



KMTTC is ISO 9001:2015 Certified

Kenya Medical Training College



PROCUREMENT POLICY

MAY 2019

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PREFACE

On behalf of the Kenya Medical Training College (KMTc) Board of Directors, I am delighted to approve this Policy for use by Management. The KMTc Board is determined to improve access to and equity of quality medical training and to ensure that the institution plays its role in the realization of Sustainable Development Goals (SDGs), Vision 2030, health sector policies and the government agenda on the “Big Four”. The Board continues to realize the set milestones which contribute to improving the quality and quantity of essential health care providers. Inadequate numbers of skilled care providers have had a negative impact on efforts to expand access and improve the quality of health services. This situation is compounded by continued high prevalence of communicable and non-communicable diseases in the country.

Towards this end, the KMTc Board of Directors under my leadership is determined to critically address the task of defining long-term strategies for addressing the constraints to training and development of quality health care providers through:

- i. Improved policy and corporate governance for enhancing accountability and decision making.
- ii. Enhanced access, quality, relevance and equity in medical training.
- iii. Prudent resource utilization and good infrastructural management.
- iv. Increased visibility of Kenya Medical Training College nationally and internationally as a premier institution focusing on training, research and consultancy.
- v. Improved resource base, partnership and linkages.

In response to the 2010 Constitutional agenda, the Board will continue to direct efforts at advancing community – oriented programs that respond positively to the country’s social and economic development agenda. This Policy therefore provides an analysis of the internal and external environment, and makes strong statement on the role KMTc will play in supporting the Government to realize sustainable growth in the health sector. The Board is dedicated to offer oversight on the operations and management of the College to ensure sustainable delivery of health coverage in the country and beyond. I believe successful implementation of the Policy will be realized through total commitment of the entire staff, Suppliers/Contractors and other key stakeholders.



Prof. Philip Kaloki, MBS,

Chairperson, KMTc Board of Directors.

FOREWORD

All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The College shall be alert to organizational conflicts of interest as well as non-competitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, and invitations for bids and/or requests for proposals shall be excluded from competing for such procurements. Awards shall be made to the bidder whose bid or offer is responsive and is most advantageous to the College, price, quality and other factors considered. In all procurement the College shall avoid practices that are restrictive of competition.

The purpose of this Policy is to establish standards and procedures for the Procurement of supplies and other expendable property, equipment, real property, works and services for the College. Public Procurement is founded on good procurement practice that enables fair and transparent competition grounds. The College shall ensure transparency and accountability for the use of public funds.

The College recognizes the overall purpose of sound procurement procedures that will ensure that Kenya Medical Training College (KMTC) gets the highest quality of desired goods and services at the best prices possible. The College shall empower employees and all stakeholders on the requirements of Public Procurement and ensure full compliance with all laid down laws, rules and procedures that govern public procurement in Kenya.



Prof. Michael Kiptoo,

Chief Executive Officer.

VISION

A model institution in the training and development of competent health professionals

MISSION

To produce competent health professionals through training and research, and provide consultancy services

CORE VALUES

Accountability

Integrity

Responsiveness

Equity

Teamwork

Professionalism

Creativity and innovation

DEFINITION OF TERMS

Approved Suppliers List:	Means the list of all the suppliers that have been pre-qualified to supply goods, services and works to KMTTC.
Candidate:	Means a person who has submitted a tender to a procuring entity.
CEO:	Means the Chief Executive Officer of KMTTC.
Common user items:	Means items which are regularly required by all departments. These items include stationery, cleaning materials, furniture, printers and computers.
Contract:	Means an agreement in writing entered into between a procuring entity and a candidate pursuant to an award of tender in accordance with these regulations.
Contractor:	Means a person who enters into a procurement contract with a procuring entity.
Corruption:	Has the meaning assigned to it in the Anti-Corruption and Economic Crimes Act, 2003 and includes the offering, giving, receiving or soliciting of anything of value to influence the action of a public official in the procurement or disposal process or in contract execution.
Direct Procurement:	Means direct contracting without competition.
Disposal:	Means the divestiture of public assets, including intellectual and proprietary rights, goodwill and other rights of a procuring entity by any means including sale, rental, franchise, auction or any combination however classified other than those regulated by any other written law.
Financial year:	Means the period from 1 st July of any year to 30 th June of the following year.

ABBREVIATIONS

AO	Accounting Officer/CEO
APP	Annual Procurement Plan
ARF	Approval Request Form
CEO	Chief Executive Officer
DC	Disposal Committee
ERP	Enterprise Resource Planning
GRN	Goods Received Note
KMTC	Kenya Medical Training College
LPO	Local Purchase Order
LSO	Local Service Order
PPADA	Public Procurement and Asset Disposal Act, 2015
PPDR	Public Procurement and Disposal Regulations, 2006
SPMA	Supplies Practitioners Management Act, 2007
TEC	Tender Evaluation Committee
TOC	Tender Opening Committee
TPC	Tender Processing Committee

1.0 INTRODUCTION

1.1 Background

The College recognizes the overall purpose of sound procurement procedures that will ensure that Kenya Medical Training College (KMTC) gets the highest quality of desired goods and services at the best prices possible. This policy is aimed at streamlining the process of procurement while maintaining adequate controls and adherence to the laid down procurement laws, rules and regulations. These procurement procedures apply to all staff involved in the procurement process and to all types of procurement.

The College will implement this Policy to ensure that all the relevant Procurement Rules, Public Procurement and Disposal Act 2015 and Regulations 2006 and its amendments of 2013 are adhered to.

