



**LONGHORN PUBLISHERS LTD PROCUREMENT POLICY**

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## **INTRODUCTION**

Longhorn Publishers Limited is a public company listed at the Nairobi Securities Exchange. Longhorn is in the business of publishing quality books for use in schools and general reading. It has subsidiaries in Uganda, Tanzania and Rwanda. It has ventured in other markets namely Rwanda and Malawi and has plans to expand farther in the region. Longhorn is an ISO certified company, a mark of guarantee for its quality products.

This policy sets out easily understood guidelines and operational instructions on all matters relating to procurement. The objective is to promote economy, efficiency and transparency in procurement and stores management and to ensure that these activities are conducted in a fair, transparent and non-discriminatory manner. Longhorn aims at procuring required goods and services at the right quality and price, and at the same time enhancing positive supplier relationships.

The policy will be reviewed from time to time as maybe deemed necessary in order to appropriately respond to the changing market dynamic

## **CHAPTER ONE**

### **GENERAL POLICY**

#### **1.0 Procurement Agent**

Subject to the provision of these rules, the Supply Chain Coordinator will be the sole agent for and act on behalf of Longhorn Publishers Limited and its subsidiaries.

#### **1.1 Competitive Bidding**

Except as provided in these rules, all transactions involving the supply of goods, works or provision of services to Longhorn shall be subject to competitive bidding.

#### **1.2 Approved Suppliers**

It shall be the duty of the Supply Chain Coordinator to maintain a list of approved suppliers and supplier database. Procurement Committee shall have the sole right to approve the list of the suppliers.

#### **1.3 Contracts**

All contracts to which Longhorn is intended to be or is a party to shall be in writing. A contracts register shall be maintained for all contracts. The contracts shall be signed by the Group Managing Director or any official acting in his capacity on behalf of the company.

#### **1.4 Inspection of Goods and Certification of Services**

The goods supplied shall be inspected by the user department and a technical officer where applicable before acceptance of receipt of the goods and/or services.

#### **1.5 Amendment of These Rules**

The rules shall be reviewed and amended by the procurement committee on a need basis.

## CHAPTER TWO

### PROCUREMENT CODE OF CONDUCT

#### 2.0 Purpose

This policy is necessary to ensure that the procurement function is carried out in a transparent and accountable manner. It is the policy of Longhorn that every person that causes or is responsible for procurement decision within the organization arrives at that decision in a fair and transparent manner and that all procurement activities are executed ethically.

#### 2.1 Scope

Each action taken in the procurement process shall be for the benefit of Longhorn and not for personal gain. This policy covers the conduct of any employee, members of the board or any agent involved in Longhorn's procurement process or decision.

#### 2.2 Applications

Personnel responsible for procuring goods and services shall adhere to the following:-

##### 2.2.1 Ethics

- a) All procurement activities shall be executed in consistence with the highest professional, ethical and moral standards.
- b) Persons involved in procurement function and decisions shall not use their positions within Longhorn for individual gain and must maintain honesty and fairness while executing their responsibilities.

##### 2.2.2 Conflict of interest

Any employee, agent or a member of a committee of Longhorn who has conflict of interest with respect to procurement activities or decisions:-

- a) Shall not take part in procurement proceedings.
- b) Shall not after a procurement contract has been entered into, take part in any decision relating to the procurement or contract.

### **2.2.3 Confidentiality of Information**

- a) All employees or agents of Longhorn shall safeguard all information coming into their possession while executing their official duties in respect to procurement functions.
- b) Disciplinary action shall be instituted against any person who contravenes this policy in accordance with set rules and regulations.

### **2.2.4 Collusion**

No Longhorn employee, or agent or board member shall be allowed to collude or attempt to collude with any other person;

- i. To cause a supplier to have competitive advantage than would otherwise not have been the case.
- ii. To influence or to have other person refrain from submitting a tender, proposal or quotation.
- iii. To withdraw or alter the contents of a tender, proposal or quotation.

### **2.2.5 Fraudulent practice**

No Longhorn employee or agent shall be involved in a fraudulent practice in any procurement proceedings or decisions.

