

Uganda Martyrs University



PROCUREMENT AND DISPOSAL OF ASSETS

MANUAL

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FOREWORD

The Procurement Manual of Uganda Martyrs University (UMU) has been prepared after sighting the need to improve the existing Procurement Regulations and Guidelines Manual.

This Procurement Manual has been improved to address salient issues which may not have been incorporated in the earlier version of the procurement regulations and guidelines manual. UMU, besides improving its structures, also needs to improve and streamline its procurement and disposal of assets functions.

The Manual has been designed in such a way that it shall not only address best practices in the procurement procedures, but also address disposal functions and any other unique features of the university requirements as they arise.

We anticipate that this manual shall serve as a reliable reference source and guide to streamline the Procurement and Disposal of assets functions in a transparent manner.

INTRODUCTION

The Uganda Martyrs University (UMU) Procurement Manual serves as an implementation tool that covers policies, procedures and guidelines that shall guide the University in the procurement process, management and disposal of assets.

The Manual provides crucial details on functional relationships and internal controls that promote value for money, transparency and accountability in the procurement and disposal of assets process.

1.0 OVERVIEW

1.1 PURPOSE OF THE MANUAL

The purpose of this Manual is to give guidance to those who requisition (end users of goods, works and services requisitioned for), the Suppliers and the Procurement Committee to follow procedure and best practices while carrying out University procurement and disposal. The Manual will also help in the segregation of responsibilities among the parties that form the procurement process. If this manual is followed closely, it will create uniformity and adherence to procurement processes, close gaps and eliminate conflict of interest in the procurement process and promote value for money.

1.2 THE PROCUREMENT MANUAL AND THE VISION AND MISSION OF UMU

From its inception, Uganda Martyrs University has been guided by robust, brilliant and inspiring vision and mission. Therefore, this UMU Procurement Manual and the procurement and disposal of assets process must be informed by Uganda Martyrs University's Vision and Mission quoted herein below:

Vision

To be a University that is nationally and internationally recognized for excellence in teaching, learning, research, advancement of knowledge and community engagement.

Mission

To develop an integral person by providing high quality education within a conducive environment in order to produce professionals of varying academic competencies with critical and creative abilities and who will contribute positively to the nation and the world at large, while observing values of service and respect.

1.3 SCOPE

The Manual will cover but not limited to:

- i) Steps in the procurement process,
- ii) Procurement planning and its linkages to the budgeting process and implementation,
- iii) Administration of the procurement process; handling receipts and acceptance of items procured and ensuring rightful channels have been followed,
- iv) Stores inventory management in the different stores as shall be set up from time to time by UMU Management,
- v) Disposal of un-useable/obsolete or surplus assets and equipment as would be identified through a policy to be set up,
- vi) Contracts Management.

1.4 DISTRIBUTION OF THE MANUAL/APPLICATION OF THE PROCUREMENT MANUAL

The Manual shall be a reference document which will be kept in both soft and hard copy for easy access by all involved at any one time in the procurement process at Uganda Martyrs University. The Manual shall apply and involve anyone who will requisition, get involved in the purchase of goods and services and disposition of assets at UMU.

1.5 PROCEDURES FOR REVIEW AND UPDATE

The Procurement and Disposal Manual will be reviewed and updated from time to time to match with prevailing situations as shall be required by Management and the Procurement Committee of UMU. The revised editions of this manual shall be dated labeled with the edition and indicated on the cover page of the Manual. Management and the Procurement Committee of UMU shall be made aware of changes to policies and procedures to be effected in the Manual and shall authorize them. Reviewing the manual shall be the responsibility of the Council in consonant with the Procurement Committee.

2.0 PRINCIPLES OF PROCUREMENT

The principles of procurement shall assist in obtaining the best with less spending. To do this, it will be important to consider the optimum combination of “whole life cost,” that is the acquisition cost, cost of maintenance, running costs and the disposal cost at the end of the life time of a product. The purchase and its fitness for purpose, describes the quality and ability to meet the contracting authority requirements. Guiding procurement principles that shall be considered to achieve Best Value for Money (BVM) are:

- a) **Competition** - all procurement and disposal shall be conducted in a manner that allows maximization of competition and achieve best value for money hence competition among suppliers should be encouraged in the most efficient and effective way.
- b) **Economy and Efficiency** - All procurements shall be conducted in a manner which promotes economy, efficiency and value for money. Efficiency should be sought in the procurement process to secure value for money for the contracting authority.
- c) **Fairness/ Non Discrimination** - A bidder shall not be excluded from participating in UMU procurement and disposal on the basis of nationality, race, religion, gender or any other criterion not related to qualification. UMU should act fairly during the whole procurement lifecycle without imposing unnecessary burdens or constraints on suppliers or potential suppliers. Avoid any favorable treatment to specific supplier or potential supplier.
- d) **Objectivity/Integrity/Honesty** - Declaration of any conflict of interest that affects or appears to affect their judgment; Reject gifts, hospitality and benefits of any kind from supplier or a potential supplier, which might be reasonably seen to compromise their objectivity or integrity.
- e) **Transparency and Fairness** - All procurement and disposal shall be conducted in a manner which promotes transparency, accountability and fairness while ensuring equal conditions and accessibility to all economic operators, by informing them in an open and transparent way.
- f) **Accountability** – Be accountable for the responsibilities assigned to them, as well as for the decisions made by them, keep the appropriate records.
- g) **Professionalism** - Work to a high standard of professionalism shall be exhibited by complying with the legislation in force and applying the best practices.
- h) **Green purchasing**” - Exploitation of the opportunities to incorporate environmental considerations and issues in each stage of the procurement lifecycle.

3.0 PROCUREMENT AND DISPOSAL OF ASSETS AND ETHICS

According to Mooka (2016), “Our understanding of ethics begins with understanding the choices we make every day. Each of these choices depends on what interests us. Let us call that which interests us values. We make these choices based on what we value. We make moral choices, for instance, the choice to tell a lie or to tell the truth.” On the basis of the above view, we can conclude that it is morally wrong to tell a lie, and it is morally right to tell the truth. Moral choice is about “**rightness or wrongness**” of human actions as we relate with one another. Appropriate, right, respectful, caring and fair/just human relationship (human conduct) is valuable and indispensable in our heavily networked society in order to balance effectively individual interests/needs and the common good of society. Ethics can guide or inform human choices and actions/practices. Because of this, Ssebuwufu (2009) contends, “Ethics digs deep into the heart of human beings.

It is Ethics to offer a series of criteria for judging and for guiding responsible and reasonable human choices and conduct. Ethics is crucial in proper human conduct, business, politics, religion, education, day-to-day living, mention it, we need Ethics.”

Therefore, Ethics is the science that investigates the nature of human conduct (rightness/wrongness of human choices, behavior or practices or relationships).

Appropriate and right procurement and disposal of assets process, which involves human choices, practices and relationships between providers and users of goods, services and assets, ought to be informed by Ethics and sound ethical principles to ensure justice/fairness, respect, transparency and the common good of all parties involved.

3.1 Conflict of Interest as an Ethical issue in procurement

One of the most disturbing ethical issues UMU Procurement Unit and Management needs to guard against in the procurement and disposal of assets process is, “Conflict of Interest.” Conflict of interest is the direct or mutually exclusive clash between the interest of UMU and the private or personal interest of a procurement officer.

