



**AGRO – CHEMICAL AND FOOD COMPANY LIMITED.
PROCUREMENT AND DISPOSAL POLICY.**

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INTRODUCTION.

This policy is prepared to address both the Compliance and Specific Procurement requirements of Agro Chemical and Food Company Ltd (ACFC), which have not been explicitly addressed in the available instruments. General and specific requirements leading to effective procurement for the ACFC has been incorporated in this Policy.

Head of Departments (HODs) are therefore required to familiarize themselves with the procedures and guidelines provided in this policy and strictly adhere to them. This Policy shall ensure that the accounting officer's decision, HODs and Procurement staff are made in a systematic and structured way.

BRIEF HISTORY OF ACFC.

ACFC VISION

To be the preferred producer and supplier of Spirits, Yeast, and related products.

ACFC MISSION.

Production of world class products through a cost effective, innovative, and environmentally friendly technologies.

ACFC CORE VALUES.

- Customer focus.
- Teamwork.
- Professionalism.
- Integrity.
- Innovation.

ACFC MOTTO.

Quality at its best.

1.0. ACFC PROCUREMENT POLICY.

ACFC considers the expenditure/investment of funds to be a very important responsibility that requires all persons involved in the chain (from user to procurement and finally RD & CE for Approvals) to be extremely prudential in their judgment. The purpose of this policy/manual is

ACFC considers the expenditure/investment of funds to be a very important responsibility that requires all persons involved in the chain (from user to procurement and finally RD & CE for Approvals) to be extremely prudential in their judgment. The purpose of this policy/manual is therefore to establish procedures for procurement and disposal of obsolete, unserviceable, or surplus stores for ACFC to achieve:

- To promote compliance with both the government directives and statutory requirements.
- To promote efficiency.
- To promote competition and fairness.
- To enhance transparency and accountability in our procedures.
- To facilitate the promotion of local industries through “buy Kenya build Kenya” initiative.
- To enhance public confidence in our procedures.

1.1.OBJECTIVES.

1. To ensure accountability.
2. To increase integrity and public confidence.
3. As a guide to procurement unit.
4. To enhance efficiency.
5. To enhance transparency.
6. To promote competition and fairness.

1.2.THE SCOPE.

This policy/manual shall be adopted and used exclusively by ACFC as a guard in purchasing of goods, materials, equipment, services, works and their disposal. These shall follow the procurement process as per the **Standard Operation Procedures (SOP)** as reviewed from time to time. The SC department shall work closely with the user departments to ensure quality, standards, efficiency, and transparency in the procurement process.

This policy shall be used in the procurement, receipts, storage, dispatch, and disposal of goods, services, and works.

1.3.THE PROCUREMENT CYCLE.

ACFC shall always strive to carry out all the procurement procedures. All persons in the supply chain should familiarize themselves with this cycle to ensure compliance, efficiency, and accountability. The complete cycle is as follows:

- i) Preparation of Procurement Plan. **(All Departments)**
- ii) Plans Budgeted for, Needs arising and Routine Purchase (re-orders). **(User)**
- iii) Preparation of Specification and seeking for Approval to Incur Expenditure (AIE). **(User)**
- iv) Sourcing for bids: through advertisement or issuing RFQ/P. **(by Procurement)**
- v) Receiving and opening bids. **(By Procurement)**
- vi) Evaluation of the bids. **(from Procurement)**
- vii) Contract Award & Notification. **(by Procurement)**
- viii) Negotiation: for quality, delivery period, cost etc. **(by Procurement and Evaluation Committee)**
- ix) Preparation of Contract. **(By user)**
- x) Contract Signing. **(RD/CE, FC, SCM)**
- xi) Contract Administration/Management. **(by user)**
- xii) Inspection and Acceptance of goods, works, Services and Consultancy services. **(Inspection Committee)**
- xiii) Payment. **(by Finance)**
- xiv) Storage and Inventory Management. **(by Procurement)**
- xv) Review of the Performance. **(by Procurement and User)**
- xvi) Disposal **(by Disposal Committee)**
- xvii) Suppliers and Contractors performance review. **(Procurement)**

1.4.ACFC Routine Purchase Flow.

- i) User raises Purchase Order (PR) through Stores.
- ii) PR is Approved by the User department.
- iii) PR goes to AM Materials for further Approval.
- iv) PR is received by Supply Chain Purchasing Section.