2.0 APPLICATION OF THE PUBLIC PROCUREMENT AND ASSET DISPOSAL ACT 2015

The Public Procurement and Asset Disposal Act 2015 applies with respect to procurement by a public entity which includes State Corporations Section 4 (1). Public entity as defined in the Act Section 3 (1) (e) means a State Corporation within the meaning of the State Corporations Act Cap 446 among other definitions.

2.1 Role of the Board of Directors in Procurement

According to Public Procurement and Disposal (amendment) Regulations 2013, (10) (d), the Board's role shall be to approve the commencement of the procurement process upon the approval of the annual procurement plan by the accounting officer (CEO) and where applicable the Board of Directors or a similar body and upon satisfaction that sufficient funds are available to meet the obligations of the entity arising from any contract as set out in the budgetary estimates or such documentation evidencing the availability of the funds, before making an award is provided.

The Board role shall be to:

- i. Discuss and approve procurement projects through the consolidated Annual Procurement Plan as per Reg. 20 (5) for each financial year as part of the annual budget preparation process.
- ii. Discuss and agree with Management on those strategic procurement where Board may play a more proactive role e.g. public private partnerships.
- iii. Keep informed by Management through quarterly reports on any emerging issues in procurement.

2.2 Role of the Accounting Officer (CEO) in Procurement

According to Public Procurement and Asset Disposal Act 2015 under section 44 (1) an accounting officer of a public entity shall be primarily responsible for ensuring that the public entity complies with the Act. Sub-section (2) in the performance of the responsibility under subsection (1), an accounting officer shall:-

- i. Ensure that procurements of goods, works and services of the public entity are within approved budget of that entity;
- ii. Constitute all procurement and asset disposal committees within a procuring entity in accordance with the Act;
- iii. Ensure procurement plans are prepared in conformity with the medium term fiscal framework and fiscal policy objectives and, subject to subsection (3), submit them to the National Treasury;

- iv. Ensure proper documentation of procurement proceedings and safe custody of all procurement records in accordance with the Act;
- v. Ensure compliance with sections 68, 147, 148 and 149 of the Public Finance Management Act, No. 18 of 2012. 2012;
- vi. Approve and sign all contracts of the procuring entity;
- vii. Ensure the procurement and asset disposal process of the public entity shall comply with this Act;
- viii. Ensure that the procurement processes are handled by different professional offices in respect of procurements, initiation, processing and receipt of goods, works and services;
- ix. Submit to the Authority the part in its procurement plan demonstrating application of preference and reservations schemes in relation to the procurement budget within sixty days after commencement of the financial year; and
- x. Ensure compliance with any other responsibilities assigned by this Act or any other Act of Parliament or as may be prescribed in Regulations e.g Circulars.

3.0 INTERNAL ORGANIZATION OF PUBLIC PROCUREMENT ENTITIES

Section 45. (1) of PPADA 2015 on Corporate decisions and segregation of responsibilities, further states that for the purpose of ensuring that the accounting officer's decisions are made in a systematic and structured way, an accounting officer shall establish systems and procedures to facilitate decision making for procurement and asset disposal.

For all procurement procedures at KMTC, Tender Evaluation Committee (TEC), Tender Opening Committees, Inspection, acceptance and Disposal Committees shall be tasked with the mandate of ensuring that the Policy is implemented and followed.

The College Executive Management Committee therefore forms the below Function and Committees to assist in facilitating decision making in procurement:

3.1 Procurement Function

Procurement Function under section 2 of PPADA shall report functionally and administratively to the CEO. All officers in procurement shall possess practicing licenses under section 20 (1) (6) of SPMA and undertake continuous professional training with the relevant professional body.

Procurement officers shall uphold values and principles of public service under Article 232 of the Constitution of Kenya, Section 2 of Supplies Practitioners Management Act 2007 and section 3 of PPADA.

Section (47) of the PPAD Act 2015 states that, a procurement function shall be handled by procurement professionals whose qualifications are recognized in Kenya. For the purpose of this section, a "procurement professional" means a person who - (a) has professional qualifications in procurement and supply management from a recognized institution; (b) is engaged in a calling or occupation in which recourse to procurement is directly or indirectly involved and has experience in the practice of procurement; and (c) is a member of a recognized institute of purchasing and supply. (2) The head of the procurement function shall among other functions under this Act, be responsible for rendering procurement professional advice to the accounting officer.

PPDR 2006 Section (8) (1) states that a procuring entity shall establish a procurement function in accordance with this Regulation.

3.2 Tender Evaluation Committee (TEC)

According to PPADA 2015 Section 46 (1) CEO shall ensure that an ad hoc evaluation committee is established in accordance with this Act and Regulations made there under and from within the members of staff, with the relevant expertise.

As per section 46 of PPADA, Procurement Officers shall be secretaries of evaluation Committees as delegated to them by the Head of Procurement Function in writing. The evaluation process shall be a function of user departments as the experts and where the said evaluators cannot agree, section 4 (2) (c) PPADA shall be invoked by Head of Procurement who shall advise the CEO to acquire experts from other government institutions.

An evaluation committee shall:-

- i. Deal with the technical and financial aspects of a procurement including evaluation of bids, proposals for prequalification, registration lists, Expression of Interest and any other roles assigned to it;
- ii. Consist of between three and five members appointed by the CEO in writing on a rotational basis comprising heads of user department and two other departments or their representatives and where necessary, procured consultants or professionals, who shall advise on the evaluation of the tender documents and give a recommendation on the same to the committee within a reasonable time;
- iii. Have as its secretary, the person in charge of the procurement function;
- iv. Complete the procurement process for which it was appointed and no new committee shall be appointed on the same issue unless the one handling the issue has been procedurally disbanded;
- v. Adopt a process that shall ensure the evaluation process utilized adheres to Articles 201(d) and 227 (1) of the Constitution.

