executing the duties and responsibilities entrusted to the Procurement.
- C. The role of the head of the Procurement shall be assigned to an executive level position or to a position reporting to an executive level that enables the Procurement to fulfil its assigned responsibilities.



- D. The Procurement must conduct its activities through professional staff consisting of individuals, the Procurement Practitioners, possessing academic qualifications, professional certificates, practical experience and skills needed to perform assigned responsibilities.

3.4. Information Technology Platform and Master Data

- A. The Procurement shall:
- A1. Utilise an information technology platform for the procurement operations, the Procurement Gate.
 - A2. Manage access of the Procurement Practitioners, other relevant employees and external parties to the Procurement Gate and granting required authorizations.
 - A3. Manage the Category Hierarchy for goods, services and projects, which shall serve as a primary structure for planning, execution and reporting.

3.5. Roles of the Procurement Practitioners

- A. The head of the Procurement of each government entity shall identify and document the roles and duties of the Procurement Practitioners ensuring compliance with the Procurement Standards.
- B. The roles must be created in alignment with the strategic, tactical and operational processes defined by the Execution Standards.

3.6. Procurement Internal Controls

- A. The Procurement shall act in line with the internal controls implementing segregation of duties to prevent frauds and errors. No one individual shall control consecutive stages of the requisition to payment cycle. There shall be segregation of duties between the requisitioning, contracting and ordering, receiving and paying. If separation at the level of roles is not possible then separation must be maintained at the individual level. The individual separation requires the approval of any performed activity by another individual.
- B. Segregation of duties requires separation of requestors or receivers and accounts personnel, as well as separation of requestors and approvers.
- C. The Procurement shall maintain an electronic audit trail documenting the segregation of duties for each sourcing event and each transaction.

3.7. Procurement Delegation of Authority

- A. The Procurement Delegation of Authority, the PDoA, shall describe division of authority and powers in the government entity related to procurement operations.
- B. The PDoA must contain all the financial and non-financial authorisers related to all procurement activities.



Section 4: Procurement Clients and Partners

4.1. Coordination with the requesting party

- A. The Procurement shall undertake actions to facilitate collaboration and coordination with the requesting party, from now on referred to as the End-users, to ensure the requirements are understood and fulfilled.

4.2. Coordination with the Finance and the Legal

- A. The Procurement shall closely coordinate with the Finance and the Legal functions within the government entity. It shall manage the mutual relationship between the functions and shall take the necessary advice from these functions.

4.3. Coordination with Suppliers and Other Relevant Parties

- A. The Procurement shall manage its relations with Suppliers and other relevant parties through specific procedures, in line with the Procurement Standards and the Procurement Manual.

4.4. Procurement Risks Management

- A. The Procurement shall prepare a register to document the procurement risks according to the best standards and methodologies for risk management, with the objective of identifying, evaluating and mitigating the risks.
- B. The Procurement shall view risk management as an embedded activity throughout all procurement operations. Procurement risks are defined as all potential events that can negatively affect the operations of the procurement function.
- C. The Procurement shall apply common criteria and approach for risk management intended to identify, evaluate, mitigate, monitor and communicate risks related to the procurement operations across the government entity.
- D. The Procurement shall take into consideration every-day and exceptional risks that may affect the procurement operations.

4.5. Procedures for Compliance with Applicable Legislations

- A. The Procurement Practitioners must be familiar and act in line with the legislations applicable for the Procurement.
- B. The head of the Procurement in coordination with the Legal shall establish mechanisms to ensure the Procurement operates in compliance with the Procurement Standards, the Procurement Manual and the applicable legislations.



Section 5: Procurement Governance and Communication

5.1. The Procurement Committee

- A A single Procurement Committee shall be established at each government entity to manage the scope of the Procurement and supervise its operations.
- B The Chairman of the government entity shall appoint the members of the Procurement Committee.
- C The Procurement Committee shall supervise procurement operations and endorse relevant procurement activities as per the PDoA.

5.2. The Tendering Committees

- A Tendering Committees shall be established to evaluate the results of relevant tenders and encourage cross-functional collaboration.
- B Separate Tendering Committees for technical and commercial evaluations may be formed, as required.
- C The head of the Procurement shall endorse the members of the Tendering Committees appointed by authorised parties as per the PDoA for each relevant tender.

5.3. Redressal Authority for Procurement

- A. The Procurement shall adhere to the internal reporting structure for the redressal of any internal grievances or complaints related to the operations of the Procurement.
- B. The Procurement shall escalate unresolved grievances or complaints raised by the Suppliers to the authorised committees or bodies established for this purpose.

5.4. Communication Channels

- A. The Procurement shall establish suitable communication channels to facilitate communication and coordination between all parties involved in the execution of the procurement operations.

Section 6: Procurement Function Performance

6.1. Procurement Function Plan

- A. The head of the Procurement shall prepare on an annual basis an internal plan of the procurement function, the Procurement Function Plan, that shall at the minimum include:
 - A1. The outcomes and outputs of the procurement function aligned to the procurement strategy
 - A2. The targets for outcomes and outputs with relevant performance measures



- A3. The annual internal budget of the procurement function
- A4. The duties and activities assigned to the Procurement Practitioners to be executed during the year
- B. The head of the Procurement shall present the Procurement Function Plan for approval to the Chairman of the government entity.
- C. The head of the Procurement shall report the performance of the procurement function against the Procurement Function Plan to the Chairman of the government entity on a semi-annual basis at the minimum.

6.2. Continuing Professional Development

- A. The head of the Procurement shall ensure that all of the Procurement Practitioners have the necessary qualifications and competencies to discharge their responsibilities effectively.
- B. The head of the Procurement and the Procurement Practitioners shall improve their knowledge, skills and competencies through continuing professional development, for which the head of the Procurement must ensure the allocation of a sufficient number of training hours per year, not less than minimum 40 hours per year.

Section 7: Procurement Reporting

7.1. Procurement Management Report

- A The head of the Procurement shall present the Procurement Management Report of the procurement function biannually to the Chairman of the government entity. The Procurement Management Report shall include at the minimum the following:
 - A1. Spend value per category
 - A2. Spend value per Supplier
 - A3. Contracted price for goods, services and projects
 - A4. Delivered savings against planned savings for each category validated by the Finance
 - A5. Signed Price List Agreements, Contracts against the plan and issued orders
 - A6. Status of the procurement of projects against the plan
 - A7. Ageing of due invoices
 - A8. Supplier and the End-users satisfaction to be reported yearly
 - A9. Status of strategic initiatives against the plan
 - A10. Compliance with approved buying channels and Contracts for each category



- A11. Details of Sole Source or Single Source tenders awarded including value of award, supplier particulars and approved justification
- A12. Emergency purchases made including value of purchase, supplier particulars and approved justification
- A13. Details of escalations or complaints received from internal or external parties regarding procurement operations
- A14. Any important outstanding matters for the management's decision and other relevant information



Execution Standards

The Execution Standards define the necessary practices, rules and controls for procurement operations.

Section 8: Procurement Strategy

8.1. Introduction

- A. The strategy of the Procurement is integral to achieving the overall strategy of the government entity. To that end, written procurement strategy, which may be part of the broader organisational strategy of the government entity, shall be created by the Procurement.
- B. The procurement strategy shall include the following:
 - B1. Vision, mission and strategic objectives for the Procurement
 - B2. Procurement categories with their high-level strategies
 - B3. Demand management insights, targets and actions
 - B4. Supply options with impact and risk assessment
 - B5. The potential for rationalisation, standardisation, and economies of scale
 - B6. Completed, ongoing and planned strategic actions
 - B7. Development and management of the relationship with key stakeholders
- C. The procurement strategy shall be prepared by the head of the Procurement and shall be submitted for approval of the Procurement Committee, which is followed by the approval of the Chairman of the government entity.

8.2. Vision and Mission

- A. The vision and mission of the Procurement shall extend from the vision and mission of the government entity. They shall be in line with the Core Principles and constitute part of the procurement strategy.

8.3. Strategic Goals and Objectives

- A. The Procurement shall set strategic goals and objectives based on the vision and mission. The goals describe what will happen and objectives describe what will be achieved.
- B. The Procurement shall cascade down the objectives and goals agreed collaboratively with the End-users and the Finance. The Procurement shall set key performance indicators that will be used to report fulfilment of the procurement strategy.
- C. The head of the Procurement shall ensure that all stakeholders in the government entity, including the Procurement Practitioners, are aware of the strategic goals and objectives.



- D. The head of the Procurement shall assign performance objectives to the Procurement Practitioners in line with the strategic goals of the procurement function. These objectives shall be used to assess the performance of the Procurement Practitioners.
- E. The Strategic goals and objectives of procurement strategy shall relate, but are not limited to:
 - E1. Capabilities, processes and organisation of the Procurement
 - E2. Planned delivery of the procurement services including ongoing and upcoming projects and contracts in place as well as planned
 - E3. Category management with approach, structure, and content of the actual strategies
 - E4. Sourcing management as execution part of the category strategies and ad-hoc requests
 - E5. Contract management and Supplier management following the results of the sourcing
 - E6. Requisition to pay operations

8.4. Implementation of the Procurement Strategy

- A. The Procurement shall plan the implementation of the procurement strategy consisting of the initiatives approved by the Procurement Committee.
- B. The Procurement shall identify and prioritise potential initiatives based on internal and external analysis. The Procurement is encouraged to seek inputs from the End-users acting as subject matter experts.
- C. Appropriate business cases shall be prepared by the Procurement for the initiatives. The execution of the initiatives shall be planned against an annual calendar. The business case must be created for initiatives related to the procurement of projects.
- D. The Procurement shall continuously track the execution of procurement strategy and present it to the involved parties.

