Skills Training & Rehabilitation Society



Procurement Policy

2020

Contact Details:
Www.stars.org.af
Stars_kbl@yahoo.com

Contents

CHAPTER ONE 4
Introduction 4
Purpose 4
Definitions 5
Registration 6
Physical Verification 10
Disposable items 10
Tax and VAT 11
Procurement Code of conduct 12
Warranty / Guarantees 12
Procurement department 12
CHAPTER TWO 14
Procurement Plan 14
Organization procurement 14
PURCHASING / PROCUREMENTS 15
COMPUTERS AND COMMUNICATION 15
Project Based procurement 17
Requisition 17
Quality Control: 19
Preparation /Approval of submittals/Purchasing /Deliveries/Acceptance 19
Rejection 20
CHAPTER THREE 21
Vendor Solicitation /Mode of procurement 21
Spot purchasing 21
Invitation to Bid 22
Issuance of RFP 22
Emergency procurement 23
CHAPTER FOUR 23
Documentation 23
Implementation 23

Board Approval 23
Appendix 24
Transport and Logistic 24
Vehicle use 24
Communication 26
Annexes 28
Code of Ethics for Procurement *(Annex.1)* 28
STARS Quality Control Checklist (*Annex-2*) 31

CHAPTER ONE

Introduction

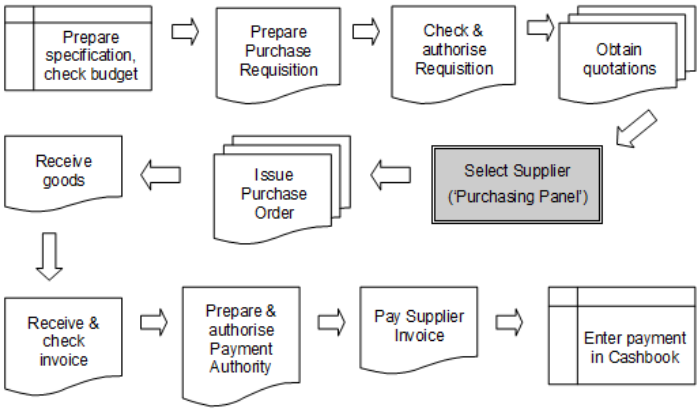
Skills Training and Rehabilitation Society (STARS) "Women Based Organization" was established by a group of intellectual Afghan thoughtful about their country in 1997 to offer services to their extent to the needy country people, particularly women and children. STARS is registered with the Ministry of Economy, Ministry of Women's Affairs, Public Health, Agriculture, Rural Rehabilitation Development, MOLSA with close coordination and some other government provincial departments. STARS is a member of ACBAR, Afghan Women Network (AWN), Child Protection Action Network (CPAN) and Civil Society Empowerment Network (CEN) at the national level. STARS is the only female organization focusing on Disaster Risk Reduction (DRR) and is an active member of the Asian Disaster Risk Reduction and Response Network (ADRRN) since 2006 at the international level. In addition, STARS is the co-chair of the National Action Coordination Group (NACG) in Afghanistan since 2011. STARS attended many South Asia Initiative to End Violence against Children (SAIEVAC) meetings which are Apex body of SAARC.

Procurement is one of the riskiest areas in NGO financial management, often abused by kickbacks, paying too much for sub-standard goods, and buying from related parties. To ensure the accuracy of all procurement tasks free from fraud and corruption, STARS has developed this policy that helps employees to behave in accordance.

Purpose

STARS Procurement Policy ensures that:

- The correct goods or services are purchased, in terms of the correct quality and specification
- Best value for money is achieved
- The process is safe, ie risk of fraud is minimized
- The process is fast enough to meet program needs
- Grant conditions are complied with



Definitions

- **Sole source;**

A “sole source” procurement can be defined as any contract entered into without a competitive process, based on a justification that only one known source exists or that only one single supplier can fulfill the requirements. While dealing through sole source procurement please Provide a written justification document for such type of procurement.

The justification may require the requestor to provide information such as:

1) A description of the unique features that prohibit competition;
2) A documented research conducted to verify the vendor as the only known source;
3) A description of the marketplace to include distributors, dealers, resellers, etc.;
4) Known compatibility issues; and/or timing issues.
5) Any other related issue.

- **Single source;**

Award for supply of a good or service that can only be purchased from one supplier because of its specialized or unique characteristics. This is clearly a non-competitive procurement method, and it should be used only under exceptional circumstances, namely:

1. for emergency situations;
2. when only one firm or individual is qualified to fulfill the requirement;
3. for the continuation of previous work, or additional work, that cannot be acquired from another firm or individual due to patent, compatibility issues, or exclusive rights;
4. the use of this method represents a clear advantage over the use of a competitive method;
5. the total cost is within the threshold set for this method of procurement;
6. for the procurement of related items that are available only from one source;

The use of this method should be preceded by a rigorous approval process. A checklist should preferably be developed for requesting entities to complete in sufficient detail to justify the need for fulfilling a procurement requirement from a single source. Such justification should identify the requesting entity, describe the requirement, address why the requirement can only be fulfilled from the identified source, including action taken to identify additional sources, in addition to the total cost and planned future actions to preclude the need for using this method.

- **Assets;**

An item of property owned by a person or company, regarded as having value and available to meet debts, commitments, or legacies.

- **Fixed Assets;**

Are long-term (more than one year), non-expendable asset held by an organisation for the below purposes;

1. Administrative purpose
2. Rental to others
3. Use in productions and supply of goods and services

- **Store;**

Include assets held by an organisation in the form of:

- ✓ Raw material to be used for production
- ✓ Goods in process of production
- ✓ Finished goods ready for sale or intended use
- ✓ Supplies to be consumed in production or supply of goods or services

vi. Tangible asset;

Are assets that have a physical form. Tangible assets include both fixed assets, such as machinery, buildings and land, and current assets, such as inventory. The opposite of a tangible asset is an intangible asset.

vii. Non-tangible asset;

An asset that is not physical in nature. Goodwill, brand recognition and intellectual property, such as patents, trademarks, and copyrights, are all intangible assets.

viii. Consumable items;

A consumable is a small, everyday item that is bought, 'used up', and then replaced.

ix. Disposable items;

A product designed for a single use after which it is recycled or is disposed as solid waste.