Each member of the evaluation Committee where bidders are required to do individual presentations shall evaluate independently from the other members prior to sharing his or her analysis, questions and evaluation including his or her rating with the other members of the technical evaluation Committee. The Evaluation Committee shall carry out negotiations if need be and with approval from the CEO for the said procurement.

Due diligence and negotiations where applicable shall be carried out before financial evaluation with approval from the CEO. The recommendation to award to the best evaluated tenderer shall be submitted to head of procurement function, who will then forward to the Procurement Processing Committee for verification. Thereafter the Head of Procurement Function shall forward the report with recommendations to the CEO for approval.

The committee MUST finish the process which it was appointed and no new members appointed on the same and ensure that the evaluation process is adhering to article 201(d) and 227 (1) of the constitution.

3.3 Tender Opening Committee

The Tender Opening Committee (TOC) shall be an ad hoc Committee responsible for opening of tenders on the date and time of closing as stipulated in the Bid documents. The Committee shall ensure that the Tender Box is closed at the exact time.

Bulky Tender Documents that cannot fit in the tender box shall be received and recorded in Procurement Department and later delivered to opening Committee at the time of tender closing.

Tender Opening Committee members shall be recommended by the Head of Procurement to the CEO who shall appoint them in writing. This Committee shall comprise: chairperson, an officer from finance, three other officers and a secretary from procurement department. The Committee shall record all tenders submitted on time and reject late submissions and give its duly signed report/minutes to Head of Procurement. The Head of Procurement shall forward

a copy of the report to the chairperson of Tender Processing Committee for evaluation.

Quotation shall be opened and evaluated by the evaluation committee composed of user (person requesting for the purchase), procurement staff who shall act as the secretary and an officer from finance department. They shall be appointed by the accounting officer. The function of the Committee shall be to open and record quotations, analyze the bids and recommend award in writing to the Head of Procurement based on the best evaluated bidder. The Head of Procurement after perusing through the minutes shall forward the report/minutes to PPC chair for verification and advise if due process was followed. Thereafter, the report will be forwarded to the Accounting Officer with recommendations for awarding or rejecting.

Quotations shall be opened when they fall due unless otherwise approved by the Head of Procurement in writing. The tender and quotation box keys shall be kept by two (2) responsible officers. Where goods are delivered and inspection committee members cannot be convened, the store officer shall stamp the documents as "goods not yet received" pending inspection and acceptance to allow the inspection committee to convene and inspect the goods at a later date but not more than four (4) days from the date of receipt of the goods. This committee shall be responsible for the preparation and issuance of GRN. Where the ad hoc Committee does not sit within the stipulated time, the Head of Procurement shall request the CEO to cause the said Committee to convene and inspect the goods.

3.4 Inspection and Acceptance Committee

KMTC shall establish an ad hoc inspection and acceptance Committee in accordance with the PPAD Act 2015 Section 48. This inspection and acceptance Committee shall be composed of a chairperson and at least two other members appointed by the Accounting Officer on the recommendation of the Head of Procurement Section. The ad hoc inspection and acceptance committee established in accordance with Section 48 (1-4) PPADA may be required to carry out inspection before goods are received. If goods are technical in nature, the user shall be called upon to check the technical aspect before final acceptance. In case of any defects or quality shortfalls the items shall be rejected and the supplier shall be required to take back the items and deliver items as per the right. Where a supplier fails to replace the items as required, the College shall be at liberty to terminate the contract or invalidate the order.

The committee shall be in charge of inspection and acceptance of all goods delivered and services/works rendered. Delivery of goods shall be strictly within working hours from 8:30 am to 5:00pm from Monday to Friday.

Deliveries during holidays or weekends will not be allowed unless with prior approval from CEO. The user shall at the point of receiving the goods, service or works be involved together with the Inspection and Acceptance Committee.

The Inspection and Acceptance Committee shall immediately upon delivery of the goods, works or services- inspect and where necessary, test the goods received; inspect and review the goods, works or services in order to ensure compliance with the terms and specifications of the contract; accept or reject, on behalf of the procuring entity, the delivered goods, works or services.

The Inspection and Acceptance Committee shall - ensure that the correct quantity of goods is received; ensure that the goods, works or services meet the technical standards defined in the contract; ensure that the goods, works or services have been delivered or completed on time, or that any delay has been noted; ensure that all required manuals or documentation have been received; and issue interim or completion certificates as appropriate and in accordance with the contract to the supplier or contractor.

3.4.1 Procedure on Appointment of Procurement Committees

- i The Head of Procurement Section shall suggest names to the CEO for approval.
- ii The CEO will either accept or reject the suggested names.

- iii If rejected, the CEO will forward the document to Head of Procurement Section for action.
- iv Thereafter, the office of the CEO as the Legal Head of Procurement will then formally appoint all officers to such procurement committees and communicate the same to members with a copy to Procurement Section.

3.5 Procurement Methods

There are various procurement methods that the College can utilize. However, open tender is the most preferred method with the rest taken as alternative methods.