### **2.2.6 Corrupt Practice**

No Longhorn employee or agent shall be involved in any corrupt practice in any procurement proceedings. Involvement in corrupt activities be dealt with as provided by the prevailing Economic Crimes Act and Longhorn Anti-Corruption Policy.

## **CHAPTER THREE**

### **PROCUREMENT PLANS/BUDGETING**

#### **3.0 Purpose**

This policy is necessary to ensure timely and competitive procurement of materials and services. It is Longhorn's policy that procurement planning shall be integrated into its annual budgetary expenditure framework.

#### **3.1 Scope**

The policy on procurement plans shall be applied within the following categories:

- a) Planned works
- b) Goods
- c) Services
- d) Consulting services

#### **3.2 Preparation**

Procurement plans shall be prepared annually in accordance with the budgeting process.

#### **3.3 Revision to procurement plans**

- a) In the event of any urgent need that had not been foreseen and planned for in the approved plan, the concerned party may request the Group Managing Director in writing for approval of revision of approved procurement plan. The decision will however be ratified by the Procurement committee.
- b) The request provide the justification, quantity, estimated cost, availability of budgetary allocations, expected delivery/completion date and preferred procurement method.
- c) Accordingly, the Procurement Committee shall cause the amendments to be incorporated in the consolidated procurement plan.

## **CHAPTER FOUR**

### **PROCUREMENT COMMITTEE**

#### **4.0 Purpose**

This policy is necessary to ensure that procurement decisions are made by a committee and not left to individuals. It will also ensure that procurement proceedings are transparent and accountable.

#### **4.1 Appointment of Committee Members**

- a) The Management committee shall propose five members to the procurement committee to the Group Managing Director for appointment.
- b) The Group Managing Director appoint the members in writing.
- c) A member may delegate his functions to a member of the committee or where not possible to any other employee of longhorn in the order of chain of command.

#### **4.2 Duties and responsibilities**

- a) Approve all tenders for registration of suppliers.
- b) Quorum shall be at least three members including the chairperson.
- c) Deliberate and award purchases valued at set limits per single item.
- d) At least two committee members or their representatives shall be required to open all tenders and quotations box.
- e) The committee shall carry out market surveys for all purchases to be made to establish both the state of art of technical specifications and pricing.
- f) The results of market surveys shall be compared with the lowest evaluated renderer to ascertain the prevailing market prices.

## CHAPTER FIVE

### PREQUALIFICATION OF SUPPLIERS

#### 5.0. Purpose

This policy is necessary to ensure timely and competitive procurement of materials and services. A Request for Pre-Qualification shall be used for pre-qualification of suppliers and contractors to assess their experience, qualifications and resources prior to a formal competitive process. The goal of the pre-qualification process is twofold:

- a) This shall enable development of an approved supplier list and update our supplier database.
- b) This shall allow shortlist of vendors to tender for supplies leading to framework agreements.
- c) It shall be conducted once in every two year.

It shall be the policy of Longhorn to deal only with prequalified suppliers who have been proved or demonstrated ability to provide it with works, goods and services in an efficient manner. The prequalified suppliers shall be based on but not limited to the following:-

1. Legal registration of the firm.
2. Suitability for purpose.
3. Quality of service.
4. Credit period.
5. Tax compliance.
6. The applicant's details, including organization structure and ownership.
7. Details of products and/or services (category) the applicant seeks to provide.
8. Whether applicant is an agent, broker, stockist or manufacturer of the product.
9. Contracts and values undertaken by the applicant over the last two years.
10. A minimum of four trade references made in the last two years, all from reputable firms.
11. Audited financial statements for the last two years.

### **5.0.1**

It shall be the policy of Longhorn to accept goods and services from the most competitive bidder based on the evaluation criteria as long as he meets the guidelines set. Quality, price and delivery period shall be the main variables to look at when awarding a tender.

### **5.0.2**

Longhorn shall not source product or service from suppliers implicated in illegal activities/process.

## **5.1 Scope**

Longhorn shall maintain a register of prequalified suppliers to meet its requirements in various areas of specification.