Section 9: Demand and Category Management

9.1. Introduction

- A. The Procurement shall drive the demand and category management to have a clear understanding of the demand and ensure the right supply of goods, services and projects so that the government entity achieves its objectives.
- B. Demand management involves developing forward-looking estimates of the required goods, services and projects by having a clear understanding of specifications, quantities, timelines and importance. It drives cost efficiencies through challenging and consolidation of requirements of End-users to standardise purchases, eradicate wasteful practices and avoid unnecessary costs.



- C Category management is a structured approach, which aims at developing plans and strategies to deliver value for a specific category of spend. It takes into account internal and external environments for reducing procurement costs, driving innovation and mitigating risks.

9.2. Category Analysis

- A The Procurement Practitioners responsible for managing categories shall perform detailed analysis of categories focusing on internal and external factors to identify opportunities for driving savings and efficiencies.
- B The internal category profiles shall at the minimum include the following elements:
 - B1. Description of the category with its scope and use
 - B2. Spend profile showing the distribution of spend, Suppliers, and contracts
 - B3. Demand profile outlining current and estimated business needs
 - B4. Stakeholders profiles relevant for the category
- C The external category profiles based on market analysis shall at the minimum include the following elements:
 - C1. Industry Structure and its added value chain
 - C2. Market structure and trends including size, business segments, prices and commodity indices
 - C3. Analysis of Economic Factors which drive the demand
 - C4. Analysis of total cost and cost drivers of the category
 - C5. Supplier landscape including the number, composition and standing of the major Suppliers
 - C6. Analysis of forces that determine the competitiveness of the industry

9.3 Category Strategy

- A The Procurement Practitioners responsible for managing categories shall utilise the results of category analysis to develop strategies, which set an overall direction for the management of categories through initiatives.
- B The Procurement Practitioners may seek cross-functional inputs for developing the category strategy, if required.
- C The category strategy must identify value levers that reduce procurement costs, drive innovation and efficiency while mitigating risks associated with the category.
- D The Procurement shall prepare category segmentation as a part of the overall category strategy. The category segmentation shall consider at a minimum the following:
 - C1. Criticality of category for the government entity



- C2. Ease of supply of goods, services and projects including Supplier substitution
- C3. Potential benefits to be realised

9.4. Intellectual Property

- A. The Procurement shall collaborate with the End-users to identify if the required goods, services or projects involve Intellectual Property, including Background Intellectual Property and Foreground Intellectual Property.
- B. The Procurement shall ensure that the End-users justify any requests to transfer, license, retain or share the ownership of Intellectual Property not owned by the government entity, such a request may be supported by a business case developed by the End-users.
- C. The Procurement shall consult with the Legal and the End-users to ensure that relevant provisions are included in the solicitation and contract documents and communicated to the Suppliers, in case the Intellectual Property not owned by the government entity is required to be transferred, licensed, retained or shared.
- D. The Procurement shall consult with the Legal and the End-users to ensure that the Intellectual Property owned by the government entity is protected through relevant provisions in the solicitation and contract documents.

9.5. Consolidated Annual Demand

- A. The Procurement shall initiate and drive the annual demand consolidation for the fiscal year to ensure that the government entity operates normally and continuously. The Procurement shall collect from the End-users the best estimates of annual requirements for goods, services and projects. The information collected must, at the minimum, include:
 - A1. Identification of requirements against the Category Hierarchy and their specifications
 - A2. Estimated quantity and expected budget for the goods, services and projects planned
 - A3. Procurement timelines with expected delivery dates for goods and schedules for services and projects
 - A4. Specific demand for the procurement of projects indicating plan, the scope of work and potential Suppliers for each planned project
- B. If the complete demand cannot be obtained, then the Procurement shall estimate the requirements.
- C. The Procurement shall seek advice from the End-users in estimating budgets for the demand based on the historical data, prices, and market insights.
- D. The schedule for demand planning shall be defined through the budgeting cycle, and the Procurement shall communicate to the End-users the consolidated annual demand.



- E. The head of the Procurement shall be responsible for the demand consolidation activity and its results.

9.6. Demand Optimisation

- A. The Procurement shall validate the consolidated demand against historical demand trends to verify the submitted estimates. The Procurement shall investigate any abnormalities found in the estimated demand with the End-users and suggest revisions as necessary.
- B. The Procurement shall verify demand raised by the End-users to ensure consumption and purchasing are at optimal levels. To achieve it any wasteful practices identified shall be eradicated by applying levers including, but not limited to:
 - B1. Historical consumption trend comparison
 - B2. Order quantity optimisation
 - B3. Appropriate substitutes introduction
 - B4. Requirements standardisation

9.7. Feasibility Study

- A. The Procurement shall ensure requestors prepare feasibility study for purchases of goods, services and projects requiring justification as per the PDoA. In case of the procurement of projects, the feasibility study created during the investment planning shall be verified and appropriated.
- B. Where possible, the Procurement shall ensure that the feasibility study explore opportunities for cross-organisational collaboration within the government entity.

9.8. Procurement Financial Bridging

- A. The Procurement shall develop consolidated demand requirements plan estimated for the categories. It shall represent mid-term spend plan used to feed financial budgeting activity.
- B. The Procurement shall verify and ensure the allocation of sufficient budgets for the procurement categories.
- C. The budgets shall include split between operational and capital expenditures. The Procurement shall include the budgets of planned projects separately.
- D. During the execution, in case of a budget shortfall, the Procurement shall ensure that the End-users either reduce the demand or work with the Finance to increase the allocated budget. The budgets for the procurement of projects shall be matched against investment plans of the projects with any discrepancies raised to the respective End-user of the projects and the Finance.



9.9. Procurement Plan

- A. Procurement planning determines how best to fulfil the requirements captured from within the government entity. Its objective is to balance supply and demand so that the government entity achieves the financial and service delivery objectives.
- B. The procurement plan focuses on the examination of operating contracts and selection of sourcing methods to renew existing or creating new supply agreements.
- C. The procurement plan defines all requirements for goods, services and projects to be procured over a period of time. It establishes the high-level timelines for the sourcing events. The Procurement shall use the procurement plan to consolidate similar requirements under same contracts.
- D. The Procurement shall at the minimum consider the following parameters while preparing the procurement plan:
 - D1. Needs and requirements
 - D2. Quantities and estimated costs
 - D3. Budget requirements
 - D4. Opportunities for demand consolidation
 - D5. Appropriate procurement methods and processes
 - D6. Schedule of sourcing events
 - D7. Readiness and potential risk mitigation
- E. The Procurement may include in the procurement plan initiatives other than sourcing events, related to demand management, supplier relationship management, contract lifecycle management and other procurement responsibilities.
- F. The Procurement Practitioners shall include in the procurement plan the schedule of sourcing events for their owned categories, having at a minimum the timelines of planned activities and the involved parties.
- G. The Procurement Practitioners shall prepare the procurement plans for their owned categories.
- H. The head of the Procurement shall be responsible for approving the procurement plan.

9.10. Procurement Plan Monitoring

- A. The Procurement shall monitor the execution of the procurement plan and if relevant adjust it to accommodate new requirements or changes communicated by and agreed with the stakeholders.
- B. The head of the Procurement shall be responsible for approving the changes to the procurement plan.



9.11. Stakeholder Collaboration

- A. The Procurement shall identify key stakeholders involved in procurement operations, their interests and relative importance. Internal and external stakeholders can include partners, Suppliers, the End-users, management, the Finance, the Legal and subject matter experts.
- B. The Procurement shall identify stakeholders required for successful procurement planning, along with their expected contribution. The procurement planning, especially any exchange of information and correspondence with the stakeholders, shall be documented for traceability and probity.

9.12. Benefits Tracking

- A. The Procurement shall track the benefits delivered to the government entity through cost reduction, cost avoidance, service level and quality.
- B. The Procurement shall develop appropriate and consistent methodologies to calculate the benefits delivered.
- C. The Procurement shall develop credible baselines to measure benefits considering at a minimum the following:
 - C1. Historical costs
 - C2. Previously contracted rates
 - C3. Budget estimates or allocation
 - C4. Projected cost increase resulting from macroeconomic factors or Supplier requests
- D. The Procurement shall collaborate with the End-users for inputs required to track the benefits and may engage the Finance and subject matter experts for validation.
- E. The Procurement shall regularly report the benefits.

Section 10: Source to Contract

10.1. Introduction

- A. The Procurement through the source to contract shall identify the right Suppliers to fulfil the government entity's requirements for goods, services and projects efficiently and cost-effectively. The Procurement shall manage the source to contract cycle ensuring collaboration of the End-users, the Finance and the Legal, and engaging Suppliers when necessary.
- B. The course of the source to contract cycle includes gathering specifications and requirements, identification of appropriate sourcing methods, preparation of solicitation documents and execution of solicitation. The Procurement shall ensure evaluation of offers received, conduct negotiations and award contracts to the most suitable Suppliers.



10.2. General Guidance for Source to Contract

- A. The Procurement shall adhere, at the minimum, to the following during source to contract:
- A1. Sourcing activity shall comply with the Procurement Standards, relevant regulations, and shall be performed within the confines of the Code of Business Ethics.
 - A2. Sourcing requests shall be verified by the Procurement against existing contracts and inventories to identify if the requirement can be fulfilled without entering new obligations.
 - A3. Procurement requirement shall not be split to bypass approval authorities. If there is a genuine need to split the procurement requirement, then it shall be documented and approved by the head of the Procurement.
 - A4. Sourcing for projects shall be initiated after the underlying initiative has been approved and shall require approval from appropriate authorities as per the PDoA.
 - A5. Appropriate sourcing method and solicitation channel shall be selected by Procurement.
 - A6. Sourcing shall require approval from and shall be governed by the appropriate authority as per the PDoA.
 - A7. The Tendering Committee, if mandated by the PDoA, shall be set up for sourcing including the representatives of the requestor as well as subject matter experts relevant for the domain of the request.
 - A8. The Procurement Practitioners responsible for managing categories shall drive the source to contract activities for that category.
 - A9. Sourcing shall be executed electronically through the Procurement Gate.
 - A10. Confidentiality agreement shall be signed by all Suppliers, before sharing any confidential information.
 - A11. Suppliers shall be given the opportunity to raise questions and request clarifications during the sourcing activity.
 - A12. Information gathering and dissemination shall be done in an open, fair and transparent manner with all participants having equal access to information.
 - A13. Clear audit trail capturing document transmission between the Procurement and Suppliers shall be maintained electronically to facilitate tracking and auditing.
 - A14. Suppliers shall be given reasonable time to respond to tenders with an option to request for extensions.