3.5.1 Open Tender

Section 96 (1) of the PPADA states that open tender shall be preferred method of procurement. The term “Tender” refers to the process of issuing invitations or otherwise asking potential suppliers/interested contractors to participate in a process that will eventually result in provision of goods, services or works to the College. The following guidelines shall apply when using the open tendering method of procurement:

- i. As much as possible open tendering shall be used as per the prescribed threshold.
- ii. The Head of Procurement shall advice on any other method to be used in the procurement of goods and services whose value exceeds this threshold to the CEO who holds the final authority to approve or reject.
- iii. The College shall put to open tender all procurement requests whose total annual values exceed Kshs. 6 million.
- iv. Tenders shall be advertised in at least two daily newspapers of nationwide circulation. The time for preparing tenders, which is the period between advertising and tender opening, is 14 days for local tenders, international tendering will require 21 days after advertising in international newspapers.
- v. Procurement of media services shall be left to Government Advertisement Agency (GAA) which has been mandated by the Government to undertake the same on behalf of all public entities. Corporate Affairs shall liaise with GAA to ensure advertisement is done as per the Budget and approved content and appearance, colour, logo, message/ISO in realization of Vision 2030.
- vi. All tender submissions shall be accompanied by a tender security/Bid bond unless stated otherwise in the tender document.
- vii. All tenders will be processed by the Procurement Function and duly appointed procurement committees.
- viii. All tender documents shall be book bound and paginated by bidders

The CEO shall appoint an ad hoc tender-opening committee for every tender as per section 78 (1) of the Act. The committee will consists of at least three officers, one of whom shall be an officer not directly involved in the processing of tenders. Secretary shall be from Procurement Function as the Head of Procurement or delegated to junior officers as per section 46 – 4(c) of the Act.

The procedure for opening of tenders is elaborated in the Procurement manual, shall be in accordance with the Act 2015 and regulations 2006. All information regarding the tender shall remain confidential and members of the tender opening and evaluation committee will be required to maintain confidentiality throughout the process.

3.5.2 Restricted Tender

In restricted tendering, a limited number of qualified suppliers are invited to tender and the process thereafter is the same as that applicable to open tendering. In all cases the CEO must approve for this method to be used. The provisions governing restricted tendering are stipulated in section 102(1-2) of the PPADA, a procuring entity may use restricted tendering if the following conditions are satisfied:

- i. Competition for the contract because of the complex or specialized nature of the goods, works or services is limited to prequalified contractors/contractors.
- ii. The time and cost required to examine and evaluate a large number of vendors would be disproportionate to the value of the goods, works or services to be procured.
- iii. There are only a few known suppliers of the goods, works or services as may be prescribed in the regulations.

3.5.3 Direct Procurement

Direct procurement is also referred to as “single sourcing”. The provisions governing direct procurement as stipulated in the Public Procurement and Disposal Act, 2015 section 103 are stated as follows:

- i. A Procuring entity may use direct procurement as allowed under subsection (2) or (3) as long as the purpose is not to avoid competition.
- ii. A procuring entity may use direct procurement if the following are satisfied:
 - a. There is only one person who can supply the goods, works being procured.
 - b. There is no reasonable alternative or substitute for the goods, works or services.
 - c. There is an urgent need for the goods, works or services being procured.
 - d. Because of the urgency the other available methods of procurement are impractical.
 - e. In situations of government to government agencies.
 - f. Where there is government directive.
 - g. The circumstances that gave rise to the urgency were not foreseeable and were not the result of dilatory conduct on the part of the procuring entity.
 - h. Other provisions as set out in the College manual.

3.5.4 Low – Value Procurement/Imprest

The College may use a low-value procurement procedure as per section 107 and 108 of the Act if:-

- i. The College is procuring low value items which are not procured on a regular or frequent basis and are not covered in framework agreement.
- ii. The estimated value of the goods, works or non-consultancy services being procured are less than or equal to the maximum value per financial year for that low-value procurement procedure as may be prescribed.
- iii. The procedure and conditions for the use of low – value procurement method by different classes of public entities or different classes of goods, works or services being procured shall be as prescribed in the regulations.

3.5.5 Force Account

The College may use force account by making recourse to the state or public officers and using public assets, equipment and labour which are competitive as per section 109 of the Act and where:

- i. Quantities of work involved are small and scattered or in remote locations for which qualified construction firms are unlikely to tender at reasonable price and the quantities of works cannot be defined in advance.
- ii. Unforeseen and urgent work is required to be carried out without disrupting on-going operations e.g. urgent legal service and construction needs etc.
- iii. College is to complete works delayed by the contractor after the written warnings did not yield tangible results.
- iv. This method shall only be applied:-
 - a. Where the total cost of procuring the goods, works and non-consultancy service are, at most, set at the prevailing market rate.

3.5.6 Framework Agreement/Contracts

The College may enter into framework agreement through open tender under section 114 of the Act if:-

The procurement value is within the thresholds prescribed under Regulations to the Act;

The required quantity of goods, works or non-consultancy services cannot be determined at the time of entering into the agreement; and

A minimum of seven alternative vendors are included for each category.

The maximum term for the framework agreement shall be three years and, for agreements exceeding one year, a value for money assessment undertaken annually to determine whether the terms designated in the framework agreement remain competitive.

When implementing a framework agreement, the College may:-

Procure through call-offs order when necessary; or

Invite mini-competition among persons that have entered into the framework agreement in the respective category.

“Call-offs order” means an order made using framework agreement with one or more contractors, suppliers or consultants for a defined quantity of works, goods, consultancy covering terms and conditions including price that users require to meet the immediate requirements.

Other alternative methods of procurement are elaborated in the College manual and shall be read together with this Policy.

3.6 Inventory Control and Stores Management and Distribution

The College shall only receipt goods, works and services which have been certified in accordance with Section 159 in reference to Section 152 of the PPAD Act 2015. The Head of the Procurement Section shall prepare monthly progress reports of all procurement contracts of the College and submit them to the CEO for review. The Head of the Procurement Section shall ensure proper control and management of inventory, stores and assets with the help of Store Officers.

Supply Chain Management officers shall record goods, works and services received in the College's Master Inventory Record or as appropriate. The Store Officers shall manage inventory, assets and stores for the purpose of preventing wastage and loss, and continuing

utilization of supplies. Stocks shall be kept to the minimum necessary to avoid unprofitable lock-up of funds. To ensure proper inventory control, the College shall employ bin cards and Inventory Management and Control Software to assist in ensuring sound supply chain management.