In the context of procurement, if UMU procurement officer is party within a transaction, he/she shall:

- a) Declare with immediate effect any potential conflict of interest,
- b) Not use information obtained for professional reasons for personal profit,
- c) Disclose and dispose the financial interest involved,
- d) Not participate in any conflicting procurement process,
- e) Excuse or withdraw from any procurement process where the procurement officer may have a conflicting interest.

3.2 Declaration

It shall be a requirement and good practice to have officials involved in the procurement process, including those participating in offer opening panels, evaluation committees or contracts committees, sign in advance a declaration of no conflict of interest.

Honesty, truthfulness, impartiality and incorruptibility shall be applied whenever a conflict of interest or the appearance of conflict of interest arises in the course of conducting procurement.

3.3 Ethical principles that relate to the procurement process are:

I. Loyalty and respect

All UMU Staff involved in the procurement process shall be charged with the highest standards of loyalty and discretion. In summary, UMU staff, especially the procurement officer, should:

- a) Stand by decisions that are in the University’s interest even if they are unpopular,

- b) Understand the rules and regulations pertaining to his or her profession and the University,
- c) Know why the rules and regulations are necessary,
- d) Know what caused the rules and regulations to be enacted,
- e) Respect the need for the rules and regulations,
- f) Interpret and apply rules in accordance with their intent,
- g) Be able to perform procurement responsibilities effectively and efficiently and still abide by the pertinent rules.

Exceptions to the above requirements should be kept to a minimum and be fully justified and documented. If a rule or regulation must be reconsidered or changed, the procurement officer should pursue the appropriate process to submit the recommended revision through established channels and include complete documentation to explain and justify the proposed change.

During this process, the existing regulations, rules and procedures must be followed. The procurement officer must perform regulated tasks consistently according to the specified procedures and take a leadership role to help co-workers and stakeholders understand and follow them as well.

II. Integrity

UMU staff shall be expected to maintain superior standard of integrity and moral values.

Integrity, while perhaps not subject to exhaustive and precise definition, must be judged on the basis of the total behavior of the person concerned. Such elementary personal or private qualities as honesty, truthfulness, fidelity, probity and freedom from corrupting influences, are clearly included. It follows that the staff must subordinate his private interests and avoid placing himself in a position where those interests would conflict with the interests of UMU.

III. Impartiality and Fairness

Impartiality implies objectivity, lack of bias, tolerance or restraint - particularly when disputes or differences arise. The staff member's personal views and convictions remain inviolate, but he/she does not have the freedom to "take sides," to enter a dispute as a partisan, or publicly to express his convictions on matters of a controversial nature, either singly or as a member of a group.

According to The concise Oxford dictionary of current English, "fair" is defined as "just, unbiased, and equitable; in accordance with the rules." In the context of impartiality and fairness, and in accordance with the definition above, the procurement officer shall:

- a) Set aside all personal and organizational bias,
- b) Apply the same standards of evaluation to all the suppliers (equal treatment).

For example, if one supplier requests additional information, all suppliers should receive that information at the same time. Or, if one offer is disqualified in the evaluation process and the award placed with the next highest priced offer, the reason for disqualifying the lower offer must be applied to all evaluations uniformly.

Fairness shall imply being reasonable as well as impartial, and treating UMU's trading partners with professional, business-like courtesy, as well as with strict adherence to the policies and procedures for conducting the transaction.

IV. Transparency

Transparency means unimpeded visibility. Transparency shall be paramount in all procurement activities.

Only when something is truly of a confidential nature, such as proprietary data belonging to a supplier, or proposals being evaluated prior to contract award, shall confidentiality be given a higher priority over transparency while still maintaining an overall transparent process.

V. Confidentiality

Confidentiality shall need extra consideration in the procurement process, 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 those involved in the procurement process.

Confidentiality might seem in contradiction with transparency, but what this means is, the way the overall procurement process is conducted needs to be clear and transparent, while truly proprietary data needs to remain confidential.

VI. Due Diligence

Due diligence shall refer to carrying out duties carefully and thoroughly, and avoiding careless practices or techniques. Due diligence requires that all activities by procurement officer(s) be pursued in a manner that goes beyond the minimum effort. This shall entail:

- a) check the references of potential suppliers,
- b) develop impartial evaluation criteria,
- c) analyze carefully the offers received,
- d) 'not cut corners' for the sake of convenience.

4.0 PROCUREMENT PLANNING

Procurement planning is the process of deciding what to buy (description of the item to be procured), when to buy (during which period, time i.e. quarter of the budget period) and from what source (where to get the funding). During the procurement planning process, every unit (Department, Faculty, School, Learning Centre or Campus) shall be required every beginning of the Financial Year to prepare a procurement plan.

The procurement plan shall assist Finance and the Procurement Unit to:

- a) Decide what to buy, when and from what sources,
- b) Allow the planners to determine if expectations are realistic, particularly the expectations of the requesting entities, which usually expect their requirements to be met on short notice and over a shorter period than the application of the corresponding procurement method allows,

- c) Permit the creation of a procurement strategy for procuring each requirement that will be included in the procurement plan. Such strategy includes a market survey and determining the applicable procurement method given the requirement and circumstances,
- d) Estimate the time required to complete the procurement process and award contract for each requirement. This is valuable information as it serves to confirm if the requirement can be fulfilled within the period expected, or required, by the requesting entity,
- e) Assess the need for technical expertise to develop technical specifications and/or scope of work for certain requirements, especially where in-house technical capacity is not available or non-existent.

4.1 THE PROCUREMENT PLAN

At UMU a Procurement plan for each Department, Faculty, School, Learning Centre or Campus shall be prepared for each financial year as part of the annual budget preparation process. It is the responsibility of the head of department to submit an annual departmental procurement plan to the accounting officer, at least 30 days before the close of the financial year. The Procurement Unit shall integrate and consolidate the plans submitted by various departments and sections of the University to one consolidated procurement plan.

5.0 PROCUREMENT AND DISPOSAL OF ASSETS COMMITTEE (PDAC)

The PDAC shall be responsible for the management of all procurement and disposal activities within its jurisdiction in accordance with the Procurement Manual.

5.1 Appointment of the Committee Members

Members of the Procurement Committee shall be appointed by Council on recommendation from the Vice Chancellor.

A member may be removed where the Vice Chancellor feels that the person has failed to be effective. The Vice Chancellor recommends the person to the Council for removal.

5.2 Composition of the PDAC

The Committee shall comprise 5 members and the Secretary.

- a) Chairperson,
- b) Secretary of the Committee – Procurement Manager or Procurement Officer, (The Secretary should not have voting rights).
- c) Members (at least a member from each technical area); information technology, estates, cafeteria, health and library, etc.

5.3 Authority and Responsibility

The Vice Chancellor (VC) shall appoint members to the Procurement and Disposal of Assets Committee (PDAC) of the University. The persons appointed therein shall be people of high integrity and with technical skill and expertise in fields such as; finance, information technology, estates management, hospitality and health among others. The PDAC shall be answerable to the VC.