## **5.2 Selection of suppliers**

### **5.2.1**

The Procurement committee shall publish an invitation to candidates to submit applications to be registered.

### **5.2.2**

The invitation shall be placed in at least two daily newspapers of wide circulation and also posted on Longhorn's website.

### **5.2.3**

The application shall also include an application fee. While arriving at the application fee, due consideration to be given to the cost of advertising for the application and other incidental costs related to the request for applications.

### **5.2.4**

All submissions must be within 21 days of the advertisement date.

### **5.2.5**

The received applications shall be open in public and recorded be subjected to evaluation in accordance with set criteria. **5.2.6**

Longhorn Publishers shall reserve the right to proactively seek out applications from known suppliers, vendors who are market leaders in their field, vendors recommended by trade bodies and from competitors

### **5.3. Notification of Prequalification results**

The committee shall notify the selected “Market leaders” of Longhorn Publishers its intention to include them in our vendor list and also give feedback to those who shall have not made it for the shortlist

#### **5.3.1**

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.

### **5.4 Site Visits**

A site visit will be arranged for any new qualifying applicants, the committee draw out a list of applicants to visit, chose a select team of representative (other than members of the procurement department but must include representation from the user department) to undertake the visit as well as prepare a visit questionnaire.

#### **5.4.1**

Location of the applicants business premises, its condition including storage facilities, state of machinery etc.

#### **5.4.2**

Whether the applicant is duly registered and licensed

#### **5.4.3**

Availability, receptiveness, competence of management and applicants technical skills

#### **5.4.4**

Source of suppliers goods and supply capacity of the applicant. Sample of supplies if need be.

#### **5.4.5**

The survey team prepares a report on their findings, overall opinion and recommendation.

#### **5.4.6**

All members must sign on the report before submission to the committee who shall assess and make a final recommendation on adopting an applicant.

### **5.5 Creation of New Vendor List**

All recommended applicants shall be collated by the committee into a New Supplier/Vendor List, broken down into the respective procurement categories. Each category must have at least 3 members and a maximum of 6 suppliers.

### **5.6. Approval of New Vendor List**

#### **5.6.1**

The “New Vendor List shall be presented to the committee sitting for a final review, input and approval.

#### **5.6.2**

Once approved, a Vendor set up form shall be used for creation of vendor details into the Navision System.

#### **5.6.3**

Once in force, vendors outside the approved list cannot be used to make supplies to Longhorn Publishers unless through an open tender process or an exemption provided by the procurement committee which will be determined on a case by case basis.

#### **5.6.3.**

A supplier pre-qualified to provide a particular item, category of products or services will not be used to provide any other item, goods or services.

#### **5.6.3.1**

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 Procurement Committee**5.6.3.2**

The supplier should have legal capacity to enter into a procurement contract.

#### **5.6.3.3**

The supplier shall not be insolvent, in receivership, bankrupt or in the process of being wound up and is not the subject of legal proceedings relating to the fore-going.

#### **5.6.3.4**

The supplier shall not have been debarred from participating in procurement proceedings under the prevailing Public Procurement and Disposal Act and Regulations.

### **5.7. Exclusion and Blacklisting of Suppliers**

Longhorn shall exclude, blacklist or disqualify a supplier on the following grounds:

#### **5.7.1**

Submission of false, inaccurate or incomplete information about their qualifications

#### **5.7.2**

Failure to submit post-qualification documents when requested by Longhorn**5.7.3**

Evidence of non-performance of a contract

## **CHAPTER SIX**

### **6.0. PROCUREMENT PROCESS**

This policy is necessary to ensure that all parties involved in purchase of materials and services have a full understanding of the procurement process and where their responsibilities lie.

#### **6.1 .Purchase of Goods/Services**

6.1.0. Longhorn employee who is the end user shall define the need and gives clear descriptions and specifications of the goods or services. In addition user shall should state the expected delivery dates.