Registration

I. Accounting Policy

In STARS, stocks and stores are charged to Income and Expenditure Account when consumed.

II. Stock Register

To achieve control over stores, ***Stock Register*** *(see Appendix 5)* is maintained. Storekeeper is responsible for maintaining store register. *(for book keeping aspect see Chapter No. 4 "Accounting system").*

(*Regional Offices*)

Regional offices maintain ***Stock Registers***. Stock register include quantitative data of stocks received, issue and balance in hand.

- When items are received in store, ***Goods Received Note (GRN)*** is prepared. A corresponding entry is made in stock register.

- When items are issued from stores, ***Goods Issued Note (GIN)*** is prepared and entered in respective stock register.

  Monthly Store Summary is prepared at the end of each month and sent to Head Office. For further elaboration please refer to Data Flow Diagrams at the end of this chapter.

  (*Head Office*)

  Head Office maintains the same manual record of the stores as maintained in regions. Stock register is maintained to include quantitative record of stores.

- When items are received in store, ***Goods Received Note (GRN)*** is prepared. A corresponding entry is made in stock register.
- When items are issued from stores, ***Goods Issued Note (GIN)*** is prepared and entered in respective stock register.

  Monthly Store Summary is prepared at the end of each month.

a. Fixed asset register

To achieve control over fixed assets, ***Fixed Assets Register*** is maintained *(see Appendix 21).* Assets having value of more than US$ 50 are registered in Fixed Assets Register. Administration Department shall be responsible for maintaining fixed asset register. Fixed asset register is maintained in the Head Office for recording assets of Head office as well as Regional Offices.

- **Fixed Asset Codes /Tagging**

  A unique code is assigned to each individual asset at the time of receipt. These codes shows the fixed assets item number, year of purchase, donor source, project title (in abbreviation), and its location etc. The code is then pasted/Tagged on asset for easy identification and references. Fixed assets codes include the following information:

- ✓ Serial number / code
- ✓ Donor Source
- ✓ Project Title (in abbreviation)
- ✓ Year of purchase
- ✓ Location

Tagging: Each asset has a tagging label that identifies the assets that have been purchase for the use of which office (Head office and Regional) and project.

- **Received of assets**

Administration Department shall receive asset purchased. The requisitioning person inspects the asset received for quality, specification and condition. If it meets the required criteria, Administration Department assigns code to the asset. The Administration Department updates fixed assets register accordingly.

- ✓ The Administration Department sends a written intimation to Finance Department to be attached with Payment Voucher.
- ✓ *It should not be recorded until and unless the Finance Department receives the written intimation from Administration Department.*
- ✓ Any documentation of Donor requirements or special conditions should be filed together with asset information

- **Assigning and transfer of assets**

The Administration Department assigns assets to projects / persons. The person receiving the asset signs the standard Asset Assignment Form. The Administration Department then files the form. The Administration Department updates the fixed asset register to record assignment of asset.

Any harm done to the asset should always be explained by the responsible in a report to the Administration Department. If the harm is rising from gross neglect or misconduct on the part of the employee responsible, the value should be claimed.

At the time the assignment of the asset ends, a qualified person inspects quality of the asset and the signs of the original Assignment Form for cancellation.

An asset shall not be transferred directly from one employee to another. Transfer should be made through Administration Department. When an asset is transferred from one employee to another, the Administration Department updates the Fixed Asset Register to change the name of responsible personnel.

Note: A STARS asset (not used on daily basis) must not be kept in personal custody by any employee.

III. Goods Received

When goods are received into stores, Storekeeper inspects these for specification and condition and quantity is confirmed with bill. If these meet required criteria and quantity matches with bill, Storekeeper prepares Goods Received Note (GRN). GRN is source document for recording store receipts.

IV. Issues

Goods Issue Note (GIN) is used to record store issues. Goods are issued only after requisition is approved by the authorise personnel *(see chapter No. 1 "Authorisation limits" and Chapter No. 13 "Procurement")*.

Any stock remaining unconsumed with requesting person shall be returned to the store. GRN will be prepared and marked as "Returned".

V. Store reports

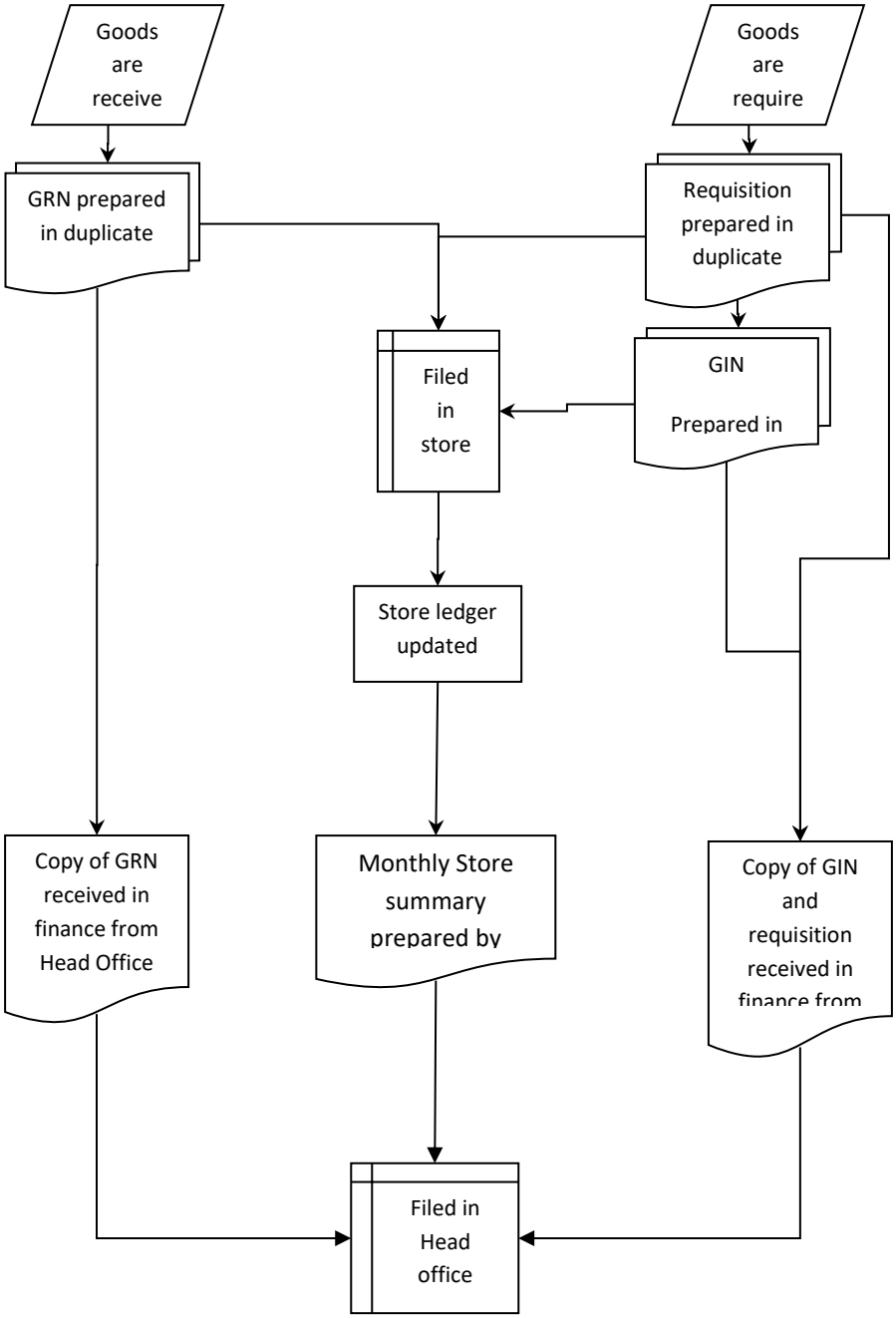
Monthly Store Summary *(see Appendix 8)* shall be prepared and sent to Finance Department *(see chapter No. 4 "Accounting system").*