10.3. Need Identification and Analysis

- A. The Procurement shall initiate source to contract cycle when a procurement need has been identified either by the End-users or through the procurement planning exercise.



- B. The Procurement shall create the sourcing request in the Procurement Gate. The sourcing request shall be approved by the appropriate authority as per the PDoA.
- C. The Procurement shall analyse the requirement and determine whether it can be fulfilled through an existing contract or if there is a need for a new contract. If the Procurement determines that a sourcing event is required to initiate a new contract, then it shall identify relevant stakeholders, determine critical business requirements and conduct internal analysis and market research to develop the sourcing strategy.

10.4. Budget Approvals and Financing

- A. The Procurement shall partner with the End-users to develop a reliable cost estimate of the request. The Procurement is encouraged to use market research, historical price trends or budgetary quotations to develop the cost estimate.
- B. The Procurement shall determine if sufficient budget and approvals exist for the requirement. If the budget is not approved or is insufficient, then the Procurement shall ensure that the End-users have the required budget allocated in coordination with the Finance through the appropriate process before sourcing.
- C. The Procurement shall ensure that the End-users allocate additional budget in coordination with the Finance before contracting, in case of shortfall.

10.5. Sourcing Methods

- A. The Procurement, at the minimum, shall employ the following methods enabled through the Procurement Gate:
 - A1. The Public Tender which shall be accessible through the Procurement Gate and shall be publicly announced. The public tender shall be open to all suppliers allowing them to register in the Procurement Gate for placing the bids.
 - A2. The Limited Tender which shall be open to a predefined number of registered and qualified Suppliers, or the registered Suppliers recommended by the End-users and approved by the Procurement. The Procurement may include additional registered Suppliers that are appropriate for the sourcing.
 - A3. The Sole Source Tender is a variation of the limited tender where there is only one qualified supplier capable of supplying the required goods, services and projects with whom the contract may be established.
 - A4. The Single Source Tender is a variation of the limited tender where only one qualified supplier is invited from a pool of registered suppliers for solicitation. This type of tendering method may be adopted when there is a valid reason for using a particular supplier. The Procurement shall endeavour to suggest suitable alternatives whenever the Single Source tender is suggested by the End-users.



- A5. The decision to proceed with the Sole Source or Single Source tenders shall require approval from the head of the Procurement followed by approvals defined in the PDoA.
- B. The Procurement shall use appropriate sourcing methods to initiate new or update existing contracts for requested goods, services and projects.
- C. The Procurement shall refer to the PDoA for selection and use of the appropriate sourcing method obtaining relevant approvals.
- D. The Procurement shall obtain approval for Sole Source or Single Source tenders or any deviations from the prescribed sourcing methods. The Procurement shall ensure that the justification for obtaining the approval considers, at a minimum the following:
- D1. The explanation for using Sole Source or Single Source or deviations from prescribed sourcing method
- D2. Business case justifying the Sole Source or Single Source tenders or benefits of deviating from prescribed sourcing method
- D3. Relevant information about the requirement such as category, quantity, estimated value, source of production, approvals from concerned authorities, delivery date or schedule for goods, services and projects
- E. The Procurement shall communicate lead-time for each sourcing method, so that the End-users may factor the relevant processing time in their planning.

10.6. Solicitation Channels

- A. The Procurement shall select the appropriate solicitation channel for execution of the sourcing activity. The following solicitation channels, at the minimum, shall be available in the Procurement Gate:
- A1. The Request for Information, RFI for short, shall be used for gathering information or budget estimates from a broad base of potential Suppliers. The RFI facilitates preparation of the RFP or the RFQ, developing strategy, shortlisting Suppliers or building a database.
- A2. The Request for Proposal, RFP for short, shall be used for seeking proposals from Suppliers. The RFP is best suited for situations where the End-users know what they want to achieve and rely on Suppliers to propose the solution. The RFP relies on the experience and creativity of Suppliers to define the best solution and may be followed by the RFQ or negotiations.
- A3. The Request for Quotation, RFQ for short, shall be used for seeking pricing information for a defined scope of work or supply of specified goods or services. The specifications, terms and expectations must be defined in the RFQ.
- A4. The Reverse Auction may be used as an alternative to the RFQ for highly commoditised goods, services and projects or where specifications have already been fully acknowledged by participating Suppliers. The Reverse Auction shall be conducted between a number of



pre-selected Suppliers registered for the category to help achieve the savings. The Procurement must ensure that fairness and confidentiality is maintained while conducting Reverse Auctions. Details of the participants and their offers shall not be publicly disclosed.

10.7. Specification Engineering

- A. The Procurement shall develop specifications in collaboration with End-users and subject matter experts if required. The Procurement shall consider the following aspects, at the minimum, while developing specifications:
 - A1. Specifications shall define what the End-user has requested and consequently what the Supplier is expected to provide.
 - A2. Specifications shall ensure all essential user and general requirements are stated in functional and performance terms.
 - A3. Specifications shall be precise yet broad enough to encourage competition.
 - A4. Specifications shall not favour any Supplier.
- B. The Procurement shall explore the opportunity to standardise the specifications where possible.
- C. The Procurement shall formally document the specifications and inform the involved stakeholders.

10.8. Sourcing Strategy

- A. The Procurement shall develop a sourcing strategy for achieving the objectives set in the category strategy and procurement plan.
- B. The Procurement shall conduct further detailed assessment of internal trends, market opportunities, risks and Supplier base, if not sufficiently covered in the category strategy.
- C. The Procurement shall select a sourcing method and determine the appropriate solicitation channel based on the objectives of sourcing activity.
- D. The sourcing strategy shall include the expected benefits and their measurement methods.
- E. The Procurement shall develop a detailed plan for each sourcing events identified in the sourcing strategy having milestones, timelines and responsibilities of involved stakeholders including the End-users, the Tendering Committee, the Procurement Committee, the Finance, the Legal, subject matter experts and Suppliers.
- F. The Procurement shall promote cross-functional collaboration by engaging Tendering Committee for providing inputs to the sourcing strategy when mandated by the PDoA.
- G. The Procurement shall obtain the approval of sourcing strategy as per the PDoA.



10.9. Screening of Suppliers

- A. The Procurement shall establish Supplier screening criteria and screen potential Suppliers to shortlist the most competent and high-performing Suppliers. The screening criteria established by the Procurement may be based on, but not limited to:
- A1. Financial health which includes sound financial position, audited statements of accounts, cash flow position and credit ratings
 - A2. Commercial standing which includes business relations with reputed organisations
 - A3. Legal standing which includes information regarding past litigations, suspension of business activities, bankruptcy and liquidation
 - A4. Technical capabilities which include the provision of technical staff with required know-how, manufacturing or service equipment, distribution network and certifications related to quality, health, safety and environment
 - A5. Quality of the goods, services and projects established by reviewing the successful competition of previous contracts and business performed successfully
 - A6. Historical Supplier performance assessed by evaluating the Supplier performance scores available in the Procurement Gate
- B. The Procurement may seek to engage diverse and underrepresented Suppliers based on the strategic goals and objectives approved by the appropriate government authority.
- C. The End-users may recommend registered Suppliers for sourcing. The Procurement is encouraged to augment the list of recommended Suppliers based on the Supplier database, previous contracts and market research.
- D. In case of the procurement of projects, the Procurement shall include any Suppliers proposed during the planning. The Supplier screening criteria for the procurement of projects may be recommended by the End-user of the project.

10.10. Solicitation Documents

- A. The Procurement Practitioners responsible for managing categories shall work in collaboration with the End-users to ensure that solicitation documents prepared for the sourcing events include at the minimum:
- A1. The details of issuing authority assigned to administer the solicitation
 - A2. Method, required content, format and timeline for response submission
 - A3. Criteria for evaluation and awarding procedure
 - A4. Provisions for negotiations, if required
 - A5. Draft contract with terms and conditions and any other requirements provisioned for the delivery of goods, services and projects including sub-contracting



- A6. Non-disclosure agreement and no-conflict of interest undertaking required of the government entity's Suppliers
- B. The Procurement is encouraged to utilise the standard templates available in the Procurement Gate for solicitation.

10.11. Financial Instruments

- A. The Procurement for each solicitation shall at a minimum identify:
 - A1. Value and validity of bid bonds, performance bonds and advanced payment guarantees as per the PDoA
 - A2. Conditions for exemption from submission of a bid, performance bonds and advanced payment guarantees along with relevant authority for seeking exemption as per the PDoA
 - A3. The mechanism for handling bid, performance bonds and advance payment guarantees, which shall include submission, part or complete liquidation and release
 - A4. Role of the Procurement, the Finance and the End-users in managing the bid and performance bonds

10.12. Functional Review of Solicitation Document

- A. The Procurement shall ensure review of the prepared solicitation document before publishing.
- B. The Procurement shall ensure that the solicitation documents having the following are reviewed and validated by the Finance, the Legal and any other relevant parties determined by the Procurement:
 - B1. Non-standard terms and conditions
 - B2. Complex pricing arrangements
 - B3. Advance payments safeguarded by a bank guarantee
 - B4. Embedded derivatives or leasing arrangements

10.13. Approval of Solicitation Document and Issuance

- A. The Procurement shall obtain approval of the prepared solicitation documents from the appropriate authority as per the PDoA.
- B. The Procurement shall issue the approved solicitation document using the Procurement Gate, and facilitate all administrative functions such as advertising, notifications, managing meetings and conferences, receiving queries and issuing clarifications.