5.4 Duties and Responsibilities of the PDAC:

- a) Manage the procurement and disposal activities of the University including making recommendations and awarding of contracts up to the limits as speculated in the approval limits,
- b) Support the functioning of the Finance Committee of Governing Council in matters pertaining to procurement and disposal,
- c) Ensure that Faculties, Schools and Departmental procurement plans are drawn and integrated in one overall procurement plan of the University,
- d) Carry out evaluations and negotiations where applicable to ensure that minimum standards are met,
- e) Ensure that before it is approved, procurement is in accordance with the procurement plan and budget,
- f) Recommend the composition of the evaluation committees whenever needed,
- g) Cause advertisements of bid opportunities and recommend to Management successful bidders,
- h) Verify bidding and contract draft documents in collaboration with the Procurement Officer/ Manager,

- i) Assess, verify and recommend reserve prices for assets identified by a User Department or by the Board for disposal,
- j) Prepare Memorandum of Understanding and Contracts for various selected suppliers,
- k) Prepare monthly reports and any other reports that may be required from time to time by Management.

5.5 Frequency of PDAC meetings

The Committee shall meet once every month and whenever the need arises.

5.6 Quorum

A minimum of three members shall transact business in the presence of the Chairperson and the Secretary (the Procurement Officer). In the event of specialized needs, the committee shall be allowed to co-opt a technical person for input.

5.7 Tenure of Office

Officials appointed on the PDAC shall serve for a period of three (3) years, renewable as long as they are still staff of the University and shall sign the Uganda Martyrs University ethical code of conduct prior to serving on the committee.

5.8 Other Committees

The PDAC shall appoint from time to time committees and their role is to advise the PDAC. These may include among others:

- a) Procurement Committee,
- b) Advisory Committee

5.9 Mandatory Reports to Management

PDAC shall prepare monthly Procurement Reports specific in nature to Management.

6.0 THE PROCUREMENT PROCESS

The Procurement Process involves needs identification, selecting suppliers/service providers, establishing payment terms, negotiation of contracts and actual purchasing of goods and services.

Procurement is concerned with acquiring goods and services for the organization. It involves the following steps;

1. Needs recognition
2. Source options
3. Price and terms
4. Purchase order
5. Delivery
6. Receipt and inspection of purchases
7. Invoice approval and payment
8. Record maintenance

6.1 Paper work required in the Procurement Process

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

6.2 Standard documents (internally generated):

- a) Purchase requisition,
- b) Local Purchase Order,
- c) Goods Received Notes,
- d) Payment Requisition,
- e) Payment Voucher,
- f) Purchase decision record (or equivalent).

6.3 Source Documents (from suppliers):

- a) Quotations and proforma invoices obtained,
- b) Proposals (e.g. for consultancy services),
- c) Contracts (e.g. for services),
- d) Invoices,
- e) Goods Delivery Notes,
- f) Receipts.

6.4 Other documents needed for reference:

- a) Budgets,
- b) Agreements,
- c) List of authorized suppliers with addresses and person contacts,
- d) Ethical procurement policy,
- e) Minutes of Procurement Committee meetings and relevant approvals in writing,
- f) Contracts,

- g) Departments may retain a copy of a contract as an assurance that the terms of the contract are understood and met,
- h) Departments should retain supporting documentation related to contracts/purchases that would not be in the possession of Procurement Unit, e.g. sign in/log books, service reports, work tickets and time tickets.

Management of procurement records shall be given due attention in terms of resource allocation, personnel, equipment, space and accommodation. Management of procurement records needs to be mainstreamed and integrated with the overall records and information management functions in the entities. The Procurement Unit shall have the responsibility of ensuring that records are managed effectively and efficiently by:

1. Maintaining an accurate, comprehensive and complete file for each procurement,
2. Being compliant with requirements for records management,
3. Ensuring that there is no backlog of un-filed procurement documents,
4. Having a record keeping policy and adhering to regulations,
5. The Procurement Officer taking responsibility for systematic record keeping,
6. Ensuring that there is co-ordination of management of records in entities,
7. Ensuring that there is organized storage and adequate accommodation for closed records,
8. Separating active records from the closed ones to enable fast and easy access and retrieval,
9. Official filing scheme with an update on where the file scheme is available for records,
10. Maintaining adequate accommodation and security for records,
11. Mobilizing Management support and commitment to records management services,
12. Avoiding the fragmentation of procurement records (a situation where different documents pertaining to a single procurement activity are kept by different offices, such as accounts, registry and stores section),
13. Authorizing access to, alteration or destruction of records which must be documented,
14. Being able to locate and retrieve needed documents in a disorganized storage,
15. Setting reliable records control systems,
16. Avoiding temporary files, and working with only single files for particular cases of purchases and disposals,
17. Maintaining adequate file movement control procedures,
18. Deploying qualified staff in charge of records,
19. Having a budget provision for records management.

6.5 Use of Procurement Records

Procurement records shall be used for the purposes of transacting official business. The users of procurement records may include:

- a) Procurement Unit,
- b) Finance department,
- c) Auditors and Procurement reviewers,
- d) End users of goods or services,
- e) Authorized persons,
- f) Officers of the Compliance Department.

6.6 Purchase Requisition

Every procurement requirement shall be initiated using a purchase requisition which shall include all relevant information. The user department initiates the procurement and fills the

purchase requisition form which is sent to the Procurement Unit. The purchase requisition should be linked to the procurement plan and the budget. The requisition should, as a minimum, contain the following details:

- a) Name of the user department,
- b) Item or service description and specifications,
- c) Quantity and unit of issue,
- d) Requisitioning officer's name and signature,
- e) Recommendation by the departmental head,
- f) Approval,
- g) Budget line,
- h) Quotation/bid/contract number, LPO/LSO number.

The original is sent to the Procurement Unit, the duplicate is held in the user department file while the third copy is left in the booklet.

6.7 Receipt of Bid Documents

The bid documents will be deposited in the bid box, which will remain locked until the time for bid opening. Bulky bid documents received by PU staff should be signed. The bid documents should at the time of opening be signed by all the Bid Opening Committee members and a representative of the bidders present. The bid documents should be entered into the bid register, and be securely stored pending evaluation, adjudication and award.

6.8 Bid/Contract File

A bid file should, as a minimum, contain the following documents:

1. Purchase requisition from user department,
2. Market survey form,
3. Procurement plan extract from user department,
4. Approved Bid notice,
5. Bid documents,
6. A copy of the bid advertisement as it appeared in the daily papers,
7. Notice of bid opening and bid opening minutes,
8. Copy of the Local Service Order or Local Purchase Order that was raised for the advertisement,
9. Copy of letter of appointment of the bid opening committee,
10. Copies of bid security documents where applicable,
11. Appointment letter for bid evaluation committee,
12. Minutes of the evaluation committee, evaluation summaries (or reports) and Recommendation for award,
13. Extracts of the relevant minutes of the bid or procurement committee that adjudicated and awarded the bid,
14. Notification Letter of bid award to the successful bidder,
15. Notification Letter of bid award to the unsuccessful bidder,
16. Letter of acceptance by the winning bidder,
17. Copy of Performance bond (where necessary),
18. Contract agreement form signed by the supplier and the Accounting Officer,
19. LPO/LSO signed by authorized persons and by the supplier,

20. Copy of delivery note,
21. Copy of the invoice,
22. Signed minutes of the inspection and acceptance committee or form signed by the committee. If the goods and services were rejected, reasons for rejection should be stated,
23. Copy of goods received voucher signed by an authorized person,
24. Copy of the payment voucher, and cheque number,
25. For use of restricted bid or direct procurement as an alternative procurement procedure, the written request for approval to the Procurement committee and Procurement committee minutes approving use of these methods,
26. Copies of the notice of termination of procurement proceedings to the bidders,
27. Procurement committee minutes approving contract variations or contract termination where applicable,
28. Any negotiation records and end of activity reports,
29. Requests for and clarifications issued by the Procuring Entity.