VI. Stock storage and safety

All stocks should be kept in a room that is locked 24 hours and under the custody of a person assigned by the Administration Department i.e. Storekeeper.

The Storekeeper must make sure that the humidity, heat etc. in the room is appropriate for the stored items.

The Storekeeper is furthermore is responsible to arrange the store in a practical manner ensuring access to stock that is most frequently realised from the store but also ensuring a logical system.



Physical Verification

In order to verify the availability and condition of assets, STARS maintains asset verification sheet and conduct annually that allows to verify all the items physical condition aiming to perform as per the agreed standard.

1. Periodical physical verification of store and fixed asset shall be performed. However, donor specific requirements should be kept in mind. Proper cut off procedures should be adopted to ensure that relevant assets and stock are subjected to verification.

2. At least two persons, one from Finance Department and one from Administration Department, can be authorised by Managing Director to perform physical verification.

3. Physical verification report will be made and any discrepancy will be investigated and resolved accordingly. Final report will be forwarded to Managing Director for approval. It will mention the results of physical verification including the discrepancies found.

4. The Fixed Asset Registers should be updated after the Managing Director approves the report.

5. Sporadic verification shall be performed if requested by any Regional Head / Administration Department / Managing Director. Person(s) authorised by them can randomly inspect the registers and store.

Disposable items

Disposable items for STARS worthy the same as un-disposable items, therefore STARS has a tracking sheet that allows to trace such items accurately.

STARS regularly monitor the stock for expiry date of disposable items ensuring that expired materials and goods are not distributed to the beneficiaries. Any item expired will be disposed of. The disposing will take place as per the environment policy requirements aiming to minimize contamination and pollution of all types to the extent possible.

- **Disposal of assets**

✓ When an asset is no longer useable for any reason, it will be disposed of *(subject to any restriction imposed by donor or some other authority).*

Administrator can dispose of an asset but prior approval of Managing Director must be sought in writing.

- **Modes of disposal**

Asset will be disposed of in following modes

✓ Private sale
✓ Open/closed bidding
✓ Scraping
✓ Donation

Private Sales

Asset with a purchase value of up to USD 500 can be sold to any one including STARS employees.

Open / Closed Bidding

An asset with a value of more than USD 500 will be sold by open or closed bidding whichever is appropriate. The auction may be publicised externally through newspaper or any other appropriate media keeping in view cost and benefit. Purchase and auction committee shall be responsible for conduct of a transparent auction. After bidding, Purchase and Auction Committee will prepare ***Comparative Statement*** and decide the successful bid.

Scraping

Administrator can approve scarping of an asset up to original cost of 100 USD. In case of scraping an asset having original cost of more than USD 100, prior approval of Managing Director must be sought in writing. All scraped items should be registered as such.

All assets with original cost of above than USD 500 must be sold, even if their condition is ruined.

When an asset is disposed of, Administration Department shall update Fixed Asset Register accordingly.

- **List of item actually disposed in the last three years;**

The lists of items actually disposed are kept for a period of next three years and filed with the procurement department, and will be available if requested officially and for any internal and external enquiries, prior actually sharing the information approval will be obtained from the STARS director

Tax and VAT

STARS is tax exempted according to NGO law but has to pay salary, rent, or contract taxes according to tax law of Afghanistan government. As per Afghanistan, income tax law STARS deducts 2% while purchasing items from the total amount if the company has the registration certificate, otherwise 7% will deduct from the supplier who has not the registration certificate. The amount retained will be deposited to Afghanistan Government Treasury the soonest possible.

Government reports;
STARS send its current asset list to Ministry of Economic every year, which in case of dissolving the remaining assets will be transferred either to government or another NGO according to the Afghanistan NGO's law.

Procurement Code of conduct

For Conflict of Interest and Confidentiality terms in STARS procurement please refer to the procurement ethics (*Annex 1*)

Anti-Corruption measures

The procurement department should perform as per the requirements of policies including Procurement, Finance and Anti-Corruption. These policies provide most of the measures and practice which make the procurement to be free from miss allocation of fund and also to procure the right material with the right price. The procurement and Finance policies contains authorization matrix which specify each individual in the matrix their authority in the process of approving a single financial operation and a single procurement operation. Also the procurement policies provide segregation of duties in the process of a single procurement operation. In addition, the provided Procurement Threshold is another measure for having control over corruption and of course the Procurement Committee for procurements above Afs 1,000,000.00

For further information, please refer to Code of ethics for procurement (*Annex1*).