10.14. Solicitation Execution Considerations

- A. The Procurement shall drive the execution of solicitation ensuring collaboration of the End-user, the Finance and the Legal. The Procurement shall administer the execution of solicitation through the Procurement Gate, adhering at the minimum, to the following principles:
- A1. Established procedures for Public, Limited, Sole Source and Single Source tenders shall be followed
 - A2. Solicitations shall be appropriately published as per the requirement of the selected sourcing method
 - A3. Probity and transparency shall be maintained for ensuring fairness, impartiality, and consistency
 - A4. The same level of information shall be available to all competing Suppliers and amendments in the solicitations shall be shared with all competing Suppliers at the same time
 - A5. Necessary communication to and from Suppliers shall be done through the Procurement Gate
 - A6. Sufficient time shall be given to Suppliers for submission of a response to the solicitation and formal written request for an extension in deadline shall be considered. Extension in deadline shall apply to all Suppliers
 - A7. Additional rounds of solicitation may be held if needed

10.15. Bid Management

- A. The Procurement shall manage bidding activity by arranging pre-bid meetings, receiving queries and issuing clarifications, revising or cancelling solicitations, handling bid submission and opening. The Procurement shall coordinate with involved stakeholders including the Suppliers, the End-users, the Finance, the Legal, the Procurement Committee and other parties.
- A1. Pre-bid meetings may be organised with potential Suppliers to discuss the scope of work provisions, payment terms, technical and financial evaluation criteria and other terms and conditions. The Procurement shall not provide any information about the acceptable value of commercial offers. The Procurement is encouraged to organise pre-bid meetings for large and complex goods, services and projects.
 - A2. Supplier queries regarding the solicitation shall be submitted through the Procurement Gate. The Procurement shall draft responses seeking input from the End-users or subject matter experts if required. The list of queries and clarifications shall be made available to all competing Suppliers to promote transparency and probity.
 - A3. Amendment to the solicitation document shall be issued by the Procurement, if there is a material change in the scope of work, specifications, quantities, delivery schedules, terms and conditions, or to clarify any ambiguity or errors in the solicitation document. The



amendment shall be issued immediately to all competing Suppliers, and bid submission date shall be suitably revised to give appropriate time for the submission of responses. The Procurement shall ensure that amendment to solicitation has a valid and approved business justification.

- A4. Solicitation cancellation shall be made by the Procurement, if there are substantial changes in the procurement requirement or if a duly approved request for cancellation is submitted by the End-users. The Procurement may also cancel solicitation if requirements of competitive bidding are not met.
- A5. Revising or withdrawing submitted responses by the Suppliers shall be allowed before the bid submission deadline.
- A6. Bid submission shall be through the Procurement Gate and shall be facilitated by the Procurement. Bid proposals shall be date and time stamped in the Procurement Gate, and late bids shall not be accepted.
- A7. Bid opening shall be organised by the Procurement electronically. The obtained proposals of competing Suppliers shall be disclosed only to the Tendering Committee and the Procurement.

10.16. Rejection of Bids

- A. The Procurement shall verify whether the submitted bids are responsive. Bids shall be considered responsive when submitted on time and conform to the requirements and specifications of the solicitation.
- B. The Procurement shall reject the bids which do not comply with the provisions defined in the solicitation document or are in breach of the requirements.

10.17. Technical Evaluation

- A. The Procurement shall ensure that assigned individuals or the Tendering Committees perform the technical evaluation as per the defined technical evaluation criteria. The technical evaluation criteria may be based on, but not limited to:
 - A1. Ability to meet the specified requirements
 - A2. Innovation offered
 - A3. Delivery times and schedules offered
 - A4. Quality offered
 - A5. Experience of Supplier and personnel proposed
 - A6. Capability and capacity of the Supplier
 - A7. Supplier's management practices and performance on occupational health and safety, workplace and industrial relations and environment sustainability



- B. The Procurement may request the End-users and the subject matter experts to be a part of the Tendering Committee for the technical evaluation. The Tendering Committee shall have the necessary skills and knowledge to carry out the technical evaluation and shall be free from conflicts of interest that undermine the fairness of the process.
- C. The Procurement may seek clarification regarding the submitted technical proposals from participating Suppliers if allowed in the solicitation document. The Procurement shall seek such clarifications individually and maintain confidentiality.
- D. The Procurement shall ensure preparation of the technical evaluation report, summarising the results of the evaluation, a list of qualified Suppliers and recommendations for further action.

10.18. Commercial Evaluation

- A. The Procurement shall carry out commercial proposal review of technically qualified Suppliers with an additional focus on arithmetic errors, anomalies, pricing distortions, front-end loading of rates and unrealistically low bids. The Procurement may request the Finance and the End-users to be a part of the commercial evaluation.
- B. If mandated by the PDoA, the Procurement shall engage the Tendering Committee to perform the commercial evaluation.
- C. The submitted commercial proposals shall be reviewed against benchmarks from the historical pricing for goods, services and projects, pricing insights obtained from market intelligence and Total Cost of Ownership model. If required, the Procurement may ask Suppliers to provide detailed breakdown or clarifications regarding the submitted commercial proposals. The Procurement shall seek such clarifications individually and maintain confidentiality.
- D. In case of abnormally or unrealistically low bids, the Procurement must seek detailed clarifications of the commercial offer from the Supplier including price calculations. The Procurement shall consider such a commercial offer as valid, only if sufficient and satisfactory clarifications have been received from the Supplier.
- E. The Procurement shall prepare a report on commercial proposals review containing, at the minimum:
 - E1. Details of arithmetic errors, anomalies, pricing distortions and unrealistically low bids
 - E2. Summary of submitted commercial proposals against a benchmark or lowest received pricing
 - E3. Ranking of commercial proposals by price or total cost appropriately adjusted by eliminating errors and miscalculations

10.19. Negotiations Guidelines

- A. The Procurement shall conduct negotiations with the most competitive qualified Suppliers to get the best possible value when:



- A1. Conditions for competitive bidding have not been optimal
 - A2. Received offers are unreasonable or with unacceptable terms and conditions
 - A3. The lowest offer is higher than estimates or available funds
 - A4. There is a potential to drive down the prices
 - A5. In case of Sole Source or Single Source tenders
- B. The Procurement may conduct negotiations with the most competitive qualified Suppliers if such option has been defined in the solicitation document or if approved by the head of the Procurement.
- C. The Procurement may request approval from the head of the Procurement not to conduct negotiations if the estimated cost of delay to the project outweighs the potential benefits.
- D. The Procurement shall adhere to the following guidelines while entering negotiations:
- D1. Original and negotiated offers shall remain confidential and must not be discussed with other Suppliers.
 - D2. Suppliers shall not be given the impression that entering negotiations in any way assures them of success.
 - D3. Integrity shall be maintained, and the Code of Business Ethics shall be followed during negotiations.
 - D4. Award criteria shall not be altered during negotiations.

10.20. Negotiations Execution

- A. The Procurement shall form a team for negotiations consisting at minimum two members representing the Procurement Practitioners responsible for managing categories, the End-users, the Finance or the Legal, as required. The team for negotiations shall prepare a plan for negotiations by taking into consideration potential areas such as price, terms and conditions, contract period, implementation timelines and scope.
- B. Results of the negotiations must be documented and confirmed by all involved stakeholders including Suppliers.

10.21. Award Recommendation and Approvals

- A. The Procurement shall recommend Suppliers for the award based on the results of the technical and commercial evaluation and the negotiations. Recommendation for the award shall include at the minimum the following:
- A1. Evaluation summary of the technical and financial proposal
 - A2. Summary of the outcome of negotiations



- A3. Type of award including but not limited to Single Award, Split Award, Multiple Awards, Primary and Secondary Awards
- A4. Details of Suppliers recommended for award, including a brief statement of reasons
- B. The Procurement shall obtain the approval of the recommendation of award from the appropriate authority as per the PDoA. The Tendering Committee or individuals who have conducted the technical evaluations, commercial evaluations and negotiations may be called upon to explain the reason behind their approach and the recommendation.

10.22. Resolving Ties

- A. The Procurement shall resolve situations where tie exists between two or more Suppliers' offers having identical prices that meet all specifications, terms, and conditions.
- B. In cases of the tie and if possible and agreed by Suppliers, the Procurement shall allocate Multiple Awards for the contract.
- C. In case it is not feasible to split the contract, the Procurement may resolve the tie by considering the following factors:
 - C1. Preference for goods manufactured or produced within the state
 - C2. Preference for local Suppliers and underrepresented businesses
 - C3. Past performance of the Suppliers
 - C4. Earliest delivery or commencement date
 - C5. Closest proximity to the delivery site
 - C6. In-country value demonstrated by the Suppliers

10.23. Right to Protest

- A. The Procurement shall acknowledge written protest submitted by the Supplier, only when it is substantiated with supporting exhibits, evidence or documents.
- B. The Procurement shall endeavour to remedy any protest received. The Procurement shall put the solicitation on hold until the reason for protest has been satisfactorily resolved, at the minimum under the following circumstances:
 - B1. Violation of applicable legislations
 - B2. Violation of bid submission requirements
 - B3. Violation of the Code of Business Ethics
- C. The Procurement may provide the following resolutions to a protest, but not limited to:
 - C1. Modification of the solicitation document



- C2. Extension of the solicitation closing date and time
- C3. Cancellation of the solicitation
- C4. Re-evaluation and re-award
- C5. Cancellation of award

10.24. Award Communication

- A. The Procurement shall prepare and issue the communication of award using a standardised template in the Procurement Gate which shall incorporate:
 - A1. Reference to the solicitation, summarising required goods, services or projects with quantities, commencement or delivery dates, terms of the contract
 - A2. Terms and conditions
 - A3. Contract value and duration
 - A4. Requirement and mode of furnishing the performance bond, advanced payment guarantee or retention amount
 - A5. Date, mode and requirements for the contract signing
- B. The award shall be communicated to successful Suppliers through the Procurement Gate.
- C. The Procurement shall notify unsuccessful Suppliers.