6.9 Unsuccessful Bid Documents

Unsuccessful bid documents shall be separated from the successful ones. Unsuccessful bid documents should be organized in the bid register entry number that was allocated at the time of opening the bid documents. The unsuccessful bid documents should be stored in secure cabinets.

6.10 Request For Quotation Files

A comprehensive and complete quotations file shall contain the following documents:

1. Extract of the relevant procurement plan,
2. Purchase requisition from user department,
3. Request for quotation form submitted by suppliers,
4. Tax compliance certificate,
5. PIN and VAT certificates,
6. Business registration certificate,
7. Evaluation committee summary and report,
9. Recommendation for award,
10. Extracts of the relevant minutes of the bid or procurement committee that adjudicated and awarded the tender,
11. LPO/LSO signed by authorized persons,
12. LPO/LSO signed by the supplier,
13. Letter of notification of award where applicable,
14. Letter of acceptance by the supplier where applicable,
15. Delivery note,
16. Invoice,
17. Signed copy of the inspection and acceptance committee minutes or form,
18. A copy of payment voucher and cheque number.

6.11 Request for Quotation

The Procurement Unit gets quotations from the suppliers. The quotation form should contain the following details:

1. Supplier's name, signature and address,

2. Quotation number and date,
3. Buyer's designation and address,
4. Point and date of return of quotation forms,
5. Item code, description unit, quantity and the price of the item,
6. Suppliers delivery time,
7. Item brand and country of origin,
8. Date, names and designations of the quotation opening committee members,
9. Instructions to bidders.

6.12 Procurement Committee Minutes

The Procurement Committee shall have minutes of all its meetings. Among the records to be prepared from the meetings include:

- a) Date of meeting,
- b) Register of attendance,
- c) List of all matters considered,
- d) Decisions made for each matter,
- e) A note on the basis of any evaluation,
- f) Any conflict of interest declared.

Letters of appointment of the Procurement Committee should be placed in the minutes file that will be kept by the procurement records officer. The file should be reflected in the approved procurement file scheme.

Extracts of the procurement committee minutes that adjudicated and awarded a contract should be filed to form part of the procurement activity file.

6.13 Local Purchase/Service Order (LPO/LSO)

The LPO is the commitment document and triggers the process of supply of goods from the supplier. The LPO/LSO is a serialized accountable document, and it records the following details:

1. Suppliers name and address,
2. Bid or quotation reference number,
3. Contract number,
4. LPO number and date,
5. Address of the buyer, place, date and time of delivery,
6. Item code number,
7. Full description of goods,
8. Quantity ordered,
9. The total cost,
10. Account and vote to be charged,
11. Name, designation and signature of the AIE holder;
12. Signature of the accountant in charge of Vote book Control;
13. Supplier's signature and date
14. IFMIS number and signature of the officer responsible for computer data entry.

6.14 Receipt of goods (Goods Received Note) shall contain:

1. Supplier's name,
2. Order/bid/contract number,
3. Invoice number,
4. Item number, description, unit and quantity,
5. Date and time of delivery,
6. An indication of whether the goods conformed to the specifications and whether they were accepted or rejected.

The form should be signed by the committee members, user department representative and the officer in charge of stores.

6.15 Issue and Receipt Voucher

- a) The first copy remains in the receipt section, filed as evidence for delivery and receipt of goods,
- b) The second copy accompanies the goods to the warehouse where the goods are stored,
- c) The third copy is retained, attached to the payment voucher,
- d) The fourth copy is sent to the stock control to enable adjustment of stock control card,
- e) The fifth copy is sent to the procurement office for filing,
- f) The sixth copy remains in the pad.

The goods issue and receipt voucher should contain the following particulars:

- a) The suppliers name and address,
- b) Date,
- c) Invoice number from the supplier,
- d) LPO number,
- e) Description of goods received,
- f) Unit, quantity and value of goods received,
- g) Name, signature and designation of the person receiving the goods.