Warranty / Guarantees

To receive the warranty and guarantees benefits of a specific product or services, there should be a contract held with the services provider and part of the contract document must be Warrant /Guarantee Plan. The contract and the plan must contain the following information

- Warranty/Guarantee criteria's and circumstances
- Warranty/Guarantee duration
- Cost coverage for services and spare parts
- A brief contract about warranty/Guaranteed items
- Response time after receiving the notice for service

Procurement department

The Procurement section is responsible for the acquisition of goods, and services for the organization.

Responsibilities:

I. Procurement manager / Regional manager

- ✓ Manages the day-to-day operations of the procurement process.
- ✓ Demonstrates strong leadership and managerial competencies, including integrity, accountability, communication skills, and commitment to teamwork and excellence in responsibilities such as selecting, mentoring, coaching, supervising, motivating, and training procurement staff.

- ✓ Sets work objectives, directs, supervises, and reviews staff and staff assignments.
- ✓ Provides high-level technical/administrative guidance on work requirements and methods.
- ✓ Manages and reviews documents for the procurement of all supplies, equipment, and services for the Authority and ensures compliance with the Procurement Policy and Procedures Manual, as well as applicable to country laws.
- ✓ Establishes bid standards and prepares procurement documents to publicly solicit bids and contracts for the purchase and /or lease of materials and services.
- ✓ Identifies suppliers that satisfy STAR'S contracting and purchasing requirements.
- ✓ Maintains positive vendor relations.
- ✓ Manages the preparation of solicitation documents and offers.
- ✓ Manages the process for the evaluations of proposals, offers, and bids in accordance with internal policy and external local country regulations while selecting the best supplier in accordance with solicitation requirements.
- ✓ Assures suppliers deliver materials and services in accordance with standards of price, time, quantity, and quality agreed upon.
- ✓ Assures all invoices are audited for compliance with contract terms and supervises contract closeout.
- ✓ Responsible for ensuring records are maintained and procurements are documented from origination through completion.
- ✓ Maintains a complete record of authority contracts for goods and services.
- ✓ Writes and reviews action items going before the Management committee on solicitations, contract awards, and modifications.
- ✓ Makes recommendations on policies and procedures as needed to ensure the success and compliance of all procurement-related activities.
- ✓ Coordinates routinely with other departments to assure effective and timely coordination and teamwork in procuring goods and services.
- ✓ Provides procurement research, guidance, and direction by presenting available procurement options.
- ✓ Conducts evaluations of procurement staff for review and approval of the Executive Manager, Coaches, trains, counsels and advises staff; takes corrective action as needed.
- ✓ Incorporates best practices and market research into procurement practices to ensure STARS obtains the possible price
- ✓ Exhibits a strong sense of urgency to maintain high personal performance while making decisions and allocating resources in a cost-efficient manner.
- ✓ STARS regional offices all over the country to make sure the procurement process is implemented according to STARS policy and procedures.
- ✓ Assist the project manager in Preparing the Procurement Plan before the project starting date and submit it for the program department for approval.
- ✓ Prepare monthly reports about the procurement activities for all the projects that had been conducted each month including main issues that will need higher-level interventions and corrections.
- ✓ Follow up with procurement / logistic officer on Update the vendor list on a quarterly base.
- ✓ Follow up with procurement / logistic officer on the Update inventory list on a quarterly base.

II. Logistician

- ✓ Responsible for the supervision, monitoring, and detailed recording of all warehouse and stock movement activities consistent with STARS procedures requiring complete accuracy and timely delivery.
- ✓ Ensure proper warehouse management. This includes storage space, condition, and the actual storage of stock.
- ✓ Prepare appropriate forms for procurement and designation of project and maintenance materials ensuring approval by the appropriate Procurement staff, in consultation with the Finance team and Operations Team.
- ✓ Work closely with vendors and the Procurement Manager to obtain needed materials with particular attention to cost control, quality, and timely delivery.
- ✓ Ensure maximum availability and implementation of controls and monitoring mechanisms for all logistics assets such as vehicles, generators, computers and all other technical items using either petrol, diesel or to maximize efficiency and ensure regular maintenance
- ✓ Responsible for overseeing and monitoring asset management and updating asset list as required
- ✓ Prepare Stock Movement reports, as well as logistics reports.
- ✓ Check-in weekly with Operations Officer, providing weekly updates (weekly work plan) on all logistical activities
- ✓ Maintain familiarity with relevant logistics compliance issues as required by policies of STARS, donors, and legal statutes in order to ensure compliance.

CHAPTER TWO

Procurement Plan

STARS **Procurement Plan** is an annual document which defines the products and services that STARS will obtain from external suppliers. “A sound **procurement plan** helps a Procuring Entity to define their **procurement** requirements and to decide where and when to procure”.

Organization procurement

STARS act smoothly while purchasing the goods and services which is necessary for organization daily operation. The plan and purchasing schedule is made annually aiming that the necessary materials and equipment are ready when needed by staff.

.

PURCHASING / PROCUREMENTS

✓ Purchasing policies

All STARS purchases should always be made to get the best quality for the lowest possible price. To ensure this, goods should be purchased in bulks and kept safe in the store to limit transaction cost and get discounts where appropriate.

Some donors have specific requirements concerning purchases and these should always be checked before any larger purchases.

Furthermore, to ensure appropriate control with the quality and price of goods there is established threshold of authorization for purchasing. It should be clear from the above that it is strictly against STARS policy to split up purchases or bills to avoid these thresholds.

✓ Procurement procedure

The person who requests an item fills in a ***Requisition Form*** (see Appendix 24) and which is approved by the Administration Department / Regional Heads.

Requisition is sent to store where it is checked for availability. In case it is not available requisition is forwarded to Logistic Officer.

If the item is to be purchased, the following thresholds apply:

- If a person supposed to participate in Procurement and Auction Committee is not available, the Logistic Department may be authorised by Managing Director in writing to make certain purchases with less than three (3) members.

These thresholds should be reviewed every year. The Regional Offices are allowed to introduce a lower threshold for quotations, if this is found necessary.

Important note: Vehicle fuel and repair cost is charged to different projects based on actual use of vehicles in respective projects.