10.25. Successful Supplier Withdrawal

In the event the successful Supplier withdraws or rejects the award, the Procurement on behalf of the government entity has the right to confiscate the bid bond and shall call upon the next eligible Supplier to sign the contract. In case of Sole Source or Single Source tenders, the solicitation shall be re-floated. The Procurement shall ensure that the Suppliers' withdrawal information is recorded in the Procurement Gate.

10.26. Conditions for Contracting

- A. The Procurement shall establish contracts at a minimum, for the following:
 - A1. Commitments where the financial impact of non-performance by the Supplier would have a strong adverse effect on the government entity
 - A2. Procurement of frequently requested goods and services
 - A3. Procurement of goods, services and projects which includes a complex scope of work, even if not frequently requested
 - A4. The procurement of projects involving commissioning, extended warranties, support and maintenance



- A5. Performance-based arrangements where the financial return to the Supplier is based on achieving certain targets
- A6. Lease or rental of equipment and or associated services
- A7. Any procurement that will be subject to statutory requirements
- A8. Procurement of proprietary goods, services and projects
- A9. Procurement of goods, services or projects which involves ownership, sharing or licensing of intellectual property either by the Supplier or the government entity

10.27. Guidelines for Contracting

- A. The Procurement shall adhere to the following guidelines while contracting:
 - A1. All contracting for goods, services and projects must go through the appropriate solicitation method.
 - A2. The Procurement is encouraged to use Contract templates, terms and conditions pre-approved by the Legal and the Finance; any deviations shall require appropriate approvals.
 - A3. The availability of the approved budget must be verified before signing of the contract. The contract shall not directly commit the budget. The commitment of the budget shall be through issuing of the order executing the contract.
 - A4. Contracts must be signed by the appropriate authority authorised to commit on behalf of the government entity as per the PDoA.
 - A5. For each contract, the Procurement shall ensure issuance of relevant order before Supplier commences the work.

10.28. Standard Templates, Terms and Conditions

- A. The Procurement shall use the Procurement Gate when handling and preparing contracts.
- B. The Procurement shall use pre-approved templates with terms and conditions which safeguard and protect assets, interests and information.
- C. The Procurement shall use pre-approved construction contracts endorsed by the Executive Council.
- D. The Procurement shall ensure availability of templates in the Procurement Gate at the minimum for:
 - D1. Price List Agreements
 - D2. Contracts
 - D3. Orders



- E. The Procurement shall prepare the contract documentation which may include, but not limited to:
- E1. Terms and conditions of contract which may cover the Tolerances, Payment Terms, Delivery Terms, Conditions of Termination and Dispute Resolution
 - E2. Special conditions of contract such as including performance bonds, guarantees, warranties, retentions, sub-contracting and intellectual property rights, as required
 - E3. Specifications with the scope of services and projects
 - E4. Delivery dates, schedules and contract durations
 - E5. Other requirements, including safety, health and environment and non-disclosure agreements
 - E6. Service level agreements or key performance indicators
- F. The templates for contracts shall have specific conditions to safeguard the interest of the government entity in case of sub-contracting by the primary Supplier. The specific conditions for sub-contracting at the minimum shall include:
- F1. The responsibility of the primary Supplier to inform and obtain permission from the government entity to engage sub-contractors listing the activities and deliverables to be sub-contracted.
 - F2. Restriction on sub-contracting completely the activities and deliverables for which the Supplier has been awarded
 - F3. The responsibility of the primary Supplier for all tasks, actions and deliverables of the sub-contractors
 - F4. Liability of the primary Supplier for regulatory and statutory violations and the non-performance of the sub-contractors
 - F5. Liability of the primary Supplier to compensate the sub-contractors for their service
 - F6. Exclusion of any liability of the government entity towards the sub-contractors
 - F7. Indemnification of the government entity from disputes and legal proceedings between the primary Supplier and sub-contractors
 - F8. Indemnification of the government entity from claims, civil liabilities or any legal proceedings initiated by the sub-contractors directly against the government entity
- G. The contract templates, terms and conditions shall be periodically reviewed and approved for use by the Legal and the Finance.
- H. If the standard contract templates, terms and conditions require change as an outcome of negotiations with the Supplier, or due to specific procurement requirements, then the modified contract template and terms and conditions shall be subject to approval from the Legal and the Finance.



10.29. Contract Review and Signing

- A. The Procurement Practitioners responsible for managing categories shall draft the contract using available templates. The Procurement shall verify the authorisations of contract signatories representing the Supplier.

Section 11: Contract Lifecycle Management

11.1. Introduction

- A. The Procurement through the implementation of contract lifecycle management shall ensure:
- A1. All contractual obligations are met in accordance with their respective schedules.
 - A2. Any necessary amendments or changes to scope, terms, and conditions are authorised, agreed with the Supplier and incorporated into the contract.
 - A3. Supplier performance is tracked and shared with the involved stakeholders and the Supplier.
 - A4. Remedial action is taken in the event of unsatisfactory performance.
 - A5. Claims for compensation, penalties and liquidated damages for delay are verified promptly, and financial reimbursement to the Supplier is adjusted.
 - A6. Price variations, extensions and amendments are agreed, fall within bounds of the contracted conditions, and are implemented only after prior approval from the relevant authority as per the PDoA.
 - A7. Correspondence between the Procurement and the Supplier is appropriately recorded to ensure transparency and probity.
 - A8. Proper signoffs to contract close-out are obtained, and end of contract review of the Supplier's performance is conducted, documented and discussed with the Supplier.
 - A9. Risks associated with executing and implementing a contract are identified and mitigated.
 - A10. Differences in the interpretation of the contract which arise over its lifecycle are resolved.

11.2. Purpose of Involved Stakeholders

- A. The Procurement shall be responsible for managing or monitoring the management of the contract over its lifecycle, covering activities such as contract administration, ongoing contract execution, performance tracking, termination, and close-out.
- B. The Procurement shall assist the End-users who are acting as contract administrators in the day-to-day operations with Suppliers. In case, the Procurement is acting on behalf of the End-users, then the Procurement shall act as contract administrator.



- C. The methodology and templates for contract lifecycle management shall be available via the Procurement Gate.
- D. The Procurement shall conduct, if requested, a kick-off meeting with Suppliers to re-visit key deliverables, milestones, performance expectations and payment schedule for the contract. The Procurement shall invite the End-users and subject matter experts to the kick-off meeting.
- E. The Procurement may organise and lead the periodic review meetings with Suppliers, involving required stakeholders.
- F. The Procurement shall ensure that purchases are within contracted guidelines.
- G. The Procurement shall inform and engage the Legal and the Finance in case of amendments, renewals, extensions, disputes, terminations and close-outs of contracts.

11.3. Contract Records Management

- A. The Procurement shall maintain the contract records. The Procurement Practitioners responsible for administering contracts shall be responsible for maintaining the records. Original copy of the signed contract and all associated documents shall be filed physically, and the electronic copy shall be made available through the Procurement Gate. The Procurement shall ensure that the contract and all associated documents are circulated and accessible to all relevant stakeholders.
- B. Contract records shall include, at the minimum, the following:
 - B1. Copy of fully executed contract with its appendices if applicable or master services agreement, amendments, renewals, extensions
 - B2. Supplier contact information and statutory registration certificates
 - B3. Copies of all correspondence related to award communication, negotiations of terms and conditions, contract amendments, extensions and renewals
 - B4. Schedule of dates regarding deliverables, reporting and payments
 - B5. Documents regarding Supplier performance review, claims and disputes
 - B6. Documentation of any corrective action
 - B7. Close-out documentation
- C. The Procurement shall maintain the contracts records for the minimum retention period defined in the applicable legislations.

11.4. Contract Monitoring

- A. The Procurement shall monitor the key aspects of contract proactively to reduce commercial and substantive risks. Contract milestones, expiry date, and utilisation shall be tracked and reported on a regular basis.



- B. Contract monitoring shall enable decisions to be taken by the Procurement regarding variations, amendments, renewals, disputes, and claims. The Procurement Practitioners responsible for administering contracts shall be responsible for contract monitoring.

11.5. Contract Amendments

- A. The Procurement shall assess the request for amending contracts submitted by the End-users or Suppliers. Amendments to contracts shall be acknowledged and signed by authorised representatives of the government entity and Supplier. The Procurement shall handle contract amendments by the type of amendment requested:
- A1. Administrative amendments refer to changes that do not affect or alter the rights of the government entity or Supplier. These include, but are not limited to, changes in billing instruction or address, corrections of typographical errors, and other changes permitted by contract clauses. Administrative amendments do not cause a financial nor material impact. The Procurement Practitioners responsible for administering the contract shall process all administrative amendments and shall inform all involved stakeholders such as the Finance, the Legal, the End-users and the Suppliers.
- A2. Substantive amendments refer to changes in the contract that affect the rights and obligations of the government entity or Supplier. They include but are not limited to, changes in prices, schedules, quantities, scope, specification, terms and conditions. Approval of the substantive amendment shall be obtained from the relevant authority as per the PDoA.
- B. The Procurement shall seek endorsement from the Legal, the Finance, the End-users or the subject matter expert as per the nature of the amendments.
- C. While amending contract relating to the procurements of projects, the Procurement shall verify the agreement of the End-user of the project and if necessary consult with the Tendering Committee.
- D. The Procurement shall seek updates to guarantees, performance bonds and advanced payment guarantees from the Supplier as applicable for the amended contract.
- E. The Procurement shall issue an amendment to the order or shall issue new order accommodating the contract amendment to allow for its execution.