6.1.1 Departmental Heads shall prepare budget and forward to the Chief Operations Officer for approvals

6.1.2. Chief Operations Officer shall share the same information with the Group Managing Director

6.1.3. Management Team shall discuss the approved budget and determine whether is viable or not

6.1.4. Approve request shall be given to Supply Chain officer to start planning

6.1.5. User department to raise online requisition based on the approved budget and also advise on lead times

6.1.6. Supply Chain office shall source for quotations from suppliers and forward the analysis to Procurement Chair/Chief Operation Officer for allocation

6.1.7. Raising of Purchase Order in the system shall be done by Supply Chain Office (Approval turn around should be 48 hours)

6.1.8. All approver shall be expected to sign requisition/Purchase with 48 hours from time of approvals

6.1.9 Full approved Purchase Order shall be given to Supplier

6.1.10. No Supplier shall be allowed to deliver goods or services without a purchase order

6.1.11. Delivery date shall be communicated to supplier when picking the Purchase Order

#### **6.2. Purchase of Printing Services for new Titles**

6.2.1 Head of Publishing shall inform Chief Commercial Officer of the new titles.

6.2.2 Chief Commercial Officer and Warehouse and Logistics Manager shall meet and determine quantities to be printed

6.2.3 Proposed quantities shall be forwarded to Production Office to prepare specifications.

6.2.4 Production Office shall provide specifications for books to be reordered to the Supply Chain Officer.

6.2.5 Supply Office shall send request for quotation to all prequalified printers. For local printers Quotations shall be received through the company tender box as hard copies. For offshore

printers, tenders shall be sent via international mail services as a registered mail addressed to the Group Managing Director.

- 6.2.6 The tender box shall be opened by the Supply Chain Office and a representative from any department.
- 6.2.7 Quotations shall be opened and signed by three members of staff: Summary of Request for Quotations below Kshs.1,000,000 shall be approved by Chief Operation Officer and above 1 M shall be presented before the allocation committee to award contract to the best bidder chaired by the Group Managing Director.
- 6.2.8 Allocation meeting shall be once in a month and in high season it shall be conducted twice in a month
- 6.2.9 Production Controller shall raise online requisition
- 6.2.10 Supply Chain Office shall raise LPO and issue it to the winning bidder on approval by the Chief Operations Officer and Group Managing Director.
- 6.2.11 Printer shall give advance samples to Production Controller to confirm product quality and if it meets the specification given before embarking on full production.
- 6.2.12 Warehouse and Logistics Manager/Supply Chain Officer/Production Controller shall make a follow up and make sure goods are delivered on time

### **6.3. Purchase of Printing Services for Existing Titles**

- 6.3.1 Warehouse and Logistics Manager shall be in charge of Inventory Management.
- 6.3.2 Warehouse and Logistics shall forward all products below reorder levels to Chief Commercial Officer and Head of Publishing to advice on reprint volumes based on sales history /trend.
- 6.3.3 Proposed quantities shall be forwarded to Production Office to prepare specifications.
- 6.3.4 Production Office shall provide specifications for books to be reordered to the Supply Chain Office.
- 6.3.5 The process shall proceed as in procedure (5) in printing of new products.

### **6.4. SOURCING FOR SERVICES**

#### **6.4.1 PUBLISHING**

1. Head of Publishing shall prepare project budget and forward to management for approval
2. Editor in-charge shall give contract engagement letter to supplier as per approved project budget
3. Online requisition shall be approved of online by Head of Publishing
4. Raising of Purchase order by Supply Chain Office
5. Issuance of Purchases order to respective vendors by Supply Chain Office

6. User department shall receive the service requested and complete certificate of work done
7. Forwarding of Delivery note, invoices by user department for payments to Finance