The Supply Chain Management Officer in Charge of the Campus store shall ensure that all inventory, stores and assets purchased are received, but shall not be used until taken on charge and as a basis for ensuring that all procured items are properly accounted for and put in proper use as intended by the College. The Head of Procurement Section shall arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year. Quarterly and annual stock taking shall be conducted in order to ensure compliance with all respective governing laws and submit the report to the CEO.

No stores, inventory and assets that are procured shall be allowed to suffer deterioration from any preventable cause and overstocking of any particular item shall be avoided. All procured items assigned for use by an employee shall be requisitioned from the College's ERP System and issued by the Store Officer who shall sign together with the person receiving the items as proof of issuing.

3.6.1 Procurement Stores

The Stores Unit in the Procurement Section shall be used to store stock items and other items for use in the offices. All the stock items records shall be maintained in the e-procurement system and ledger cards where necessary. The ledger cards shall bear details of the items including description; quantities received, issued and balance.

The officer in charge of the stores shall be responsible for ensuring that the records of all stock items are maintained. The Store Officer shall be based in the Purchasing Office and will only go to the stores when issuing or receiving goods.

Where ledger cards cannot be maintained, a file showing receipts and issue notes shall be kept for ease of reference. The below is the procedure for issuing and receiving of goods from the stores:

3.6.2 Requisition of Items from the Store

It is the responsibility of the Head of Function to approve every requisition for issuing of items from the store. This should be done in line with KMTC Procurement Manual and Procedure stipulated in the Quality Management Systems (QMS) Manual. All HoDs shall nominate ONE officer from their departments who will be responsible for collecting items from the store to ensure accountability.

The officer shall be the custodian of the issued items on behalf of the department i.e. shall distribute items as per request in the department. Procurement Function shall only recognize and issue items to the departmental nominee unless the head of department makes a formal request in writing for a change. All head of departments to send their nominees to procurement function every beginning of financial year for implementation.

3.6.3 Stock Issuance Process

- i. Stocks will be issued once monthly for consumables (stationery etc).
- ii. Head of Department shall send in their monthly requirements for stock items by 26th of every month.
- iii. Every department to identify one person to request for items in the system and another for collection of items from the store.
- iv. The Store Officers shall consolidate all requests and allocate items per department by 4th of every month.

- v. The stock collection shall be done on 6th of every month strictly between 8:30am -11:00am.
- vi. Estates maintenance materials will be issued twice weekly (Mondays and Thursdays).
- vii. All departmental Store requests SHALL be consolidated in one requisition and presented as one for the entire department per categories.
- viii. Goods will be issued on presentation of a duly signed Stores Requisitions by head of department
- ix. Stocks will be issued based on the departmental budgets/procurement plan and number of staff.
- x. Imprest purchases shall be surrendered before use to procurement for receiving and issuing of Goods Received Note (GRN).
- xi. The Issuing and receiving officers shall both sign the requisition/issue note before goods are released as a sign of acceptance.
- xii. Stocks issued will not be returned to store except for quality issues that were not foreseeable at the point of issuing.

3.6.4 Receiving of Works, Goods and Services

Store Officer shall coordinate with suppliers to confirm delivery date and communicate to the Inspection Committee/Tender Processing Committee (TPC) and user one day prior to delivery of goods. Goods shall only be received between 8:30am - 5:00pm from Monday to Friday.

Once goods are inspected and accepted by either TPC or Standing Inspection Committee, they shall be deemed accepted, stored and fit for use. Goods once accepted will not be returned and officers accepting will be held responsible for any discrepancies thereafter.

The TPC/ Inspection Committee shall either accept or reject the goods in totality (with reasons) and not partially. All Works and major projects will be accepted by the Projects Steering Committee where applicable. Services rendered within and without KMTC will be inspected and accepted by the user who shall provide evidence of service delivery.

3.7 Certifying Delivery of Works, Goods and Services

The purchasing process shall be deemed completed upon verification that the goods and services purchased have been received entirely to the College's satisfaction, in particular, to the conformity of the specifications. Once the College inspection Committee has certified that the works, goods and services have been received to their satisfaction, the payment process shall commence.

In all cases, the certification of receipts of goods and services is pre-requisite to the College and the following guidelines are essential for that purpose:

- (i) The Store Officer shall ensure that goods, services and works done are checked against contracts, invoices or delivery notes before forwarding to finance for payment. The Finance Officer shall also ascertain the credibility of such documents before payment.
- (ii) The stores section in procurement department shall ensure that at the time of delivery it is confirmed, noted and documented that the services, goods or works were delivered.
- (iii) Youths, women and persons with disability shall be paid within thirty days of submission of payment documents.

3.8 Disposal Committee (DC)

The College shall establish an ad hoc Disposal Committee in accordance with PPAD Act 2015. This Disposal Committee shall be composed of a chairperson, secretary who shall be the Head of Procurement Section and four other members appointed by the CEO on the recommendation of the Head of Procurement Section. The Disposal Committee shall be responsible for disposal of excess or obsolete items within the College using the PPAD Act 2015 approved methods.

The Committee shall request users to provide list of items for disposal bi-annually and collate, carry out valuation and seek approval to dispose from the CEO in writing. The CEO can either accept or reject the request with reasons in writing. The CEO shall forward the request for disposal to the Finance, Planning and Development Committee for consideration and recommendation to the Board for approval. No disposal shall be done without the approval of the Board of Directors.