11.6. Contract Extension

- A. The contract extension may be requested by the End-users or initiated by the Procurement when acting on behalf of the End-users at their request. The contract may be extended before its expiry. The extension shall be subject to the same provisions, scope, specification, terms and conditions as the existing contract.
- B. The Approval for contract extension shall be obtained from the relevant authority as per the PDoA.



- C. The extension shall be acknowledged and signed by authorised representatives of the government entity and Supplier. Updated guarantees, performance bonds and advanced payment guarantees shall be requested from the Supplier when applicable.
- D. The Procurement shall issue an amendment to the order or shall issue new order accommodating the contract extension to allow for its execution.

11.7. Contract Renewals

- A. Contract renewals shall be permitted if relevant provision allowing for renewal exists in the contract.
- B. The Procurement shall ensure that there is a valid justification for renewal and the contract is renewed at the same terms and conditions.
- C. Approval for contract renewal shall be obtained from the relevant authority as per the PDoA.
- D. The Procurement shall verify that sufficient approved budget is available for the renewal of the contract. The Procurement shall amend an existing order or issue a new order to execute contract renewal. Updated guarantees, performance bonds shall be requested from the Supplier as applicable.

11.8. Managing Performance and Compliance

- A. The Procurement Practitioners responsible for administering contracts shall be responsible for managing the performance of contract execution and compliance based on the following parameters:
 - A1. Timelines and milestones
 - A2. Quality of procured goods, services or projects
 - A3. Compliance with contractual obligations
 - A4. Key performance indicators and service level agreement
 - A5. Savings targets
- B. The Procurement shall perform audits and reviews to measure performance and confirm compliance. Savings shall be monitored to compare actual savings against projected savings.
- C. The Procurement shall ensure the creation of corrective action plans and drive the implementation of corrective actions to achieve required performance and compliance. Supplier shall be given sufficient time to remedy the performance and compliance issues.

11.9. Claims and Disputes

- A. The Procurement shall manage or supervise the management of claims to obtain due compensation or monetary recovery from the Supplier for failure to perform or fulfil



requirements as per the contract after consultation with the Legal. The Procurement may seek inputs from the End-users or the Finance.

- B. The Procurement shall ensure documentation of the claims substantiated with details of Supplier's failure to perform or to meet contractual obligations and the resulting monetary implication. Claims shall be enforced through penalties, liquidated damages and other applicable terms and conditions.
- C. The Procurement shall ensure the Finance is immediately notified after the identification of issues that may lead to potential claims and disputes. The Procurement shall ensure that invoices, advanced payment guarantees and performance bonds are put on hold until claims are resolved.
- D. The Procurement shall communicate raised claims to the Suppliers. If there are no objections by the Suppliers, then the claims settlement shall be managed by the Finance.
- E. The Procurement shall register and analyse any dispute raised by the Supplier in case of a perceived breach of the contractual obligations. The Procurement shall manage disputes in consultation with the Legal, the Finance and the End-users.
- F. The Procurement shall endeavour to settle disputes amicably with the Supplier. If the dispute is not settled amicably, it shall be resolved through the established redressal mechanism.

11.10. Termination for Convenience

- A. Termination for convenience may be initiated by the Procurement or requested by the End-users and Suppliers as per the provisions of the Contract.
- B. Termination for convenience may be initiated to preserve the government entity's interest and implement the directives of the executive management.
- C. The Procurement shall seek advice from the Legal to determine whether the events or conditions allow for termination for convenience. Approval for the termination shall be obtained in line with the original solicitation process.
- D. The Procurement shall notify Supplier through a formal written notice specifying the extent of termination, the reason for termination and the effective date of termination when the Supplier shall cease services, the supply of goods and termination of projects.

11.11. Termination for Default

- A. The termination for default shall be initiated by the Procurement. The End-users may also request the Procurement to initiate the process of termination for default.
- B. The Procurement shall give the Supplier a sufficient cure period to rectify performance issues and meet its contractual obligations. Termination for default shall be used as a last resort and shall be invoked including but not limited to the following circumstances:
 - B1. Continuous unsatisfactory performance of Supplier putting the contract execution at risk



- B2. Failure of Suppliers to mobilise within the contracted timeframe
- B3. Refusal of the Supplier to comply with reasonable instructions allowed under the contract
- B4. General breach of the provisions of the contract
- C. The Procurement shall prepare a case for termination for default which shall include the government entity's and Supplier's liabilities. The Procurement shall seek input from the End-users and the Legal.
- D. The Procurement shall obtain approval for termination for default in line with the original solicitation process and shall formally issue a termination notice to the Supplier, after verification by the Legal and the Finance.

11.12. Payment upon Termination

- A. The Procurement shall determine the amount of payment due to the Supplier upon termination, as per the relevant terms and conditions of the contract.
- B. The Procurement shall inform the Finance regarding the amounts of all applicable claims, deductions, penalties, and liquidated damages which must be deducted. If the due amount is less than the total applicable deductions, the residual amount shall be deducted from the performance bonds, retentions or the advance payment guarantees. In case of termination due to Supplier's default, and depending on the provisions of the contract, the whole or partial amount of the performance bond may be appropriated, in coordination with the Legal and the Finance.
- C. The Procurement shall ensure that no-due acknowledgement is received from the Supplier at the time of releasing due payment.

11.13. Supplier Replacement

- A. The Procurement shall initiate solicitation process to replace the Supplier before the contract is terminated with the incumbent Supplier if needed.
- B. The Procurement may engage a Supplier provisionally without solicitation for the performance of services, the supply of goods or delivery of projects, if requested by the End-users and if there are serious business implications.
- C. The Procurement shall ensure preparation of the business case and get approval from appropriate authority as per the PDoA before provisionally engaging the Supplier.

11.14. Contract Fulfilment Criteria

- A. The contract shall be deemed fulfilled when both the government entity and Supplier have fulfilled their contractual obligations and no responsibilities remain. The contract shall be considered fulfilled when:
 - A1. All goods, services and projects have been received and accepted



- A2. All requirements are completed and documentation finalised
 - A3. All administrative actions have been completed
 - A4. All issues, claims, and disputes have been resolved
 - A5. All known payments due to the Supplier have been authorised and disbursed, including the release of Performance Bond and other guarantees or retentions as applicable
- B. The Procurement shall be responsible for determining if the contract may be considered fulfilled. The Procurement shall prepare the close-out report ensuring agreement of all involved stakeholders, including the Supplier.

11.15. Warranties

- A. The Procurement shall ensure management of warranties as per the provisions of the contract.
- B. Suppliers may be required to submit a retention amount for the period of the warranty.

11.16. Final Close-out

- A. The contract shall be closed-out when the obligations of the government entity and Supplier have been fulfilled and there are no pending claims or disputes. The Procurement shall manage close-out of the contract adhering to the below:
- A1. Final acceptance of goods, services and projects shall be verified by the Procurement. The Procurement may seek input from the End-users and subject matter experts if required. Approval of final acceptance shall be obtained in line with the original solicitation process.
 - A2. The Supplier performance evaluation shall be initiated by the Procurement. The Procurement shall seek inputs from involved stakeholders on the performance of the Supplier on contractual obligations, delivery milestones, quantity, quality, adherence to scope of services and projects or goods specification, key performance indicators and service level agreement. The evaluation of Supplier performance must be carried out before payment of dues to the Supplier. The Supplier performance evaluation shall be recorded in the Procurement Gate and shall be taken into consideration for new sourcing events.
 - A3. Payment of dues to Supplier including the release of a performance bond and retention amount incase its validity is same as the Contract expiry. Any pending monetary claims, penalties or liquidated damages shall be adjusted from the final payment of dues to the Supplier.
 - A4. The Procurement shall ensure that completion certificate is issued by the End-user to the Supplier acknowledging that it has satisfactorily performed its obligations, if required as per the contractual terms in addition to the receipt of goods, services and projects.



Section 12: Supplier Relationship Management

12.1. Supplier Registration

- A. Supplier registration shall be done in the Procurement Gate by the team responsible for managing the Supplier master data.
- B. The Procurement shall ensure that the Supplier provides the information required for registration including but not limited to valid trade license having activities relevant for submitted categories, tax registration and banking details.
- C. The Procurement shall carry out Supplier qualification once the Supplier has been registered in the Procurement Gate and has provided the necessary documentation.

12.2. Supplier Qualification

- A. The team responsible for managing the Supplier master data shall qualify Suppliers to enable instant access to a pool of Suppliers deemed suitable to work with the government entity.
- B. The following aspects may be considered while qualifying Suppliers:
 - B1. Demonstration of sound financial position
 - B2. Credible reputation of the supplier
 - B3. Experience in supplying goods, services and projects and related certifications
 - B4. Successful completion of contracts with reputable clients
 - B5. Qualification criteria shall be adjusted relatively to type of Supplier and its year of establishment
- C. The information shall be gathered from Suppliers using standardised templates available in the Procurement Gate.

12.3. Review of Registered Suppliers

- A. The Procurement shall periodically review the list of registered Suppliers, with the aim to remove inactive Suppliers. The Procurement shall send a request to the team responsible for managing the Supplier master data for Supplier deactivation.
- B. The Procurement shall request the team responsible for managing the Supplier master data to blacklist Suppliers for period of one year, if approved by the Chairman of the government entity. The Suppliers may be blacklisted if they falsify information provided to the government entity or decline to sign the contract after being awarded.
- C. The team responsible for managing the Supplier master data shall deactivate the Suppliers who do not have an existing valid trade license.