7.0 DOCUMENTATION FLOW OF THE PROCUREMENT

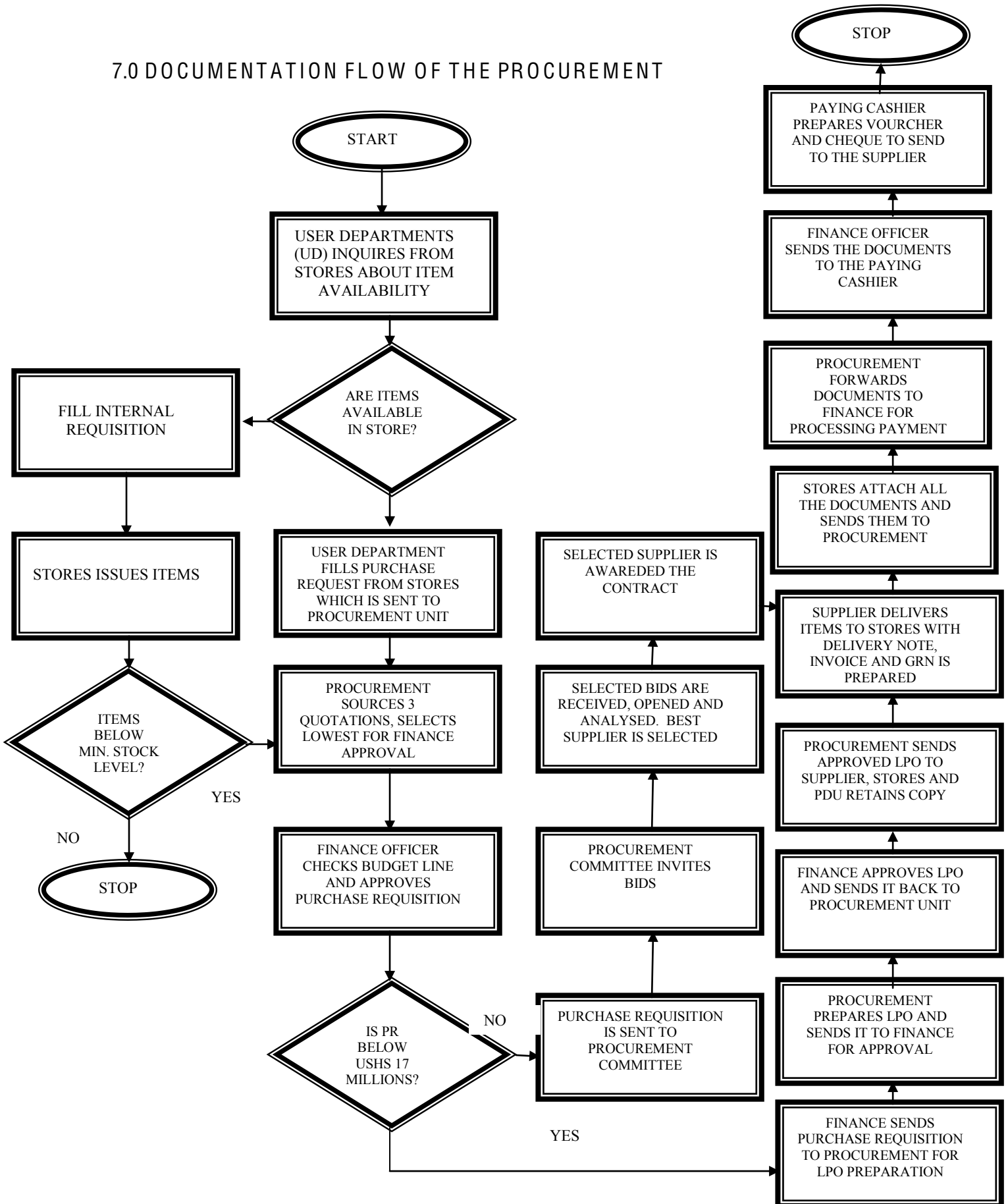


Table 7.1 Thresholds and Applicability of Processes

AMOUNT (UGX)	APPROVAL	METHOD OF PROCUREMENT
1 - 100,000	Chief Finance Officer	Local/micro procurement
100,001 - 4,999,999	Chief Finance Officer	Request for quotations
5,000,000 - 9,999,999	DVC-FA	Restricted Bidding
10,000,000 - 16,999,999	Vice Chancellor	Restricted Bidding
17,000,000 - 99,999,999	Procurement Committee	Open Bidding
100,000,000 and above	Finance Committee	Open bidding

7.1 Procurement Methods

Procurement methods shall always depend on the threshold. Below are some of the methods that shall be used:

7.2 Procurement through public advertising/Invitation for bids

The University shall use this method for purpose of competitive bidding and it is not restricted to only the prequalified suppliers. The procurement officer shall prepare a comprehensive bid document; present it to the procurement committee for approval. The procurement committee shall select the appropriate media to use for advertising.

7.3 Requests for Quotations/Proposals

This is the method of procurement used by comparing price quotations obtained from a number of suppliers. This shall be used by the University to obtain competition and value for money. The procurement officer shall prepare a request for quotations in case of supplies and a request for proposals in case of services. Terms of reference shall be written in a way that is easily understood by the supplier. Quotations shall be sent to only the university prequalified suppliers and an order shall be awarded to the best qualified supplier whose quotation meets the requirements set in the request for quotation.

7.4 Direct purchasing

This is where a single supplier is selected from a number of suppliers. This kind of procurement shall be used under the following circumstances;

- There is insufficient time for any other procedure such as in an emergency situation
- The works, services or supplies are available from only one provider
- The existing contract could be extended for additional works, services or supplies of a similar nature and no advantage could be obtained by further competition.
- It is essential or preferable to purchase additional works; services or supplies from the original supplier to ensure continuity for downstream work, including continuity in technical approach, use of experience acquired or continued professional liability, if the prices on the additional contract are reasonable.

7.5 Local Shopping/Micro Procurement

This is the process of obtaining supplies and services from local or indigenous sources. This method of procurement shall be used for very low procurements and shall be used to achieve efficient and timely procurement where value does not justify competitive procedures. When using this method of procurement, the following should be met;

- The original invoice or receipt evidencing the supplies procured and the price paid shall be obtained and signed by the official procuring the supplies.
- The procuring officer in charge shall be responsible for ensuring that value for money is obtained to the extent practical under the procurement procedures.
- A comparison of at least three quotations shall be made.
- The method shall not be used to split procurements in order to avoid using the appropriate procurement method.
- The method shall not be used where there are required continuous or repeated procurement of services or supplies.

7.6 Reconciliation of Supplier Statements

Capturing of invoices and receipts shall be done in accordance with the financial manual and creditors' circulation shall be done from time to time by the finance department in collaboration with the procurement officer.

Before the actual purchase is done for a department, the following steps shall be followed.

- i. Identification of the requirement / need
- ii. Inquire from the stores of the availability of the item. But if items which are not available in stores;
- iii. Raise a purchase requisition
- iv. Approval of the purchase requisition by the head of the department/Procurement officer.
- v. Procurement sources for quotations and sends to the budget officer
- vi. The budget officer approves the purchase requisition according to the budget line.
- vii. If the purchase requisition is below Ushs. 17 millions then;
 - The procurement officer raises an LPO
 - The LPO is approved by the authorized signatory depending on the threshold
 - The Chief Finance Officer sends back the LPO to the procurement officer
 - The procurement officer sends the LPO to the supplier
 - The supplier delivers items to stores with a Delivery Note and an Invoice
 - Stores attach all documents and sends them to the procurement officer
 - The procurement officer forwards the documents to Finance for payment
 - The Finance officer sends the documents to the paying cashier
 - The paying cashier prepares the payment voucher and cheque for the supplier
 - Finance captures the information in the system.
- viii. If the purchase requisition is above Ushs. 17 millions then;

- The purchase requisition is sent to the procurement committee
- The procurement committee invites for bids
- Sealed bids are opened and analyzed
- Selected supplier is awarded contract

7.7 Pre-qualification of Suppliers

The pre-qualification process shall be two-fold:

- a) Develop an approved supplier list and update the supplier database periodically through an approval process through the Procurement Committee.
- b) Allow for a shortlist of suppliers to tender for supplies leading to framework agreements.

A comprehensive supplier pre-qualification procedure shall be conducted every three (3) years. However, bi-annual supplier reviews shall be conducted by the procurement committee who may recommend to Management for an earlier pre-qualification procedure.

7.8 Supplier Identification Procedure

The Procurement Committee shall seek to make an initial determination of the suitability of the applicants and will request information on the following:

- a) The applicants details, including organization structure and ownership,
- b) Details of products and/or services (category) the applicant seeks to provide,
- c) Whether applicant is an agent, broker, stockiest or manufacturer of the product,
- d) Contracts and values undertaken by the applicant over the last two years,
- e) A minimum of four trade references from reputable firms made in the last two years,
- f) Audited financial statements for the last two years.

Suppliers will procure and fill in the Pre-Qualification Questionnaires (PQQ) at the office premises. Applicants shall collate the PQQ and its supporting information in a bound format before submission.

7.9 Receipt and logging of Completed PQQs

- a) The bound PQQ package shall be delivered in person at the UMU premises,
- b) The package shall be received and recorded by the receptionist and acknowledged by the vendor representative making the submission,
- c) The receptionist shall place the bid in the bid box,
- d) All submissions shall be within 21 days of the advertisement date,
- e) An opening committee shall be constituted to publicly open the bid box in the presence of the applicants' representatives,
- f) Each applicant and the category applied for shall be recorded,
- g) Within a pre-determined timeline, an evaluation committee shall be constituted to score all applicants based on the pre-determined weighted score.