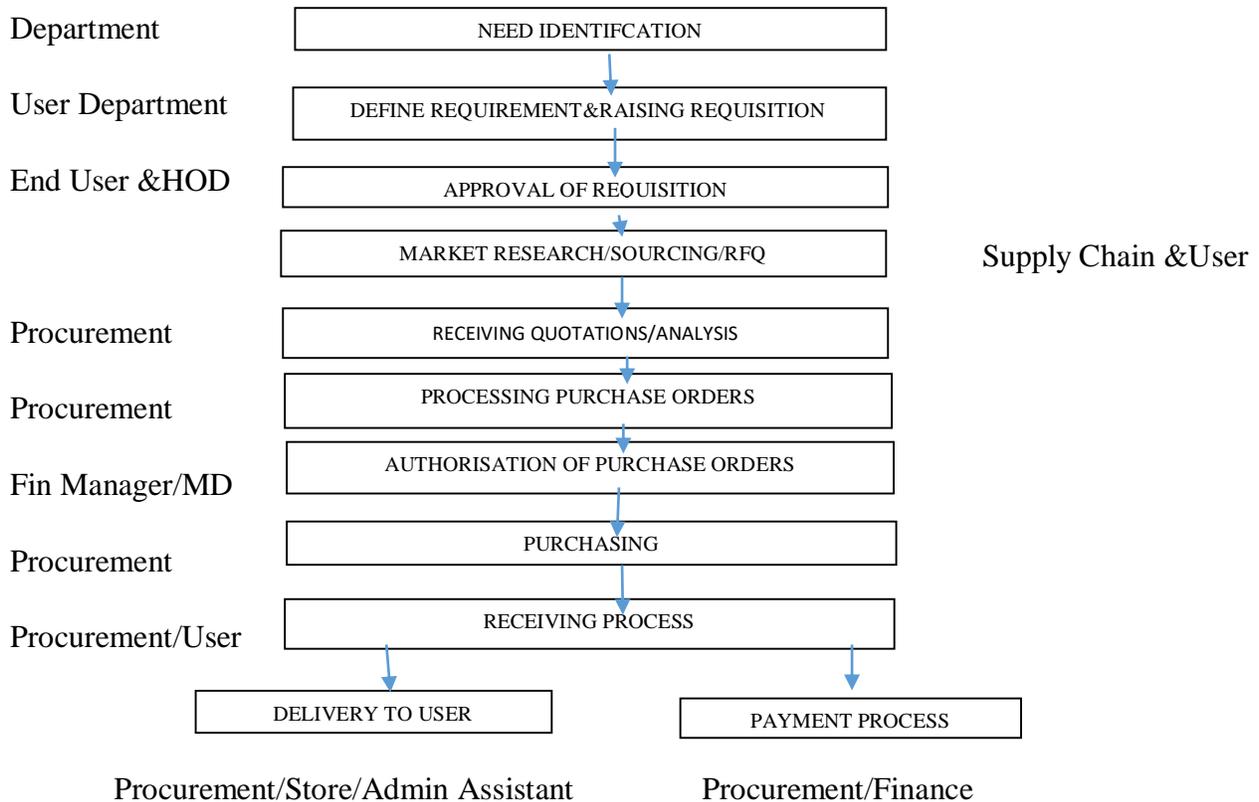
**6.4.2 GENERAL SERVICE**

1. Head of department shall prepare a budget and forward to management for approval
2. Online requisition shall be approved of online by Head of Department
3. Raising of Purchase order by Supply Chain Office
4. Issuance of Purchases order to respective vendors by Supply Chain Office
5. User department shall receive the service requested and complete certificate of work done
6. Forwarding of Delivery note, invoices by user department for payments to Finance

**6.5. Payments.**

The Supply Chain Office shall ensure that all documentation required for payments which includes delivery notes, invoices and LPOs are forwarded to finance for payment.

**THE PROCUREMENT FLOW CHART**



## **CHAPTER SEVEN**

### **PROCUREMENT METHODS**

#### **7.0 Policy**

It is the policy of Longhorn to subject all its purchases to competitive bidding. Longhorn shall use competitive procurement methods when purchasing goods and services for its operations.

Restricted Tendering or Direct Procurement procedures shall be used only when:-

- a) The Procurement Committee approves in writing use of such procedure prior to starting the procurement process,
- b) The Procurement Committee Records in writing the justification and reasons for use of such procedures.