12.4. Supplier Segmentation

- A. The Procurement shall segment Suppliers to manage and grow Supplier relationships, with the objective of increasing mutual benefits, optimising value from the relationship, and preventing supply disruptions.
- B. The Procurement shall consider at the minimum the following aspects while segmenting the Suppliers:
 - B1. Bargaining power of the Supplier
 - B2. Spend with the Supplier
 - B3. Supplier's potential to grow, innovate and collaborate
 - B4. Proven capability, track record, and performance
- C. The Supplier segmentation criteria shall be approved by the head of the Procurement and shall be reviewed periodically to align with the business objectives.
- D. The Procurement shall perform Supplier segmentation at a regular frequency, to ensure that a Suppliers' classification reflects Suppliers' performance and their relationship with the government entity. The segmentation of the Supplier shall be reflected in the Procurement Gate.
- E. The Procurement shall develop specific guidelines to manage relationships for each of the Supplier segments.

12.5. Guidelines for Managing Supplier Performance

- A. The Procurement shall drive ongoing and post contract Supplier performance management, at the minimum, adhering to the following guidelines:
 - A1. The performance evaluation shall be performed for all Suppliers periodically.
 - A2. Supplier performance shall be recorded and made available in the Procurement Gate.
 - A3. Results of performance evaluation shall be communicated to all Suppliers, encouraging open discussion and constructive feedback.
 - A4. Corrective action plans shall be developed where necessary, providing Suppliers with an opportunity to improve.
- B. The Supplier performance metric shall be approved by the head of the Procurement and shall be reviewed periodically to align with the business objectives.
- C. The Procurement shall use Supplier performance to drive relationships which lead to close collaboration, ensure continuity of supply, reduce risk, encourage innovation and generate value for the government entity and Supplier.



12.6. Supplier Performance Evaluation

- A. The Procurement shall drive the Supplier performance evaluation by analysing at the minimum, following parameters:
 - A1. Operational performance including adherence to schedules agreed on rates or contracted prices, on-time delivery, adherence to schedules, and overdue orders
 - A2. Compliance with health, safety and environment guidelines
 - A3. Response time to issues and avoiding escalation
 - A4. Participation in solicitation understood as the number of goods, services and projects quoted against the total number of goods, services and projects in the solicitation
 - A5. History of withdrawal from contract execution after being successfully awarded
 - A6. Number of claims and cases raised against the Supplier
- B. The Supplier performance evaluation shall include inputs from the End-users, the Finance, the Legal and the contract administrator. The Procurement Practitioners shall be responsible for signing off the results of Supplier performance evaluation for the categories they manage.
- C. The Procurement shall use relevant Supplier performance measures to increase the effectiveness of supply chain, and such performance measures with results shall be shared with Suppliers, to align performance understanding, enabling a collaborative approach for optimising the supply chain.

12.7. Supplier Feedback and Improvements

- A. The Procurement shall conduct Supplier performance review meeting, at least once every year, to provide feedback to Suppliers based on their performance evaluation. The Procurement shall involve the End-users, the Finance and subject matter experts to discuss performance related issues. The discussion during such review meetings shall be constructive and shall encourage Suppliers to improve their performance.
- B. The Procurement shall ask Suppliers to prepare corrective action plans to remedy performance related issues. The plans submitted by Suppliers shall be reviewed and approved by the Procurement Practitioners responsible for managing categories. The Procurement may seek validation from the End-users and subject matter experts if required.
- C. The Procurement shall track progress against milestones and ensure closure of issues mentioned in the corrective action plan.
- D. The Procurement Practitioners responsible for managing categories shall be responsible for providing feedback and driving performance improvement of Suppliers associated with the category.



Section 13: Requisition to Pay

13.1. Introduction

- A. The objective of requisition to pay is to provide an efficient and cost-effective method for purchasing goods, services and projects while at the same time ensuring the proper degree of control.
- B. The Procurement and any employee of the government entity involved in procurement activity shall adhere to the following for requisition to pay:
 - B1. Purchases shall be aligned with business needs and strategies
 - B2. Purchases adhere to governance controls to reduce risk and potential fraudulent activity
 - B3. Purchases shall be documented and executed electronically through the Procurement Gate
 - B4. Purchases shall have a clear audit trail capturing document transmission between the Procurement and Suppliers
 - B5. Confidentiality agreements shall be signed by Suppliers prior sharing of any confidential information

13.2. Applicability and Involved Parties

- A. The Procurement Standards set here for the requisition to pay cycle apply to all goods, services and projects procured by the government entity.
- B. The Procurement shall be the only organisational function within the government entity given exclusive rights to conduct procurement transactions.

13.3. Buying Channels Enablement

- A. The Procurement shall use the available buying channels to fulfil requisitions raised by the End-users through the Procurement Gate. The Procurement Practitioners responsible for managing categories shall select for their categories appropriate buying channels based on but not limited to the following criteria:
 - A1. Type of purchase
 - A2. Value of purchase
 - A3. Volume of purchase
 - A4. Category criticality
 - A5. Lead time
 - A6. Required approvals
 - A7. Urgency



- B. The use of buying channels shall be aligned to the PDoA for approvals based on value thresholds.

13.4. Guidance for Raising Requisition

- A. The Procurement shall ensure that the End-users raise purchase requisitions in the Procurement Gate. The Procurement shall ensure that the End-users raising requisitions at the minimum:
 - A1. Identify the required quantities considering existing inventory and actual demand
 - A2. Identify relevant category and if required develop specifications of the requirement
 - A3. Ensure that the specifications, scope, time plan are part of purchase requisition if required
 - A4. Estimate the budgeted spend for the purchase requisition
- B. The Procurement shall ensure that purchase requisitions are not split into several transactions as a result of poor planning and lack of coordination or to avoid proper threshold values that would require higher approval authority as per the PDoA.
- C. Transactions shall not be routed through different buying channels to avoid authority approvals. When considering whether transactions should be combined, similar transactions must only be considered. The Procurement shall endeavour to satisfy the received requisitions, having them consolidated and addressed with an optimal number of orders.
- D. The Procurement Practitioners shall be considered as the End-users for their own requisitions.

13.5. Requisition Approvals

- A. The purchase requisition shall be approved by the relevant authority according to the PDoA.
- B. The Procurement shall coordinate with the Finance to ensure sufficient approved budget exists for the purchase requisition.
- C. The Procurement Practitioners responsible for managing categories shall receive the purchase requisition after it has been approved in the Procurement Gate. They shall perform an initial check for completeness and take the necessary action for Purchase Order creation. In particular, stock availability must be checked before raising an order.
- D. The purchase requisitions processed by the Procurement may require further approval as per the PDoA.

13.6. Purchase Order

- A. The Purchase Order is a written contract between the government entity and Suppliers to procure goods, services and projects in reference to the Contract or the Price List Agreement or on a standalone basis. The Procurement is the only function allowed to create and issue orders to Suppliers.
- B. Every line item in the Purchase Order shall be assigned to one of the categories following the Category Hierarchy.



- C. The Procurement shall adhere to the following principles when creating an order:
- C1. Determine need based on the purchase requisition and prepare specifications to communicate with Suppliers
 - C2. Select Supplier
 - C3. Negotiate appropriate business terms, if not already in place
 - C4. Agree on delivery terms and conditions
 - C5. Agree on payment terms
 - C6. Ensure necessary terms and conditions are put in place in the order itself or the underlying contract
 - C7. Ensure purchase requisition exists and has been approved in the Procurement Gate
- D. The Procurement shall create Purchase Orders through the Procurement Gate. The Purchase Order must be created before committing to a Supplier.

13.7. Guidance for Releasing Purchase Orders

- A. The Purchase Order shall be released by the Procurement to the Supplier only after due approvals have been obtained from appropriate authorities as established in the PDoA. No Purchase Orders shall be released without approvals granted in the Procurement Gate.

13.8. Purchases without Purchase Orders

- A. The Procurement shall create Purchase Orders for purchasing of all goods, services and projects unless the goods, services and projects are a part of the exemption list approved as per the PDoA.
- B. At the minimum, the following guidelines shall be adhered to while placing orders with Suppliers for exempted goods, services and projects:
- B1. The Procurement shall provide the Supplier with a Valid Exception Code to quote on its invoice instead of the Purchase Order number.
 - B2. The Procurement shall ensure the Finance returns invoices not having Purchase Order number nor exemption code to the Supplier.
 - B3. The Procurement shall be responsible for verifying and adding goods, services and projects suggested by the End-users.

13.9. Purchase Order Amendments

- A. The Procurement may amend the Purchase Order at the minimum for the following scenarios:
- A1. When the quantity in a Purchase Order is different than the quantity in a purchase requisition.



- A2. When the value of a Purchase Order is different than the approved value of a purchase requisition.
- B. The Procurement shall not amend the Purchase Order to accommodate the Supplier's delays in executing the scope of work unless some action or instruction from the government entity has caused or contributed to such a delay.
- C. When the variance to the original contracted price exceeds the approved threshold, the Procurement shall require approval from the appropriate authority as per the PDoA, for the total of the original agreement and the exceeded variation.
- D. The Procurement shall not require approval for amendment if the value between the purchase requisition and the Purchase Order is within the defined Tolerances to accommodate for differences in the estimated value in the purchase requisition and the actual value based on pricing agreed with the Supplier.
- E. The Procurement while amending the Purchase Order for the procurement of projects shall verify the agreement of the End-user of the project and if necessary consult with the Tendering Committee. The amendment shall not be issued to accomplish work outside the original business case or plan.

13.10. Purchase Order Cancellation

- A. The Procurement shall initiate the cancellation of the Purchase Order under the following scenarios:
 - A1. When goods, services and projects are not anymore needed by the requestor
 - A2. When goods, services and projects change in specification or scope
 - A3. When a Supplier is unable to deliver goods, services and projects as per the agreed delivery conditions
- B. The Procurement shall cancel the Purchase Order in the Procurement Gate only after the purchase requisition is cancelled by the requestor after approvals as per PDoA.