✓ *Vehicle Authorization Form*

All staff requesting STARS Vehicles both for official and private business are obliged to receive Vehicle Authorization Form from the Transport Officer. Incase Transport Officer is not available they can refer to the Administration Department.

Vehicle Authorization Form will also be used if the vehicle is to driven to workshop for routine or other repair.

COMPUTERS AND COMMUNICATION

✓ Computers

Computers are the most valuable assets being used in STARS. Appropriate control has been designed in order to ensure physical safety and data security.

- *Security & virus protection*

The users should take following necessary steps to protect their computer from virus infection.

- ✓ They should ensure that anti-virus program is running on their individual computers and anti-virus icon is active on task bar.
- ✓ Weekly anti-virus update definition file should be installed on the system.
- ✓ They should not open emails or attachment from unknown source.
- ✓ They should scan all files for viruses at least once a week.
- ✓ Disks scanning and Defragmentation should be run on all computers at least once month to make sure drives are in good condition.
- ✓ The user must switch off all the equipment, when they finish their routine work at the end of day. They should also ensure that computers are properly shut down. Especially laptop computer, which needs to be properly shut down before it is moved from one location rather than transferring into hibernated mode. If laptop computer is moved while it is in hibernated mode it may damage hard drive and result in data loss.
- ✓ No external device will be attached to any computer while it is turned on.
- ✓ This is user responsibility to keep secret their ID and password from everybody.
- ✓ Playing and installations of Computers Games are not allowed.
- ✓ Personal prints are not allowed on STARS Computers.

- ✓ **Data backup**

It is user responsibility to backup the data on weekly and monthly basis, otherwise he / she will be held responsible for any loss of data from his local drive. Data is usually backed up on portable disk, an external hard drive.

Confidentiality and rights on STARS data

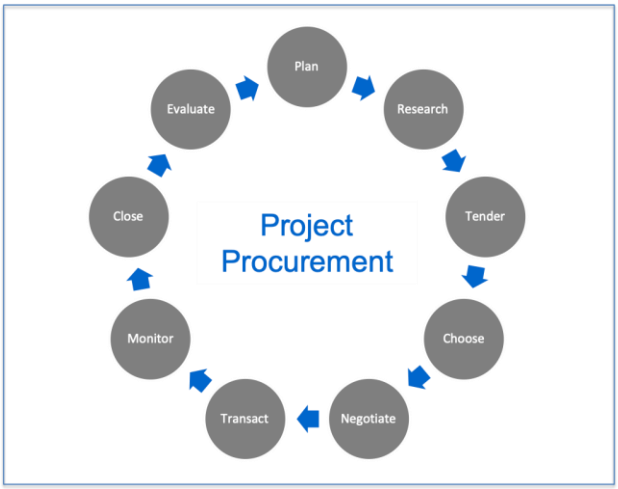
The data stored on every computer is belongs to STARS. **NO ONE IS ALLOWED** to share STARS data with outsiders or to leak out any internal information / data. It is concerned person duty to store the data on protected location.

In case data is required to be shared with partner organization in connection with any joint venture or some official purpose, proper authorization will be taken before hand from Managing Director for transferring data to external organization.

NO ONE IS ALLOWED to take data from STARS, when he / she finishes job contract with organization.

Project Based procurement

The project procurement occurs when there is a specific project activity and goals. STARS organization will act based on project procurement setups and as well as requested by donor such as volume purchases, standard items…etc.



The project procurement is coordination with project activities schedule ensuring that the material, equipment and service are ready in the site before actually executing the activities.

The procurement plan will be based on project scope and the translated bill of quantities, extra time will be allocated for each item of the procurement because of redoing and quality control activates involved in process.

Requisition

The requisition for the organization will be requested by the Admin Department/Procurement and or relevant department and projects officer and the requisition form for projects will fill and request by the Project Manager/Project Procurement Officer for the specific project.
Request, Control, & Approval matrix.

Procurement Threshold			
Item worth	**Document**	**Control**	**Approval**
1$ -100$ or Equivalent in AFN	Purchase Request Verbal Quotes Invoice Goods Received Note Inspection Letter & Other supportive Documents	Finance team Procurement team	Admin/Procurement

100$ - 20,000$ or Equivalent in AFN	Purchase Request Quotation (at least 3) Bid Matrix Purchase Order Contract Invoice Goods Received Note Inspection letter Bank Details Supplier Certificate Other Supportive Documents	Finance Department Procurement Department Head of Department Project Manager Members from other departments may involve in the procurement process	Program Director
20,000$ - 150,000$ or Equivalent in AFN	Purchase Request National Public Announcement (Online) Quotation (at least 3) Bid Matrix, Conflict of interest & Bid Opening Purchase Order Contract Invoice Goods Received Note Inspection letter Bank Details Supplier Certificate Other Supportive Documents	Finance Department Procurement Department Head of Department Project Manager Program Unit Bid evaluation committee Members from other departments may involve in the procurement process	Director General
More than 150,000$ or equivalent in AFN	International Tendering Complex Procurement International Tendering (Formal method)		

Announcement/Publication

Description	**Time (Working Days)**	**Selection**
Public Announcement through national online platforms and STARS website	5 Days	At least 3 firm must be the shortlisted candidates
Biding and Evaluation procedures	2 Days	
Items requisition	2 Days	

Quality Control:

STARS has the quality control sheet for each items, especially for those who needs to have quality control report periodically. (*Annex 2*)
The deliveries will be checked against the approved submittals, samples, catalogues and specifications for compliance in case of non-compliance the delivery part or as whole be rejected and relevant entity will be reported.

Preparation /Approval of submittals/Purchasing /Deliveries/Acceptance

Preparation

The internal procurement team must identify the availability of required assets in office stock, and if the asset was not available they have the responsibility for asset acquisition/purchasing after identifying nature and quantities.

Approvals

Approval will be obtained from the relevant position and employee as pert the provided approval matrix. Please refer to the above asset purchase matrix.

Purchasing

Purchasing of each items requires a set of procurement procedures which needs to be follow. These procedures depend on the quantity, value, and quality of assets that determine through procurement team. Following completion of procurement approval process, than procurement item will be sourced from reliable vendors, and as per procurement mode and threshold explained in this policy.