#### **7.0.1 Tendering**

- a) It is the policy of Longhorn that requirements for all items shall be planned and be within the approved budget. Purchase of goods and services shall be effected through procurement requisitions and in the case of stock items, through a print order policy and in accordance with approved procurement plans.
- b) A user department with a need shall ensure requisition/s is raised, checked by its HOD and approved by the Group Managing Director.
- c) Purchase requisitions shall be done on the standard requisition form.
- d) All purchase requisition forms shall be received by the Procurement Committee vide a dispatch book.
- e) The Procurement Committee shall prepare bidding documents and arrange for advertising of the tender upon receipt of approved purchase requisition. A complete set of bidding documents shall be verified by the Group Managing Director prior to its advertising to bidders.
- f) The user department shall take cognizance of purchase process of tender advertising, evaluation, award and delivery timelines as specified in the bidding documents.
- g) It is the policy of Longhorn that the tendering process shall be carried out with a view to maximizing on economy, efficiency and promotes fair competition.
- h) The Procurement Committee in consultation with the user department customize the standard tender document to include the following:-

- i) Technical specifications
  - ii) Instructions to Bidders
  - iii) Closing and opening time and place.
  - iv) Other tender conditions where applicable.
- i) The Procurement Committee shall communicate the tender to prequalified suppliers.
  - j) The Procurement Committee, in consultation with the user department shall respond in writing to any clarifications sought by tenderers within the stipulated duration.
  - k) On the closing time for submission of tenders, all bids shall be placed in the designated tender box.
  - l) The tender box shall remain locked until the time for tender opening.
  - m) The tender box shall have two keys which be kept by two different members of the committee to be nominated by the Group Managing Director.
  - n) Tenders shall be opened by the tender committee appointed by the Managing Director.
  - o) The procurement committee shall evaluate all tenders submitted in accordance with the evaluation criteria.
  - p) On conclusion of the evaluation, the committee shall submit its report to the Managing Director. The report contain the following, among others:-
    - i) Detailed analysis of all the bids
    - ii) Evaluation criteria
    - iii) Final ratings assigned to each tenderer
    - iv) The scores awarded to each tenderer
  - q) The Tender committee shall deliberate on the tender and make the final award.

#### **7.0.2 Requests for Quotation (RFQ)**

- a) A user department with a need shall ensure requisitions are raised and approved by the head of department.
- b) Longhorn shall use RFQ where goods, services and works are readily available in the market.

- c) The suppliers be given adequate time to prepare quotations but not more than two [2] days where the item to be purchased is readily available in the market.
- d) The RFQ include all the specifications
- e) The RFQ clearly state the conditions to be met by the suppliers.
- f) The RFQ be considered responsive where all conditions have been met by the supplier and the price is considered to be within the prevailing market price.
- g) All RFQ state the closing date and time
- h) All quotations be submitted in sealed envelopes and deposited in the specified quotation box
- i) All RFQ be opened by assigned member of staff
- j) Evaluation and comparison of quotations for standard goods and services shall be carried out by the Procurement Committee.
- k) Evaluation and comparison of quotations for technical goods and services shall be carried out jointly by Procurement Committee and the user department.
- l) Where the Procurement Committee is of the view that the successful quotation is higher than the prevailing market price, the Procurement Committee reject the quotations and repeat the process by giving fresh request to a set of new suppliers.
- m) All quotations must be on original pre-printed document/letter head and must be stamped and signed.
- n) The obtained quotations be the supporting document on the basis of which purchase order or print order be raised
- o) Once the Procurement committee is in agreement that, on the basis of the quotations received, a given supplier offers the best value for money, and the price quoted is within the approved budget, the Supply Chain Office shall prepare an LPO.

### **7.0.3 Single Sourcing/Direct Procurement**

- a) Longhorn shall use direct procurement or single sourcing where it is very necessary and as long as the purpose is not to avoid competition.
- b) This method be used if the following are satisfied:-
  - There is only one person/organization who can supply the goods, works or services.

- There is no reasonable alternative or substitute for the goods, works or services.
- c) Longhorn use this method if the following are satisfied:-
- There is an urgent need for the goods, works or service being procured.
  - Because of the urgency, the other available methods of procurement are impractical
  - The circumstances that gave rise to the urgency were not foreseeable and were not the result of dilatory conduct.
  - Consultancy services i.e. tax, auditing, legal and training
  - Value exceeding Kshs.1,000,000 shall be presented before the procurement committee for approvals

#### **7.0.4. Procuring Agents**

- a) Longhorn may use the services of a procuring agent in accordance with Set rules and regulations
- b) The agent shall be appointed on a competitive basis.
- c) Where procurement agent is engaged, the Procurement Committee shall adjudicate the contract award and approved by the Group Managing Director.
- d) Longhorn shall not contract out both the procurement functions and contract management functions to the same procuring agent.