13.11. Emergency Situations

- A. The Procurement shall allow emergency purchasing after approval as per PDoA, in the following situations:
 - A1. Operational emergency – immediate disruption of operations resulting in significant expense or liability for the government entity, or critical systems are down, or when other assets and the environment are under serious threat and need to be addressed immediately.
 - A2. Personal emergency – immediate danger to human safety and health that need to be addressed immediately.



- B. An emergency purchase is an exception process, and it may be utilised only to purchase what is necessary to cover the emergency. Emergency purchases are not permitted under any other circumstances.
- C. The Procurement shall ensure that the End-users do not use emergency purchase as an excuse for failing to plan. All emergency purchases must be documented in the Procurement Gate and shall be closely scrutinised and reported by the Procurement.

13.12. Post Factum Purchase Orders

- A. The Procurement shall create post factum Purchase Order when goods, services and projects have been purchased, or commitment to Supplier has been given without authorisation through the Procurement Gate. The post factum Purchase Orders shall be required for all goods, services and projects not a part of the exempted list.
- B. The Procurement shall create a post factum Purchase Order only after the purchase requisition has been created with justification and approved by the appropriate authority as per the PDoA.

13.13. Managing Receiving of Goods, Services and Projects

- A. The Procurement in coordination with the End-user and other relevant parties shall ensure the receiving of goods, services and projects which at the minimum shall include:
 - A1. Physical receiving
 - A2. Inspection and acceptance or rejection
 - A3. Recording in the Procurement Gate
- B. The delivery note concerning Purchase Order shall be created by the Supplier for all goods, services and projects delivered. The Procurement shall ensure that the End-users perform receipt against the delivery note immediately after delivery, and any discrepancies or damages are recorded.
- C. The Procurement shall ensure that the inspection of goods, services and projects is performed by the receiving End-users or subject matter experts responsible for undertaking this task. The inspection shall focus on the quantity and quality of the received goods, services and projects. It shall determine conformance to the acceptance criteria, requirements and terms and conditions of the Purchase Order taking into consideration the Tolerances.
- D. The Procurement shall ensure that received goods, executed services and projects are recorded in the Procurement Gate without unnecessary delay. If a partial delivery is made a partial receipt shall be entered.



13.14. Managing Returns

- A. The Procurement shall manage returns to Suppliers and ensure receiving appropriate credit for the return. Returns shall be driven by the need to repair or replace goods or non-conforming services and projects.
- B. The Procurement shall ensure the End-users initiate and request formally for the returns.
- C. The Procurement shall be responsible for:
 - C1. Validation of the requests to return
 - C2. Coordination of necessary arrangements with the Supplier to obtain a return authorisation
 - C3. Arrangement of returns
 - C4. Communication with Suppliers and the End-users
 - C5. Ensure receiving appropriate credit for the returns
 - C6. Recording the return transaction details including the reason for returns

13.15. Disputes Related to Goods Purchasing

- A. The Procurement shall manage all disputes raised by the End-users not limited to the following scenarios:
 - A1. Goods shortage
 - A2. Goods not as per required specification
 - A3. Substitute goods which have not been authorised or approved
 - A4. Goods not conforming to technical specifications
 - A5. Goods not as per required shelf life
 - A6. Damaged goods
- B. The Procurement shall ensure receiving the communication about dispute from the End-users. The Procurement shall verify the claims for compensation and may seek advice from the Finance and the Legal if required. The Procurement shall send the notification to the Supplier to replace or provide reimbursement for the goods.
- C. If the Supplier raises a dispute to the claim, the Procurement shall facilitate dispute resolution with the Supplier.

13.16. Disputes Related to Services and Projects Purchasing

- A. The Procurement shall ensure that the End-users raise disputes for services and projects purchases covering but not limited to the following scenarios:
 - A1. Failure to perform or fulfil contractual obligations



- A2. Relate to the loss of or damage to property
- A3. Non-conformance to terms and conditions of the contract
- B. Disputes related to services and projects shall be resolved similarly as disputes related to goods.

13.17. Invoice Processing

- A. The Procurement shall be responsible for the execution of requisition to pay cycle.
- B. The Finance shall be authorised for releasing payment to Suppliers. The invoice shall be paid according to the payment terms specified in the order or contract it refers to.

13.18. Payment Requirements

- A. The Procurement shall facilitate the release of payments to the Suppliers in a timely and accurate manner upon verification of required documentation. The Procurement shall escalate late payment and missing payments to the Chairman of the government entity.
- B. The Procurement while facilitating the release of payment to Suppliers, shall adhere to the following:
 - B1. Purchase Order is approved and executed as per the agreed contractual obligations
 - B2. The goods, services or projects invoiced must be received, accepted and recorded in the Procurement Gate
 - B3. Payments shall be made as per payment terms specified in the order or contract
 - B4. Payment value shall not exceed the amount specified in the Purchase Order or its amendments considering the Tolerances specified in the contract
 - B5. Payments shall be made only if relevant supporting documents are attached and verified



Glossary

Procurement Framework	A set of interrelated documents devised to help procurement professionals in their work.
Procurement Standards	An integrated set of principles that harmonise the way of working, establish a unified operating model and define the performance of the Procurement.
Procurement Charter	A formal document defining the roles and committees required for the procurement operations.
Procurement Delegation of Authority	A formal document defining division of authority and powers in the government entity related to procurement operations.
Procurement Manual	A reference document that defines the common and compliant execution of procurement activities for the procurement function of the government entity, in alignment with the Procurement Standards.
Procurement Gate	An information technology platform of the Procurement, including a portal for internal and external users.
Chairman of the government entity	Chairman, Board of Directors or equivalent, in charge of governance of the government entity.
Procurement	The procurement function existing within or outside the government entity.
Procurement Practitioners	Employees of the government entity involved in procuring or making procurement decisions on behalf of the government entity.
Financial Interest	Financial benefits such as income, honoraria or equity in the form of stock, stock options or other ownership rights and royalties or payments received by the Procurement Practitioner or his/her spouse, dependants and relatives limited to the second degree of relations.
End-users	The requesters or requesting parties of goods, services and projects.
Finance	The function within the government entity dedicated to financial affairs.
Legal	The function within the government entity dedicated to legal affairs.



Supplier	An individual or an organisation registered in the Procurement Gate and licensed to supply the goods, services or projects.
Procurement Committee	A committee responsible for supervising the procurement function that is appointed by the Chairman of the government entity.
Tendering Committee	A committee established to evaluate the results of relevant tenders and encourage cross-functional collaboration.
Procurement Function Plan	Annual internal plan of the procurement function detailing the outcomes and outputs derived from the procurement strategy, with assigned internal budget and relevant performance measures.
Procurement Management Report	A report issued by the head of the Procurement to report the performance of the procurement function.
Key Performance Indicator	A quantifiable measure used to evaluate the success of the government entity or employee in meeting performance objectives.
Savings	A reduction in expenditure or consumption either through cost reduction or cost avoidance.
Category Hierarchy	A hierarchical assignment of the goods, services and projects to procurement categories, defined at the organisational level.
Industry Structure	The number and size distribution of Suppliers in an industry
Economic Factors	A characteristic, trend or condition of the economy that affects the Suppliers commercially
Requirement	Goods, services and projects requested by the End-users.
Public Tender	A tendering method that is open to all Suppliers, and where the bids are invited through public announcements
Limited Tender	A tendering method that is open to predefined number of registered Suppliers
Sole Source Tender	A tendering method where there is only one qualified supplier capable of supplying the required goods, services and projects
Single Source Tender	A tendering method where only one qualified supplier is invited from a pool of registered suppliers for solicitation



Bid Bonds	A guarantee required for the bidding process to mitigate bidding risks. A bid bond ensures that the awarded Supplier will fulfil the commitments of the accepted bid.
Single Award	An award made to one Supplier.
Split Award	An award made to every selected Supplier for each part of a divided solicitation.
Primary and Secondary Award	A type of award where in addition to the selected primary source award is also made to a secondary or backup source of supply.
Multiple Awards	Awards made to multiple sources of supply for the same materials, services and projects.
Price List Agreement	A type of framework agreement for establishing the terms governing contracts to be awarded during a given period, in particular with regard to the price of goods, services and projects.
Performance Bonds	A guarantee issued to provide security for satisfactory completion of a contract. A performance bond ensures payment of a sum of money in case of a failure of a Supplier to meet obligations specified in the contract.
Intellectual Property	Rights or property owned by an individual or organisation or the government entity and legally protected from unauthorised use. Intellectual property may consist of but is not limited to patents, trade secrets, copyrights and trademarks or simply ideas.
Background Intellectual Property	Intellectual Property that is relevant to the procured goods, services or projects, supplied by the contracting parties at the beginning of the engagement.
Foreground Intellectual Property	Intellectual Property created during the tenure and framework of the contract between the contracting parties.
Purchase Order	A legally binding document issued by the government entity to Suppliers in reference to the Contract or the Price List Agreement or on a standalone basis, indicating key parameters of purchase such as quantities, agreed prices, delivery schedule, payment terms and other relevant information and committing both parties upon explicit or implicit confirmation by Supplier.
Valid Exception Code	A code given to goods, services and projects for which post factum Purchase Orders are allowed to be issued.
Payment Terms	Terms that specify the period and modality of payment to the Supplier.



Delivery Terms	Terms that specify the responsibilities of Suppliers for the delivery of goods and services.
Tolerances	Acceptable variations in price, quantity and physical parameters of delivered goods.
Dispute Resolution	Mechanism of resolving disputes between contracting parties.
Conditions of Termination	Conditions under which the Contract may be terminated

-- The End --