The results shall be analyzed as follows:

- a) Fully established vendors/market leaders in the procurement category,
- b) Applicants who meet the minimum pre-set threshold/score,

- c) Applicants who DO NOT meet the minimum threshold/score.

After analyzing the results;

- a) The committee shall notify the selected “Market leaders” of UMU’s intention to include them in their vendor list,
- b) A site visit will be arranged for any new qualifying applicants while a letter of regret will be sent to unsuccessful applicants,
- c) The committee shall make a record of all its deliberations and decisions,
- d) The survey team prepares a report on their findings, overall opinion and recommendation,
- e) All members must sign on the report before submission to the committee who shall assess and make a final recommendation on an applicant.

It should be noted that Suppliers may be exempt from the pre-qualification procedure where the committee deems this as not practical e.g. where the supplier is the only provider of the item.

7.10 Creation of New Supplier List

- a) All recommended applicants shall be collated by the committee into a New Supplier/Vendor List, broken down into the respective procurement categories,
- b) Each category must have at least three members and a maximum of six suppliers.

7.11 Approval of New Supplier List

- a) The “New Vendor List” shall be presented to the Management for a final review, input and approval,
- b) Once approved, a Vendor is included on the approved vendor list,
- c) Once in force, vendors outside the approved list shall not be used to provide supplies unless through an open tender process,
- d) A supplier pre-qualified to provide a particular item, category of products or services shall not be used to provide any other item, goods or services,
- e) If there is need to use a vendor to supply a category for which the supplier was not originally pre-qualified, such a supplier will be pre-qualified afresh and subsequently approval by the Management shall be required.

8.0 INVITATION FOR BIDS/PROPOSALS

8.1 Letter of Invitation

A letter of invitation to bid shall be a formal competitive solicitation which is a call for a “sealed bid.” It requires an advertised public opening conducted at the time and date specified in the invitation. Bids are evaluated and contracts awarded to the best bidder with the lowest price and have met the specifications requested for. These are the major considerations in the award process. The letter of invitation to bid shall contain the following but not limited to:

- a) Detailed specifications/requirements for the goods and services to be ordered,
- b) Initial time-lines requirements, including any pre-bid meetings for the bid,
- c) Instructions to bidders,
- d) Currencies and Terms of Payments,
- e) Submission of bidders,
- f) Any other vital information that will be considered while selecting the best bid.

8.2 Bid Evaluation Process:

- a) Evaluate and tabulate bid responses for award,
- b) Award the best bidder as recommended, inform the best bidder and post results within 72 hours,
- c) Award letter is issued by Procurement Unit to selected supplier,
- d) Procurement Department shall prepare the final contract documents and forwards them to Management for review and approval,
- e) Three sets of contract documents shall be sent to successful supplier for signature, and upon return, the University official will keep record.
- f) Fully signed copy of the contract is issued to the supplier, a copy sent to Finance and Procurement Unit.

8.3 Contract Management

A system for contract administration shall be maintained to ensure contractor conformance with the terms, conditions and specifications of the contract and to ensure adequate and timely follow up of all purchases. The University shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions and specifications of the contract.

For contracts dealing with construction or facility improvements, UMU shall comply with all requirements imposed by its funding sources (and the government regulations applicable to those funding sources) with regard to construction bid guarantees, performance bonds, and payment bonds.

Contracts in excess of the Simplified Acquisition Threshold shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms, and provide for such remedial actions as may be appropriate.

The Procurement Unit shall monitor procurement contracts, particularly multi-year contracts in order to ensure that contractors and suppliers meet their contractual obligations. During the

execution of a contract, record keeping shall be a key function particularly with regard to documenting the progress and performance of the contract including contract variations. Some of the important documents generated in contract execution shall include:

- a) the contract agreement,
- b) contract management plan,
- c) progress reports,
- d) minutes of contract review meetings,
- e) contract amendments
- f) variation applications,
- g) approvals,
- h) payment schedules,
- i) Completion certificates.

Monitoring of the contractor's performance to ensure that the contract is implemented in accordance with the terms and conditions of the contract agreement shall be the duty of Procurement Unit and the respective selected technical team. This will entail monitoring of contract amendments, and maintaining minutes of the Procurement Committee that approved the changes to the contract Record and document keeping is important in monitoring the contractor's performance to ensure that the contract is implemented in accordance with the terms and conditions of the contract agreement. Breach and termination of contracts on either side of the parties shall be observed closely.

The contract agreement document shall comprise:

- a) Original bid documents,
- b) Signed contract form,
- c) Letter of appointment of bid evaluation committee,
- d) Extract of relevant Procurement Committee minutes that awarded the contract,
- e) Letter of award,
- f) Letter of acceptance,
- g) Performance guarantee.

The contract shall be maintained with a contract number and bid reference number order and kept securely.

8.4 Choice of Contract

The procurement Committee shall in respect of a procurement activity, use any or a combination of the contract types specified below.

- a) **Lump sum contract/ Fixed price**

A lump sum contract shall be used where the content, duration and Outputs of the procurement are well defined.

- b) **Time-based contract.**

A time-based contract shall be used where the scope and duration of the procurement requirement is difficult to define.

- c) **Framework contract.**

A framework contract, is a schedule of rates or an indefinite delivery contract and shall be used

- i. where a requirement is needed “on call” but where the quantity and timing of the requirement cannot be defined in advance; or
- ii. to reduce procurement costs or lead times for a requirement which is needed repeatedly or continuously over a period of time by having them available on a “call off” basis.

d) **Percentage based contract.**

A percentage based contract shall be used where it is appropriate to relate the fee paid directly to the estimated or actual cost of the subject of the contract.

e) **Cost reimbursable contract.**

A cost reimbursable contract shall be used;

(i) For emergency work where there is insufficient time to calculate fully the costs involved;

(ii) for high risk works, where it is more economical for the procuring and disposing entity to bear the risk of price variations than to pay a provider to accept the risk or where the provider does not accept the risk.

f) **Target price contract.**

A target price contract may be used instead of a cost reimbursable contract where a target price can be agreed and cost savings may be achieved by offering an incentive payment to the provider for any cost savings below the target price.

g) **Retainer contract.**

A retainer contract shall be used to retain a provider to provide services over a prescribed period of time, without defining the level and actual amounts of services required.

h) **Success fee contract.**

Success fee contract shall be used to link the fees of a provider to an achieved objective to provide an incentive to the successful completion of a particular task, event or action.

8.5 Contract Payments

All payments shall be made according to the terms and conditions spelt out in the contract agreement and final payments shall be made after submission of the certificate of completion dully approved by UMU representative.

8.6 Contracts Register

Contracts register should be maintained that contains the following details:

- a) Contract name,
- b) Date of contract award,
- c) Contractor’s name,
- d) Account charged,
- e) Total cost,
- f) Payment dates and completion dates.

9.0 BREACH AND TERMINATION OF CONTRACT

A contract is based on the idea that parties must fulfill their agreed-upon duties in good faith, through doing whatever is written in the contract. If that does not happen, the contract shall no longer be valid and shall be terminated. However, breach conditions accepted shall vary according to what was specified within the contract.