#### **7.1 RESPONSIBILITIES**

In order to ensure integrity at all levels individual responsibility and accountability of personnel engaged in any aspect of procurement from raising a requisition to authorizing payment must be clearly defined. Any person in the company can identify a need and submit a request (HOD should have budget)

- |                                     |                 |
|-------------------------------------|-----------------|
| a. <b>Raising Material Request:</b> | All departments |
| b. <b>Raising Requisitions:</b>     | User department |

c. **Authorizing Requisitions:** Head of Departments

d. **Sourcing and Raising Local Purchase Orders (LPO):** Procurement Team

e. **Authorizing LPO:**

Limits should be provided by the Finance Manager

## **7.2 AUTHORIZATION LEVELS**

- 1 Goods and services up to and including a value of Ksh 3,000/- will be purchased directly.
- 2 Goods and services with a value from Ksh 3,001/- up to and including Ksh 1,000,000 to be sourced through three quotations sourced by the procurement office and approved by the Chief Operations Officer.
- 3 Goods and services with a value from Ksh 1,000,000 up to and above 3,000,000 to be sourced through three quotations, to be adjudicated by the procurement committee chaired by the Group Managing Director.

**Note:** The authorization limits involve all expenditure or monetary decisions regardless of whether it involves an LPO.

## **7.3 PRIORITY SYSTEM**

In order to ensure that all items, equipment or services get the end user at the required time, date and to the agreed standard it is necessary to establish a robust system in order to prioritize demand.

### **7.3.1. Immediate.**

This is for critical items or services that are required immediately and the lack of which will directly affect operations. A Priority 01 should be satisfied on the following guidelines.

- |    |                       |          |
|----|-----------------------|----------|
| a. | Purchase Requisition. | 0.5 days |
| b. | LPO.                  | 0.5 days |
| c. | Market Analysis       | 0.5 days |
| d. | Purchase.             | 0.5 days |

- e. Distribution. Quickest possible means

### **7.3.2. Routine.**

For items or services not held in stock, but will not immediately affect operations.

- a. Purchase Requisition. 2 day
- b. LPO. 2 day
- c. Market Analysis. 7 days
- d. Purchase. 2 days
- e. Distribution. Routine delivery

### **7.3.3. Stock.**

This is the lowest priority and is for the replenishment of stock for use. If adequate provisioning and stock control is managed correctly this should constitute the majority of purchases.

- a. Purchase Requisition. 1 day
- b. LPO. 2 days
- c. Market Analysis 7 days
- d. Purchase. 4 days
- e. Distribution. Routine delivery

**CHAPTER EIGHT**  
**ACQUISITION AND DISPOSAL OF FIXE ASSETS**

**8.0 CAPITAL EXPENDITURE (CAPEX)**

CAPEX shall be classed as any item to be procured by Longhorn Publishers Ltd that will become an asset. Any decision to purchase items of this value will be made with approval of the board. A decision will be made on the most suitable method of payment for the asset which should include:

- Lease.
- Finance.
- Hire.
- Direct purchase.

This shall depend on the need of the business, the value of the asset, whether there is any re-sale value, the length of the project and profitability.

**8.1 FIXED ASSETS**

Within Longhorn Publishers Ltd an asset is defined as any item that will be in use by the company for a year or over.

It shall be the duty of Supply Chain office to ascertain whether an item is going to be a company asset or a consumable item. If consumable, it shall be brought to account as an inventory item and eventually issued as consumed in use.

An asset shall be brought to account on the Asset Register on Navision and managed as an asset through the items life. This will be subject to depreciation and will need to be accounted for on a regular basis.

**8.2 DISPOSAL**

**8.2.1** Whenever an asset is acquired by the company there is a requirement to write off the value of the asset over a set period of time.