Deliveries

The item deliveries depend on the contract or agreements with suppliers. Both side have to agree on the deliveries facilities based on a legal contract. The delivered items must check by the person or committee who receive the goods in order to reduce the conflict issues.

Note: Where it is not reasonable to check the delivered goods/services the delivery note should be marked, 'Goods received but not checked'. This will acknowledge their receipt but not their acceptance. It is important that they are checked as soon as possible as a delay in advising of problems or your intention to reject the goods may reduce your grounds should a dispute arise over a rejection of the goods. A protracted delay could also imply acceptance.
Acceptance

Normally whenever goods are delivered and a delivery note signed, the signature signifies that the goods/services have been accepted and hence, the performance of the contract completed. There are a number of points that are important.

You will have accepted the goods if you;

- tell the supplier that you are accepting them
- modify them in any way

- hold on to them for a reasonable period of time without telling the supplier that you are rejecting them

Acceptance does not occur until you have had a chance to examine the goods, however, the law may view individual cases of 'signing on acceptance' in different ways.

Commissioning and acceptance testing

Within the contract there may be a requirement, for example, to commission the goods and complete acceptance tests prior to formally accepting them. Here, the signing of a delivery note is simply acknowledging that the goods/services have been received. Formal acceptance will not be until the actions, stipulated in the contract documentation, have been successfully completed.

Bulk goods

If you receive a consignment of goods, either by a single delivery or partial deliveries, if any of the items are faulty and the others are acceptable, you can hold on to the goods that are alright , but reject the bad ones.

Rejection

As soon as goods/services have been delivered, any problems should be notified to the supplier immediately. Preferably this notification should be in writing and if verbal, confirmed in writing, immediately. The longer a delay in rejection, the more difficult it will be to argue that your silence did not imply acceptance of the goods/services delivered.

Where, as part of the acceptance process, there is commissioning and acceptance testing, these should be completed within an agreed timescale and any problems notified, in writing.

If goods are rejected, solutions available to the buyer are

- To seek replacement goods or services that meet the product specification, and
- Damages, where the failure to supply acceptable goods or services has caused problems that cannot be solved by providing replacements

Once goods have been accepted, the buyer's (STARS) only recourses are to:

- Sue for damages for breach of contract, or
- Claim for contravention of statutory obligations, or
- Claim against any guarantee that is available.

The remedy of rejection is not available forever, however, acceptance cannot occur until the buyer (STARS) has had a reasonable opportunity of examining the goods to check conformance.

CHAPTER THREE

Vendor Solicitation /Mode of procurement

Procurement method in STARS organization is consisting of few steps;

- Prepare specification and checking the budget
- Prepare purchase requisition
- Check & authorize requisition
- Obtain quotation
- Selecting supplier
- Issue purchase order
- Receive goods and quality control
- Receive & check invoice
- Prepare & authorize payment authority
- Pay supplier invoice
- Enter payment in cashbook
- Tugging, updating inventory list or allocating for consumption (Head office/project)

Procurement Threshold

Spot purchasing

STARS organization will not apply all the mentioned above process in case of spot purchasing. The limit for spot purchasing considered is 5,000 AFN.

- Procurement under 5000 does not require any approval requirement, staff can purchase the item needed and will be reimbursed upon presenting the Receipt/Bill from the supplier or shops to the finance department. And no need to initiate and process a purchase request. Issuance of Request for Quotation
- For procurements above Afs 5,000 and up to Afs 20,000.00 after processing Purchase Request at least three quotations from the different supplier should be provided and the item will be ready for purchasing after obtaining approval for Comparative Statements from the relevant entity.

STARS by determining the size and budget of item will follow the below step for acquiring or purchasing items through RFQ.

- If the item required price be more under 20,000AFN, it must announce officially through online platforms & organization website and where possible the quotation will be collected physically too.

I**nvitation to Bid**

- Procurement above Afs 20,000.00 up 1, 000, 000.00 is done through Request for Bid. Following processing the purchase request, at least three offers should be received from the three different suppliers. The offer should contain quotation and past experience of doing the same type of activity in last three years with approximately the same magnitude.

STARS will follow the below steps for procurement Invitation to Bid;

- Collecting all the RFQ's within the time frame allocated by the organization
- Selecting the best vendor (Selection criteria will be differing)
- Assuring about items and services by negotiating directly with selected vendor.
- Signing the procurement contract and performing the rest of necessary tasks.
  Note: If the selected vendor doesn't meet the requirement technically the procurement has the right to select other vendor.

Issuance of RFP

All procurements above Afs 1,000,000.00 will be done through issuance of RFP. The proposal will contain a technical and a price proposal. The procurement committee will be responsible for reviewing all the offers; the requirement is a minimum of 4 proposals to undergo revision. The selection will be based on technically acceptable and low price. The technical proposal may get higher marks depending on the type of procurements in some occasions for the purpose of quality procurements. This is the job of the procurement committee to review the proposals and select the proposed vender or partner. There are some conditions where STARS will look for partnership in completing a project or a portion of project by a partner, therefore, the organization will be announcing the RFPs. The issuance of RFPs required the below step to process;

- Proposal Budget (Price)
- Technicality (Technical Proposal)
- Bid guarantee (Commitment to perform the agreed activity/task/services)
- Performance guarantee
- The entity that claims partnership has to show the deposit of 2 million AFN it depends in a well-known bank as a guarantee letter.
- The bank agrees to don't cancel the guarantee letter unless the partner entity has done all the project activities and have received the performance appraisal by STARS issued on behalf of mentioned entity.
- The entity must have the record of past performance and experience of implementing relevant project with magnitude of over 2 million AFN " it depends this is just an example" successfully

in its background performance in last three years, experience older than three years is not credential. .

- The entity must have the budget and ability both for the implementation of such projects.

Emergency procurement

STARS will not follow the procurement process in emergency project/condition due to the nature of such projects and saving life's. But the procurement should undergo the following procedures.
Collecting of at least three quotation
Preparing comparative statement involving communities and other stakeholder

CHAPTER FOUR

Documentation

As it is known that the procurement documents are highly confidential and it requires to keep them save in order to avoid corruption and leakage of information to outside. STARS procurement department will maintain all the documents both in hard and soft after completing all processes. Access on procurement files will be based on procurement, executive director authorization. The procurement plans will have held by program department and procurement, which the procurement department has the responsibility to have the data backup based on their back schedule.