3.9 Separation of Duties

There shall be proper separation of duties between:

- (i) The person who orders a particular service or works from a tenderer.
- (ii) The person who satisfies that the services and goods supplied or works done are satisfactory and as per the College specifications.
- (iii) The person who accepts goods into the stores.
- (iv) The person who authorizes payment of services offered, work done or goods delivered.

4.0 COLLEGE ANNUAL PROCUREMENT PLAN

The College shall prepare a procurement plan for each financial year as part of the annual budget preparation process. The Procurement Function shall ensure that an Annual Procurement Plan for the College is done and is part of the annual budgeting process. Each departmental head shall submit their procurement plan in the agreed format by March 15th every year. The Heads of Departments will be responsible for planning the department's estimated procurement needs on an annual basis through the use of the Annual Procurement Plan (APP), which shall indicate the items to be bought in the various quarters of the year. The Procurement Officer will use the APP to plan for requisitions.

The procurement plan shall be discussed by Procurement Unit after which it will be forwarded to the College Executive Management Committee. The Management will ensure the procurement is forwarded to the College Board of Directors for approval before the commencement of each financial year. The approved procurement plan will be signed by the CEO. The duly signed procurement plan will then be circulated to Heads of Departments for implementation.

5.0 PURCHASE REQUISITION

Each specific procurement process shall be initiated by Procurement Purchase Requisitions to the head of Procurement Function from the requesting department. The requisition shall give detailed specifications and requirements for the item, service or works being requested and budget confirmation. The requisition shall indicate that the item is budgeted for. Purchase Requisitions shall be forwarded to Store Officer who will confirm availability of such items. The requisition shall be forwarded to Store Officer at least seven (7) days prior to the expected goods/service delivery date.

All Purchase Requisitions must be signed by the head of department or designate, who shall ensure that the item(s) requested for are in the APP or should seek authority to procure as per Policy. The requisition shall then be forwarded to the Vote Book Accountant to confirm budget after which the accountant will forward it to the Finance Officer.

Upon confirmation of funds by Finance Officer, the requisition shall be forwarded to the Deputy Director Administration and Finance for approval. After Deputy Director Administration and Finance approval, the request will be sent to Procurement Office for commencement of the purchasing process. Approving

officers must ensure the requisitions are released within a day to avoid unnecessary delays. In the event that Deputy Director, Administration and Finance or Finance Officer declines the requisition based on funds or other reasons, the requisition shall be returned to the user with reasons.

The e-requisition module once operational shall follow the same approval policy.

6.0 CONTROLS ON PURCHASING

Goods and services will only be procured within the approved budgets except in cases of emergencies, which have to be approved by the Accounting Officer. Each requisition should have the Vote Book budget balance for the Department. Any variation of budget shall be communicated in writing to Head of Procurement for recording.

The Head of Procurement and Finance shall conduct periodic checks on purchasing activities to ensure they conform to the budget and APP and the College policies and procedures where applicable. It shall be the responsibility of the person receiving goods or services to counter check with the Local Purchase Order (LPO), contract or LSO (Local Service Order):

- (i) No items shall be bought if the same is currently in stock
- (ii) That the correct quantity has been received and signed.
- (iii) That the quantity and price of goods is as agreed.
- (iv) That all goods delivered are secure and an inventory record appropriately updated.
- (v) That the delivery note is checked, signed and forwarded together with the invoice and Goods received note for processing of payments.
- (vi) That Goods received note is prepared on the day of delivery of goods, works and services.

Approval Request Form (ARF) shall precede the raising of LPO. All ARF's shall be signed by Head of Procurement Function, Head of Finance and the final approval shall rest with the CEO.

To facilitate decision making by the CEO, all approval requests shall be accompanied by recommendation to award in writing. The CEO shall either approve or reject with reasons. The LPO shall be a contract with suppliers/service providers which shall include all the information regarding the goods and services being purchased as well as standard terms of delivery. The LPO shall be signed by: the Head of Procurement Section, Head of Finance Section and the Accounting Officer. The LPO signing shall also be done within one day.

Upon selection of the service provider/supplier, a legally binding contract or work order shall be drawn-up for goods and services in question and signed by both parties. It shall contain detailed specifications, unit prices, delivery deadlines and locations.

Those purchases not done by Supply Chain Management staff shall be rendered irregular.

7.0 THE PURCHASING PROCESS REPORT

The Head of the Procurement Section shall prepare monthly progress reports of all procurement contracts of the College and submit them to the CEO for review. He or she shall also ensure quarterly reports to Public Procurement and Regulatory Authority (PPRA) are done as per the legal requirement. These reports will include those on preference reservation of procurement for youths, women and persons with disability.

Quarterly reports on Framework Contracts shall be submitted to the CEO and Chief Internal Auditor for review.

8.0 SELECTION PROCESS

When selecting the supplier or contractor for pre-qualification or to be awarded a contract by the College for any works, goods or services; the selection shall be done in accordance with procedures and regulations to ensure that best possible price, quality and delivery time available within the market is obtained and competitively.

This selection process shall be through open tenders or by pre-qualification or registration of suppliers/ service providers or any other approved method in the PPAD Act 2015.

8.1 Preference and Reservation in Public Procurement

Pursuant to Article 227(2) of the Constitution and despite any other provision of PPAD Act 2015 or any other legislation, KMTC shall comply with the provisions of the Presidential directive on reservation.

According to Treasury Circular No. 1/2015 all public entities shall ensure that Youth, Women and Persons With Disability shall be accorded 30% of the procurement budget for that year. There shall be quarterly reports to the Authority to ensure compliance. This threshold may change from time to time through circulars or legal notice from the Government.