**8.2.2** Disposal of assets shall depend on the economic value of an asset.

**8.2.3** In the event there is need to dispose an asset, the concern party shall liaise with Finance department to get the right net book value of an item.

**8.2.4** Reason to dispose shall be determined by the Management team and approved by Group Managing Director

**8.2.5.** Disposal Memo shall be sent to all staffs

### **8.3. COST CAPTURE**

It is imperative that all procurement, however small, is allocated to a department in order to ensure all activity across the company can be monitored for profit and loss purposes.

This shall be achieved by means of a cost capture code on Navision and can be set up by company and department

It is incumbent on all procurement staff at every level to ensure they know and understand where the costs for a particular item should be allocated.

### **SUMMARY**

It is the responsibility of all personnel, regardless of department or position to read and abide by these procedures in order to ensure company costs are constantly kept under control and there is transparency in all procurement transactions. Regular managerial checks will take place under a separate policy in order to ensure the procurement audit is maintained at all times.

## **CHAPTER NINE**

### **CONTRACT MANAGEMENT**

#### **Contract award and notification**

#### **9.0 Policy**

The policy is necessary to ensure that contracts entered into are performed as per the terms and conditions contained therein. It is the policy of Longhorn that user departments be responsible for overall management and supervision of contracts under them. All contracts shall be signed by the Group Managing Director on behalf of Longhorn prior to any procurement.

#### **9.1 Preparation of Contract**

The evaluation report shall be presented to the relevant authority that may after review, approve the recommendations and award the contract in the form provided with the tender documents, or refuse to accept any of the recommendations and instruct committee to re-evaluate the offers or re-tender the requirement.

If approved, the Procurement Committee shall forward the relevant tender proceedings documents to the respective HOD for drafting of the contracts, either directly or through the services of technical experts or the suppliers of services themselves.

The HOD shall draft a contract that will include but not limited to the following:-

- a) Technical specifications, TORs, expected outputs
- b) Terms of Payment
- c) Delivery period and schedule
- d) Negotiations report
- e) Dispute resolution clause
- f) Contract termination and exit clause

The Head of Department shall circulate draft contract documents to the committee members for their perusal and necessary inputs.

The HOD shall forward the final contract document to the Group Managing Director for signature.

Upon signature, the HOD shall distribute copies of the contract to the relevant offices as follows:-

- Group Managing Director
- Chief Operations Officer
- Procurement Committee

The original contract document shall be in custody of the HOD.

## **9.2 Refusal to Sign Contract**

If the tenderer submitting the successful tender refuses and/or fails to enter into a written contract as required, Longhorn shall notify the tenderer who according to the evaluation report would have been successful had the successful tender not been submitted.

This section does not apply if the period during which tenders must remain valid has already expired.

## **9.3 Variations to Contracts**

Any variation of contract shall be effective only if:-

- a) The price variation is based on the prevailing market conditions.
- b) The quantity variation for goods and services does not exceed 10% of the original contract quantity.
- c) The quantity variation for works does not exceed 10% of the original contract quantity.
- d) The price or quantity variation is to be executed within the period of contract or such approved extension to the period of contract.
- e) All contract variations shall be approved by Group Managing Director.

## **CHAPTER TEN**

### **SUPPLIER RELATIONSHIP MANAGEMENT**

#### **10.0 Role of Procurement Department**

The procurement Department shall be responsible for ensuring that the suppliers' issues are taken care of, these include arrangement for credit facilities, reconciliation of invoices and purchase orders and establishment of good relationships.

#### **10.1 Supplier Appraisal**

Supplier appraisal be carried out frequently during the period of short listing. This will be based on the following:-

- Managerially competent
- Adequately resourced
- Financially stable
- Competitive (in terms of price and availability)
- Reliable
- Provides goods of suitable quality
- Environmentally/Ethically sound

#### **Annexes**

I. Pre-Qualification Questionnaire – PQQ – Form 037

II. Evaluation Score Sheet- Form 038

III. Vendor Creation Form – Form 039

IV. Site Visit Questionnaire – Form 040

V. Site Visit Report Format –Form 041