NOTE: STARS procurement department with the cooperation of program unit and executive director has the authority to add or omit any elements of this policy in order to assure the accuracy of procurement task free from corruption or any issues that not be in contradictory with STARS mandates.

Implementation

The procurement department has the responsibility of execution of this policy and conducting orientation sessions for those staffs who are involve in the procurement activities.

Board Approval

Board Members signatures;

Appendix

Transport and Logistic

STARS has following rules for use of vehicles.

- ✓ **Transport of goods**

- *Use of STARS owned vehicles*

  STARS owned vehicles are used in the first instance, for transportation of goods from and to Regional Offices and sites. The concerned department fills in ***Vehicle Authorization Form***. Vehicle Authorization Slip is then got approved from Transport Officer. Transport Officer releases vehicle to the concerned department for the purpose.

- *Use of leased vehicles*

  In case quantity or nature of goods to be transported is such that they cannot be carried through STARS owned vehicles, then leased vehicles may be used for transportation of such goods. Transport Officer is responsible to arrange the vehicles in such cases. Transport Officer calls for at least three (3) quotations from three deferent transport companies, if possible. The Transport Officer prepares ***Comparative Statement***, then he gets it approved from Administration Department. A contract may be entered into and signed by Administration Department with selected transport company before goods are handed over to them.

Vehicle use

- *Official use (local areas)*

  All STARS staff is allowed to use STARS owned vehicles for official purpose. If an employee needs vehicle for official use in local area, he fills in Vehicle Authorization Slip and give it to the Transport Officer in the morning stating the purpose and location, and time of departure and arrival. It helps the Administration Department meet the needs of all the employees requesting for vehicle. If two employees have official work in same locality, it is better that both

  the employees use one vehicle. If more employees request for vehicle at a time and it is not possible to meet every one's request due to non-availability of sufficient number of vehicles, then vehicle should be allowed to the employees on the basis of priority of the work.

- *Official use (Outstation)*

  If vehicle is needed for outstation official visit, the concerned employee fills in Vehicle Authorization Form and gets it approved from Administration Department / Regional Head. Vehicle Authorization Slip should be forwarded to Transport Officer at least two days before the date when vehicle is required. Intimation in advance helps to ensure the availability of the

vehicle when needed. Vehicle Authorization Slip specifies the expected time and date of the departure and arrival of the vehicle.

However, approval of request depends on security situation in the area where the visit is planned. Vehicle shall be allowed only when there is not any security risk; otherwise the staff should use rented vehicles for official trip. Transport Officer checks beforehand security situation, through ANSO office our own sources, of the area where it is planned to send vehicles.

- *Private use (general staff)*

  STARS does not have the policy to allow private use of vehicles by employees. *However, such use may be allowed in any special circumstance or emergency (accident, funeral, marriage of STARS employees or close relatives thereof).*

✓ **Other controls over vehicle use**

Following internal controls are in place in order to ensure safe custody and proper use of vehicles.

- *Persons authorized to drive STARS vehicles*

  Drivers or Transport Officer are the only personnel authorized to drive the STARS vehicles in normal circumstances. In exceptional circumstances the Managing Director may authorize any other person to drive the vehicle.

- *Vehicle Log Books*

  The ***Vehicle Logbook*** *(see Appendix 27)* is maintained for each vehicle in order to avoid any possible misuse of vehicles. Vehicle Logbook is used to record information about use of vehicles. Mileage is checked before every trip and recorded in vehicle logbook, after arrival from trip mileage is again checked and recorded in vehicle logbook in order to know total distance traveled in each trip. Purpose, date and time of trip are mentioned in vehicle logbook and the person using the vehicle signs it.

  The Transport Officer is responsible to ensure that vehicle logbooks are maintained properly. At the end of month, Transport Officer prepares a vehicle logbook summary, which shows different vehicles have been used for in different projects.

- *Fuel of vehicles*

  Transport Officer is given fixed advance for running and maintenance of vehicles. The driver is responsible to keep the vehicle fuel tank always full. The Transport Officer signs all the fuel bills and clears his advance whenever he runs out of balance. The Transport Officer registers the bills in the ***Fuel Consumption Form*** *(see Appendix 28).* Transport Officer checks fuel consumption at the end of every month with distance covered. If actual consumption deviates substantially from month to month, investigation is carried in order to find out reason for such deviation. Necessary action is taken accordingly to control fuel consumption.

Vehicle logbook summary and Fuel Consumption Form are used to calculate amount of fuel expense to be charged to different projects. Copies of both these documents are sent to finance department where fuel expense is charged to different projects according to mileage used for each projects.

- *Periodical maintenance*

Routine maintenance is done of each vehicle after each 2,000 km running. Routine maintenance includes changing engine oil and oil filter, body wash, and cleaning the air filter. Diesel filter are changed after 4,000 km running. Transport Office is responsible of maintenance and mileage record for each vehicle.

- *Routine checking*

It is driver's responsibility to do routine checking of vehicles every morning including checking of oil, water, brakes oil etc.

✓ *Other maintenance*

The driver and the Transport Officer are responsible for the maintenance of the vehicles. It is driver's responsibility to check daily the vehicles in the morning and report to the Transport Officer if it requires any repair and maintenance. The Transport Officer is obliged to get approval from the Administration Department before sending the vehicles to the workshop. Both the driver and Transport Officer should be present in the workshop at the time of changing parts of the vehicles.

✓ *Charging of vehicle fuel and repair expense to different projects*

Communication

✓ **Mobile Phones**

STARS has provided mobile phones to key staff, along with connections. STARS also has the policy to provide credits for the mobile phones for the following staff members.

Managing Director	Credit worth US$ 100
Regional Heads	Credit worth US$ 20
Managers / Sector Head	Credit worth US$ 20

However personal calls are NOT ALLOWED from official mobile phones

✓ **Satellite phones**

Sat-phones (Thuraya etc) will be used on field trip and remote location where GSM Mobile facility is not available. The sat-phone will be issued to the field staff after written approval from

Administrator. Every incoming and out going call specifying purpose of call, dialed number location, call duration will be recorded on call log book. Administrator checks call logbook each month with satellite phone bill to make sure that private calls have not been made.