8.2 Payment of Youths, Women and Persons with Disability

Circular number 14/2013 and Legal Notice number 114 demands that Youths, Women and Persons With Disability be paid within 30 days of delivering goods, service or works. It further stipulates that procuring entities shall facilitate funding for such groups.

9.0 SELECTION CRITERIA

The following set of criteria is essential for deciding on choice of vendors:

- (i) Price.
- (ii) Quality of goods/services. Such a justification from user must be verifiable.
- (iii) Availability of goods/services within the required delivery time.
- (iv) After sales services, including availability of parts/supplies.
- (v) Bidder's previous records of performance and service.
- (vi) Availability of bidder to render satisfactory service in this instance.
- (vii) Financial stability of the service provider/supplier (must be verified).
- (viii) Availability of bidder's representatives to call upon and consult with
- (ix) Payment terms.
- (x) Warranty offered if any.
- (xi) Ability to provide samples if any.
- (xii) Government directive on reservation policy or any other relevant matter regarding public procurement.

10.0 PAYMENT PROCESS PROCEDURE

The Procurement Section shall forward purchasing documents to Finance Officer for payment. The purchasing documents shall consist of: approval request form, requisition form, invoice, delivery note, LPO/LSO, inspection certificate, GRN and contract. For advance payment, a proforma invoice shall be availed.

The user who requested for the service or goods shall certify the invoice and sign GRN as proof of acceptance and delivery. The Store officer shall endorse the GRN and together with signed inspection Committee certificate, forward the verified payment documents to the Finance Officer for further checking, verification and approval to pay. Goods or services shall be received in the system same day and invoices forwarded to finance within two days.

All payments shall be made in accordance to the contractual terms between the service provider/ supplier and in reference to the financial policies.

11.0 RECORDS MANAGEMENT

- i The College shall ensure the Procurement Function is staffed with a qualified staff to facilitate proper keeping and retrieval of procurement files and tender documents.
- ii Procurement documents shall be kept for at least 6 years from the date of opening of the bids.
- iii Procurement files will contain all relevant documents including payment vouchers and contract close out certificate.
- iv No officer shall tamper with tender documents or cause disappearance of tender documents in any way. Procurement officers shall be responsible for files/tender documents under their custody during and after evaluation.
- v Files submitted for annual audit shall be under the care of finance officer during audit period and shall be returned officially to Head of Procurement after audit.
- vi No procurement file or tender document shall be issued to any officer without prior approval of CEO through Head of Procurement.

The records for procurement shall include:-

- i. A brief description of the goods, works or services being procured;
- ii. If a procedure other than open tendering was used, the reasons for doing so;
- iii. If, as part of the procurement procedure, anything was advertised in a newspaper or other publication, a copy of that advertisement as it appeared in that newspaper or publication;

For each tender, proposal or quotation that was submitted, the following shall form the records:-

- i. The name and address of the person making the submission;
- ii. The price, or basis of determining the price, and a summary of the other principal terms and conditions of the tender, proposal or quotation;
- iii. A summary of the proceedings of the opening of tenders, evaluation and comparison of the tenders, proposals or quotations, including the evaluation criteria used as prescribed;
- iv. If the procurement proceedings were terminated without resulting in a contract, an explanation why they were terminated;
- v. A copy of every payment voucher showing payment was made to the supplier awarded the tender;
- vi. Such other information or documents those are necessary.

12.0 SUPPLIER EVALUATION

In order to achieve competitive advantage and cost effectiveness, the procurement function shall ensure that the College develops an effective system of supplier evaluation. Supplier evaluation refers to determination of the suppliers' capability to meet institutional demands of quality, quantity and timeliness of orders. The emphasis is on preventing receipt of defective materials rather than detecting defects at a later stage. It assists in prior assessment of supplier capacity and competence. Supplier evaluation shall be objective, logical, consistent and fair. The resulting ratings or rankings shall be used to develop and update a supplier database for use in pre-qualifying suppliers and carrying out a market survey.

The following factors shall be considered during supplier evaluation:

- i Quality control records
- ii Timeliness in delivery
- iii Shortages
- iv License
- v Credit terms

- vi Reputation
- vii Management
- viii Location/ proximity
- ix Early/ late consignments
- x Rejects for quality deficiency
- xi After-sale services
- xii Compatibility with existing equipment
- xiii Consistency in the quality of items and variations in the prices tendered/ outdated within a given period.

The College shall draw the attention of all suppliers to the fact that their continued business relationship with the institution will depend on past performance and timeliness in fulfilling tender obligations.

13.0 MARKET SURVEY

- i. The Procurement Function shall have a section dedicated to market survey. The function shall conduct continuous market surveys and develop an internal resource base (data bank). This shall be used by the College for price comparisons and establishment for market trends.
- ii. The data bank shall be used for both technical and financial evaluation of bids. There shall be a market survey section which shall carry out surveys in other institutions using similar goods, services or works using a survey tool. Engineer estimates should not be relied on in totality without market survey. No contract will be entered into without having carried out a market survey.

14.0 CONTRACT PREPARATION

- i Contract preparation and management is captured under Part XI of the PPADA 2015. It stipulates how procurement contracts will be managed. Procurement contracts are already inserted in tender documents for customization. Legal Office in conjunction with procurement shall customize the form of contract as appropriate and in accordance with the Act 2015.
- ii Contracts will be prepared after debrief letters have been dispatched to all bidders who participated in the tender. The contract will include as part of the appendix: contract price, acceptance letter, notification letter, service level agreement and any other information that is deemed necessary.
- iii Contract shall not be signed until after fourteen (14) working days from date suppliers receive their debrief and notification letters. This will allow bidders enough time to lodge any complaint with the College or the Review Board in case they are not satisfied with the decision.
- iv Specimen Signatures of signatories authorized to sign procurement contracts must be made public to curb fraud and forgery. Audit Department shall keep specimen signatures for all officers involved in contract or any other procurement approvals.
- v Contracts signed will be publicized on IFMIS as per PPIP after every month and KMTC website for openness and accountability. Also necessary reports shall be submitted to PPRA in the format provide for contracts above Kshs. 5 Million, terminated contracts and reservation awards.
- vi It should be noted that conditions that were not in the tender document cannot be introduced in the contract. The winning bidder shall provide 10% performance bond/security and all risk insurance as appropriate and in accordance with the Act and tender document.