10.0 PAYMENTS AND TAXES

10.1 Payments to The Supplier

On completion of execution of a contract or delivery of goods, if the user (s) is satisfied with what has been delivered, three documents shall have to match when an invoice requesting for payment is presented. The invoice itself, the goods received note (GRN) document or certificate of completion in case of works and the original purchase order (PO). The agreement of these documents provides confirmation from both the receiver and supplier. Any discrepancies shall be resolved before the Finance Department pays the bill. Payment shall be made in the form of cash, cheque, bank transfers, credit letters or other types of electronic transfers as may be agreed upon with the Supplier. Honoring supplier payments should not exceed 90 working days from the time of final delivery or execution of works.

10.2 Taxes and Record Maintenance

For Audit purposes and future reference to particular transactions, Procurement Unit shall maintain proper records. These shall include among others, the purchase records which verify any tax information including tax clearance certification, tax identification numbers, trade licenses and other regulatory legal requirements relating to payment of taxes in the Republic of Uganda and purchase orders to confirm warranty, tax payments and exemptions pertaining to suppliers.

11.0 EQUIPMENT, MAINTENANCE AND SERVICE AGREEMENTS

11.1 New Equipment

If a new equipment purchase is made, service and maintenance requirements shall be addressed in the bid or during negotiations with the supplier. In evaluating a Request For Quotation (RFQ) or Request for Purchase (RFP), costs for service and maintenance shall always be considered as part of the total price of the equipment. The LIFE CYCLE COST of the equipment shall include purchase price for the equipment and the cost of service/maintenance extended over the useful life of the equipment 3 to 10 years. If the equipment will be rented or leased, the contract administrator should carefully review the service coverage offered as part of the rent/lease program for adequacy.

11.2 Developing Service/Maintenance Agreements for New or Previously Purchased Equipment

The Contract Committee shall negotiate equipment maintenance/service agreements which fully describe the scope of the work to avoid any misunderstandings or unsatisfactory levels of service. Terms and conditions to be agreed upon include working hours, labor, excluded services (what the supplier is not obligated to do), warranty, excluded parts, response time, loaner equipment, and appropriate insurance coverage. Suppliers usually have standard terms and conditions available for review. If additional services might be required or if the terms and conditions require amending, these elements shall be negotiated with the supplier before the service/maintenance agreement is signed. The Contract Committee shall also negotiate shipping terms in case the equipment needs to be returned to the manufacturer for repairs.

12.0 PROCUREMENT RECORDS/DOCUMENTATION

Procurement records include all documents relevant to the pre-tendering, tendering and contract administration phases. It should be possible to reconstruct the entire procurement and contract administration processes from these records.

Every event in the procurement process shall be recorded and all records appropriately filed. This is important in order to maintain an audit trail of the requirement from the initial receipt of the procurement requisition to the closing out of the contract.

The procuring entity shall be responsible for maintaining the procurement and contract records of each requirement. The procuring entity develops the filing system and maintains a complete record on the entire procurement and contract administration process for each requirement.

Although all records are maintained by the procuring unit, the entity responsible for contract administration should also maintain working copies of relevant documents, while sending pertinent documents to the procuring entity and other entities (such as finance) as determined in the contract administration plan.

The length of time procurement records are kept in active files, and the internal and external audit of those records, is determined by the procurement legal and regulatory framework.

Ideally, the general public should have controlled access to public procurement files; however, the confidentiality of proprietary information of suppliers, contractors and service providers must be safeguarded.

12.1 Policy and General Procurement Files

Policy and general correspondence procurement files should be captured in the file classification scheme of the Procuring Entity, and maintained in the main registry. All procurement files should be captured under one class, to be called procurement, and serially numbered and referenced according the referencing system of the existing file scheme. The files should be physically kept together in a cabinet in the order they have been referenced. A copy of the file scheme should be made available to the procurement records management unit and all procurement officers authorized to have access to the files. This will facilitate easy and faster records and information retrieval.

13.0 INVENTORY MANAGEMENT

Proper control systems for Inventory Management shall exist and ensure that:

- a) Preventive mechanisms are in place to eliminate theft, loss, wastage and misuse,
- b) Stock levels are at an optimum and economical levels.

13.1 Replenishment of Stock

Items to be ordered for shall be identified. Minimum and maximum levels shall be used to control stock. Due consideration should be made to ensure that stock replenishment is timely. Minimum stock shall be kept in mind when deciding how much stock is to be ordered for. All stores items shall be safeguarded and locked up at all times.

13.2 Internal Requisition of Inventory Items

Requirements from internal storeroom shall follow the procedures below:

- a) Issues and requests shall be done,
- b) A detailed internal inventory requisition form shall be filled,
- c) Authority shall be sought and approvals got and recorded by relevant authority,
- d) Issues shall be made according to approvals where amendments have been done,
- e) The recipient must sign, and the record is kept.

13.3 Receiving Goods into Stores

- a) Bin cards and stock registers shall always be updated immediately when goods are received or issued,
- b) All receipts of goods shall be entered directly on the bin cards and stock registers.

13.4 Inventory Management and Stores Records

Stores records shall be managed within the procurement cycle. It is essential that stores records be properly managed. It is particularly important to have close collaboration among the officers responsible for the management of procurement, stores and accounts records. These must be well kept for accurate replenishment and saving on wastage.

14.0 FOOD PROCUREMENT POLICY

At UMU, commitment to serve healthy and delicious food to support the well-being of students and staff shall be paramount. “Farm-to-school” initiative would be successful over a period of time however efforts on updating purchasing guidelines in order to support healthy, locally-grown products within the community would suffice. A common task that ties all of these groups together is that they must work with their constituents to attain the definition and criteria for delivering “good food” and to develop model language for institutional bids and contracts. Having a common definition for good food will ensure a mutual understanding between the farm and external suppliers for kitchen requirements.

14.1 Prioritizing the health and well being of UMU Staff and Students

- a) Making healthy, high quality food available, accessible and affordable,
- b) Contributing to a thriving economy where all participants in the food supply chain shall receive fair compensation and fair treatment.

14.2 Methods of Procurement of Foodstuff

The method of purchasing foodstuff for kitchen use at UMU shall be centrally controlled by the Procurement Unit together with the Head of the Catering Unit. Foodstuff would be purchased through:

I. Purchase and Interdepartmental Trade

This shall be direct purchase from the University Farm where foodstuff brought from there shall be weighted and valued according to the prevailing cost price. The proceeds – value of the deliveries shall be posted on the University Farm Account and therefore paid for. Barter trade shall also be negotiated but through a value attachment system. Agreements on how to carry out a fair and transparent system shall be agreed upon by both parties and the Finance Department. A payment plan shall be agreed upon by both parties before supplies are made. Depending on how long the deliveries can be kept (if they are perishables) replenishing and carrying out routine purchases of such will be determined from time to time to fit into the kitchen menu.

II. Shelf Value of Foodstuff (Dry Rations)

Dry rations shall be bought preferably when the prices go down and shall be kept for as long as a month and more. Purchase of these shall also be done through the Procurement Unit together with the Head of Catering Services. A payment plan to the Supplier shall be agreed upon by both parties before supplies are made.

III Open Market Purchases

The policy shall allow open market purchases and products like perishables.