Annexes

Code of Ethics for Procurement *(Annex.1)*

Outright corruption is not uncommon in commercial life in Afghanistan. Any improper approaches, whether in the form of inducements or threats, must be reported even if they are sufficiently ambiguous. We, when undertaking any procurement activity, should consider ourselves bound by the code of Ethics.

1. Purpose

The STARS intends that the highest ethical and professional standards applicable to its procurement activities to ensure the optimal use of funds for the purposes for which these funds were provided and to project a positive image of the STARS.

This Code of Ethics in Procurement sets out the principles that govern the behavior and actions of STARS employees when involved in the procurement of goods or services by or on behalf of the STARS.

2. Scope

Any procurement of goods or services, and any action or process carried out in the context of such procurement, will be conducted in accordance with this Code of Ethics.

This Code of Ethics applies to all STARS employees, officers, consultants, and agents who are directly or indirectly involved in the procurement for or on behalf of the STARS. Further, suppliers with which the STARS enters into contracts are expected to adhere to the principles established herein, in the performance of their contracts.

3. Loyalty and prohibition of fraud (reminder)

All individuals active for the STARS must comply with the Code of Conduct for employees of the STARS (CoC). The following rules of the CoC are of particular relevance in the context of procurement activities:

STARS employees' conduct must be characterized by integrity, respect, and loyalty to the STAR'S interests and must not in any way harm or compromise the STAR'S reputation (CoC-Article 2).

Fraud in any form is strictly prohibited. Fraud is defined as any action aimed at obtaining an unauthorized benefit, such as money, goods, services, or other personal or commercial advantages, regardless of whether such advantage benefits the employee(s) concerned, the STARS, or a third party (*Fraud Policy*).

3.1 Ethics and compliance

All individuals engaged in procurement activities have a duty to act in a manner which maintains and enhances the reputation of the STARS and preserves the trust in the STARS by:

Enhancing and protecting the standing of the procurement activity, by:

- Never engaging in conduct, either professional or personal, which would bring the STARS into disrepute;
- Not accepting inducements or gifts (other than as considered acceptable; see Anti-Fraud & Corruption Policy);
- Not allowing offers of hospitality or those with vested interests to influence, or be perceived to influence, business decisions (see below Section 4.2);
- Being aware that their behavior outside their professional life may have an effect on how they are perceived as a professional.

Maintaining the highest standard of integrity in all business relationships, by:

- Rejecting any business practice which might reasonably be deemed improper;
- Never using their authority or position for their own financial gain;
- Declaring to their line manager any personal interest that might affect, or be seen by others to affect, their impartiality or loyalty in decision making (see below Section 4.2);
- Ensuring that the information they give in the course of their work is accurate and not misleading;
- Never breaching the confidentiality of information they receive in a professional capacity;
- Striving for genuine, fair and transparent competition;
- Being truthful about their skills, experience, and qualifications.

Promoting the eradication of unethical business practices, by:

- Fostering awareness of human rights, fraud and corruption issues in all my business relationships;
- Responsibly managing any business relationships where unethical practices may come to light, and taking appropriate action to report and remedy them;
- Undertaking due diligence on appropriate supplier relationships in relation to forced labor (modern slavery) and other human rights abuses, fraud and corruption;
- Continually developing their knowledge of forced labor (modern slavery), human rights, fraud and corruption issues, and applying this in their professional life.

Enhancing the proficiency and stature of the procurement activity, by:

- Continually developing and applying knowledge to increase their personal skills and those of the STARS;
- Fostering the highest standards of professional competence amongst those for whom they are responsible;
- Optimizing the responsible use of resources that they have influence over for the benefit of the STARS.
- Ensuring full compliance with laws and regulations, by:
- complying with the law of the country (Afghanistan) in which they practice.
- fulfilling agreed with contractual obligations; and
- complying with all STARS internal rules and guidelines.

3.2 Impartiality and conflict of interests
Please refer to the STAR'S Conflict of Interest Policy.

3.3 Accountability

Everyone involved in procurement activities is accountable for his/her actions and decisions with respect to procurement to ensure that the funds are used solely for the purposes for which they have been provided.

3.4 Confidentiality

Any release of confidential information can compromise the integrity of the Project, which could result in potential suppliers not responding to procurement processes due to a lack of faith in the process. Therefore, confidentiality needs extra consideration in STARS procurement, due to the delicate nature of the information that is handled in procurement processes, such as pricing of products, marketing strategies, etc. A breach in the confidentiality of the data handled in the procurement process could result in discredit of the STARS and distrust from governments, partners, or suppliers.

"STARS employee's must do care for leakage of any sensitive procurement related information which might be the cause of undermining organization interest or any other party involved in the process. Staff members shall exercise the utmost discretion with regard to all matters of official business. They shall not communicate to any Government, model, person or any other source of information known to them by reason of their official position that they know or ought to have known has not been made public except as appropriate in the normal course of their duties or by authorization of the Head office. These obligations do not cease upon separation from service. The disclosure of information may seriously jeopardize the efficiency and credibility of the organization".

3.5 Reporting and disciplinary measures

Any person who is aware of an action or a situation which is incompatible or not compliant with this Code of Ethics (such as inducements, threats, fraud, etc.) or suspects the existence of such an action or situation must report it to the line manager as soon as possible in accordance with applicable internal rules.

Any breach of this Code of Ethics may lead to disciplinary measures against the author.

Family name: First name:

Signature: Date

STARS Quality Control Checklist (*Annex-2*)

Company Name:……. Date:……

Address:……. Business Type:…….

Quality Control Examination.	**Strongly Agree**	**Agree**	**Neutral**	**Needs Improvement**	**Disagree**
1. Quality Features					
a. Appeal of the item.					
b. Usability of the item.					
c. Reusable.					
d. Does not break down easily.					
2. Quality Indicators.					
a. Flexible for daily use.					
b. Can be repaired.					
c. Some features are unusable.					
d. Some features don't work at first purchase.					
3. Quality Reminders.					
e. The product should be clean at all times.					
f. Any malfunction is reported immediately.					
g. Curb down any risk of breakdown.					
h. Repairs are done right away.					
Remarks:					