Special groups are exempted from performance bond but where they are required to provide one, they are limited to 1% of the contract price.

15.0 CONTRACT VARIATION

- i All requests for variations shall be approved by the CEO subject to the following:
 - a. If the request has been made by the Contractor and approved by the project manager/ implementation team.
 - b. If the request is accompanied with a renewed performance bond or insurance policy as appropriate.
 - c. The variation shall be taken for evaluation by the appropriate EC and a new professional opinion developed to inform the award or rejection by the CEO.
 - d. If the contract is more than 12 months old.
 - e. Variation for goods and services shall not exceed 15%, while works 20% and cumulatively it must not exceed 25%.
- ii It should be noted that ;
 - a. The best practice is not to vary contract but procure the new quantities afresh through a competitive process.
 - b. Price, quantity or time variations shall not be acceptable for contracts that are less than 12 months old.
- iii Provisional sums and contingency in construction contracts cannot be used without CEO's approvals and shall be submitted with professional opinion to justify the use and such shall be treated as variation.

16.0 PERFORMANCE SECURITY

- i Performance security shall be 10% of the total contract price. Performance security shall be used if supplier refuses to sign contract. If the bank that guaranteed the supplier refuses to pay, the College shall charge a one (1%) percent interest daily until the bank pays.
- ii Performance security shall be acquired from reputable banks and approved by PPRA. The performance security will be returned immediately and within thirty (30) days once contract completion is certified.

17.0 ADVANCE PAYMENT

- i No advance payment shall be made if it was not in the tender document at the point of tendering.
- ii If any advance payment is to be made, then it shall not exceed 20% and must be secured by a bank guarantee of same amount from a reputable bank. The payment shall be for financing tender activities only. Where the supplier defaults, the College will recover the loss with the security guaranteed.

18.0 CONTRACT ADMINISTRATION/MANAGEMENT

All contracts shall be managed as follows:

- i Where the nature of the Contract is framework, the Head of Procurement will cause to be issued a certificate of acceptance from the College.
- ii Where the nature of the Contract is open tender and one off the Certificate of acceptance shall be issued by the either inspection or acceptance, project team/implementation team or the project manager where appropriate.
- iii Where the nature of the Contract is complex or specialised, the CEO shall cause to be appointed a Contract Implementation Team which shall include representatives from procurement, user department, relevant technical department and a consultant where applicable.

19.0 CONTRACT MONITORING

The Head of Procurement Function shall provide monthly progress reports on major procurement contracts to the CEO.

20.0 TERMINATION OF CONTRACT

The CEO shall be the authorised person to terminate contracts upon breaching of obligation as spelt out in the contract agreement.

21.0 CONTRACT CLOSE OUT

Upon completion of a contract, the CEO shall be responsible for closing out contracts. The close out shall involve:

- i Issuance of certificate of completion to the contractor confirming delivery and acceptance of goods works and services where the contract is not complex and specialised.
- ii Issuance of certificate of completion by the contract implementation team confirming delivery, acceptance of goods, works and service in case of complex and specialised contracts.

22.0 CERTIFICATE OF FINAL ACCEPTANCE

- i The ad hoc acceptance and inspection committee shall issue interim or completion certificates or GRN as appropriate and in accordance with contract.
- ii The acceptance and inspection committee shall issue the appropriate documents subject to:
 - a. Certificate of confirmation by Technical Department/contract implementation team/project manager e.g consultant for complex procurement.
 - b. Goods Received Note (GRN).

23.0 ETHICS IN PUBLIC PROCUREMENT

The guiding ethical principles shall include but not limited to the following:

- i Staff involved in the procurement process shall avoid engaging in practices or transactions that create conflict of interest.
- ii All members of staff involved in the procurement process shall ensure that the College obtains the best value for money through the procured materials, services, works and equipment.
- iii College employees shall be required to avoid arrangements that might in the long term prevent the effective operation of fair competition.
- iv Employees shall not accept or receive gifts from current or potential suppliers unless such gifts are of very small intrinsic value and are of advertisement nature such as calendars, diaries, and pens.
- v Employees shall refrain from any business hospitality that might be viewed by others as likely to influence procurement decisions by the College.
- vi Care should be taken to avoid splitting of orders for specific works, services or materials by ensuring that the approval is within the prescribed authority ceilings.
- vii Care should be taken before requesting for variations to ensure such request is within the Act 2015 and its Regulations 2006.
- viii Staff should not obstruct procurement process or collude with contractors or employees to defraud the College.

24.0 EFFECTIVE DATE

This Policy shall be effective from the date of approval by the KMTC Board of Directors

25.0 REVIEW AND AMENDMENT

This Policy shall be reviewed after every three (3) years, however amendment shall be made to this Policy from time to time to conform to changes on Public Procurement Rules and Regulations in Kenya.

APPROVAL

Title : Procurement Policy

Contact : Deputy Director Finance and Administration

Approval Authority : The Board of Directors

Commencement Date : May 2019

SIGNED



**Prof. Philip Kaloki, MBS,
Chairperson, KMTC Board of Directors.**

15th May 2019

Date



KMTC is ISO 9001:2015 Certified.

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