14.3 Storage and Inventory Management for Foodstuff

The Procurement Unit shall have the responsibility of ensuring that Foodstuff stores and other stores at UMU are managed effectively and efficiently by:

- a) Ensuring that perishable foodstuff should have a shelf life of not more than two days unless in a cold room,
- b) Record of deliveries and issues made are made on a daily basis in the Inventory Register,
- c) Re-order levels shall be maintained and observed,
- d) Periodic reports shall be forwarded to Finance before replenishing imprest for periodic purchase of foodstuff,
- e) Supplier lists with contacts shall be maintained and conditions of supply of goods supplied noted for future relationship.

The Head of the Catering Services shall ensure that proper control systems exist for inventory. This head shall also make sure that processes and procedures are in place for effective, efficient, economical and transparent use of the institution's inventory which will be maintained and updated regularly. Copies of kitchen inventory shall be given to the Main Stores and Finance Department for Assets register update.

15.0 DISPOSAL OF PROCUREMENT RECORDS

Procurement records shall be retained for a minimum period of six years after the resulting contract was entered into.

15.1 Reasons for the Disposal of Procurement Records:

- a) The records are required to be disposed of under a particular policy, e.g. motor vehicles,
- b) The records are no longer required due to changed procedures, functions or usage patterns,
- c) The records occupy storage space and not being needed in the foreseeable future,
- d) The records have reached their optimum selling time to maximize returns,
- e) The records no longer comply with workplace health and safety standards,
- f) The records contain hazardous materials (Disposal of such items should only be carried out after prior discussion with the Manager, WHS), and or the records are beyond repair, but they can be sold for scrap.

User Department Heads should be aware that:

- a) Each unit is responsible for managing the disposal of its surplus assets,
- b) They are accountable for all decisions they take in the disposal process,
- c) They should take into account the costs of undertaking disposal activities,
- d) Proper accounting and audit procedures should be observed and all decisions Documented,
- e) Agents engaged in selling activities need clear instructions,
- f) Special consideration should be given to potentially hazardous and pollutant items in stores which are likely to have an impact on the environment.

15.2 Methods of Disposal of Assets

Assets shall be disposed using the following methods:

- a) Sale by public auction
- b) Sale to internal customers
- c) Private Sale,
- d) Donated to a community service organization,
- e) Private sale by an agent acting for the University,
- f) Transfer of the asset to another unit of the University,
- g) Trade-in,
- h) Junked or destroyed or cannibalized.

The choice of the most appropriate disposal option (procedure) will normally be influenced by the nature of the goods for disposal and by their location and market value.

In all cases, assets disposed of must be reported on an 'Asset Disposal' form to ensure they are removed from the central asset register.

15.3 Sale

- a) Private sale involves assigning a price to the item(s), and publicizing the item's availability for sale and the price in a suitable manner. This may range from a newspaper advertisement to a general email notice.
- b) To ensure a fair price is paid in the case of a private sale, an independent person (outside the Unit concerned and with appropriate expertise, e.g. Information Technology Services (ITS) in the case of computers), should be involved to confirm that the sale price is appropriate.
- c) Prospective buyers should be given adequate opportunity to inspect the goods before sale.
- d) Collection or forwarding of the goods is normally contingent on the presentation to the University of evidence of payment of the sale price.
- e) The item may on receipt of an offer, be sold to the first person to make such an offer.

15.4 Donations

Where the University has determined that goods have no residual value, and where their disposal is therefore unlikely to produce offsetting revenue, it may authorize the donation of the goods to another organization. Ideally, such donations should be to organizations and not to individuals. Organizations with a community service role are recommended. This includes schools, charities and volunteer organizations. Donations must be approved, and there must be confirmation by Financial Services that the goods have no residual value and no significant market value.

15.5 Using Disposal Agents

A unit may in some circumstances engage an agent to undertake the disposal by sale of goods. Where an agent is to undertake sales on behalf of the University, it is important to advise the agent, in writing, of the University's instructions relating to the sale, for example, the advice may contain the following information:

- a) Timeframe for sale,
- b) Target revenue,
- c) Condition of assets
- d) Location of assets
- e) Reserve price,
- f) End-user restrictions.

This advice is the formal agreement or contract with the agent, and it constitutes the authority for the agent to undertake the sale in accordance with the University's requirements.

15.6 Transfer to another Unit

In some cases, an asset may have no use for one unit, but it may be of value to another unit within the University. In such case, the asset may, with the agreement of both Units be transferred. Such transfer may be at no cost to either unit or entail a fee or price negotiated by the two units concerned.

15.7 Trade-In

Items may be traded in where this maximizes the net return to the University. The asset number of the item traded-in and the value of the trade-in should be shown on the Purchase Order.

15.8 Disposal Certificate

After implementation of the approved disposal method, a disposal certificate shall be prepared and signed by members of the PDAC.

16.0 DISPOSAL POLICY

The purpose of this policy is to provide the means for the disposal of fixed and non-fixed assets that have attained their maximum book value. The policy aims at achieving the best possible outcome for the University by gaining the best available net return when selling/disposing of an asset and to ensure the University is even-handed, open and honest in all dealings. The best value outcome to the University must be a major consideration when disposing of assets. Asset disposal decisions and the reasons for taking them should be documented. Not only does this assist in audit and other examinations, but it highlights successes and problems for future reference. Non-disposal of obsolete equipment only takes up space and deprives the University of Income without an offsetting benefit. Units are therefore encouraged to dispose of such equipment. Disposal should be based on a fair market value for each surplus item. The price established will be based on current market value and condition of the equipment. In the interest of promoting fair dealing and openness, units must not sell or otherwise transfer surplus assets to staff (or their relatives or friends) unless arising from a public competitive process that is bidding or advertising sale which is open to the public where a member of the public and the staff offer an equal price, the item must be sold to the member of the public.

The sale price must be the best market price. Decision of this policy requires an assessment of the market value of an item. Such assessments should be undertaken by the Heads of Department. These should take into consideration the original purchase price, the age of the equipment, an assessment of the usefulness of the equipment and of its possible market value. Consultation with Finance and technical departments is strongly recommended as the Heads shall be accountable for asset disposal decisions.

16.1 Reasons for Disposal

Items can be available for disposal because they are:

- a) Required to be disposed of under a particular policy,
- b) No longer required due to changed procedures, functions or usage patterns,
- c) Occupying storage space and not being needed in the foreseeable future,
- d) Reaching their optimum selling time to maximize returns,
- e) No long complying with workplace health and safety standards,
- f) Found to contain hazardous materials,
- g) Beyond repair but able to be sold for scrap.

16.2 Options for Disposal of Assets

Assets identified for disposal may be dispensed with using acceptable methods of disposal:

- a) Sale by public bid,
- b) Private sale,
- c) Donated to a community service organization,
- d) Private sale by an agent acting and authorized by the University,
- e) Transfer of the asset to another unit of the University,
- f) Trade-in.

Choice of the most appropriate option will normally be influenced by the nature of the goods for disposal and by their location and market value.

In all cases, assets disposed of must be reported on an 'Asset Disposal' form to ensure they are removed from the Central Assets Register.

Disposal shall be carried out once every financial year after stock taking.

Disclaimer

This Procurement and Disposal of Assets Manual shall be amended from time to time by the Governing Council of Uganda Martyrs University.

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