- v) Purchasing Section verifies the information in the PR to ensure compliance with all the Approvals.
- vi) Purchasing Section (PS) prepares Tender documents for Advertisement/RFQ/P.
- vii) Tenders are received and Opened by Tender Opening Committee.
- viii) PS prepares Comparison Statement.
- ix) The Comparison Statement is forwarded to: Finance, User and CEO for Approval.
- x) PS raises LPO.

1.5.Capital Purchase Flow.

- a) User prepares Specifications, and together with the Authority to Incur Expenditure (AIE) are forwarded to CEO.
- b) PS receives both AIE and Specification.
- c) PS verify the information and prepare Standard Tender Documents for Advertisement/RFQ/P.
- d) Tenders are opened by the Tender Opening Committee.
- e) Evaluation Committee is Appointed by the CEO.
- f) Committee members are notified, and Evaluation starts.
- g) SCM prepares Opinion.
- h) The Opinion is forwarded to CEO for Approval/Comments.
- i) LPO is raised and Approved by the CEO.
- j) Contract Award and Notification is done.
- k) Contract Negotiation is done.
- l) Contract document is signed by the parties.
- m) Contract Management by the user department.
- n) Contract Termination/Renewal/Release.

2.0. ACFC PURCHASING REQUIREMENTS.

The following shall be considered for Approvals accordingly.

- i) ACFC shall undertake Procurement in accordance with the **threshold matrix** set out in this policy. The Approving Authority for all Procurement methods shall be as explained here below.

- ii) The RD/CE shall be responsible for signing of Contracts for Procurement and Disposal on behalf of ACFC. The signing shall be witnessed by Finance Controller (FC) and Supply Chain Manager (SCM).
- iii) All Procurement shall be within the Approved Budget. Any variation must be Approved by the RD/CE.
- iv) ACFC shall establish all the Procurement Committees: Tender Opening, Evaluation, Inspection & Acceptance and Disposal Committees, their duties are discussed below.

3.0. Supply Chain Internal Customers.

ACFC Supply Chain Department serves the following customers in matters Procurement

- i) Departments:
 - a) Mechanical Engineering department
 - b) Quality Assurance department
 - c) Instrumentation department
 - d) Civil
 - e) Electrical
 - f) Production
 - g) Environment
 - h) Finance
 - i) ICT
 - j) Human Resource
 - k) Marketing
 - l) Supply Chain.
 - m) Legal
 - n) Audit
 - o) RD/CE Office
- ii) The School

4.0. PROCUREMENT METHODS.

The following Procurement Methods shall be adopted by ACFC:

- i) **Open Tender:** this is the most preferred Procurement method, and ACFC shall adhere to the requirement of section 96 of the Public Procurement and Asset Disposal Act, 2015, where this is preferred.
- ii) **Restricted Tendering:** the following methods shall be adopted by ACFC and used as per this policy:
 - a) Direct Procurement.
 - b) Two – stage tendering.
 - c) Request for Quotation (RFQ)
 - d) Request For Proposal (RFP)
 - e) Low Value Procurement.
 - f) Force Account.
 - g) Competitive Negotiation.
 - h) Request for Proposal.
 - i) Framework Agreements.

4.1. Direct Procurement.

Where this method is preferred, the SC department shall adhere to section 103 of the Public Procurement and Asset Disposal Act, 2015 as follows:

- i) Justification from users shall be as per the Act.
- ii) RD/CE to approve the justification.
- iii) Threshold matrix to be considered on Approval.

4.2. Two – Stage Tendering.

This method can be used when, due to Complexity and Inadequate Knowledge on the part of the Procuring entity or advancement of Technology and it is not feasible for ACFC to formulate detailed specifications for goods, works and non-consultancy services to obtain the most satisfactory solution to its needs.

Where this method is preferred, ACFC shall adhere to section 99 of the Public Procurement and Asset Disposal Act, 2015.

4.3. Request for Quotations (RFQ)

ACFC shall use RFQ for routine purchase/any other as recommended by SC for replenishment of stock including Spare parts.

Where this method is preferred, ACFC shall use its prequalified suppliers' list as follows:

- a) Where there are more than ten registered suppliers in that category, RFQ shall be issued to at least **ten** registered suppliers, and where the registered suppliers are less than ten, RFQ shall be issued to at least five suppliers or as recommended by the SCM..
- b) SCM or AM/P shall approve the list before bidders are invited for RFQs.

4.4.Low Value Procurement.

A Procuring entity may use low-value procurement method when:

- The entity is procuring low value items which are not procured on a regular basis or frequently and are not covered in a framework agreement.
- Any other prescribe condition for the use of low-value procurement procedure as per this policy.
- Due to special nature of operation in ACFC. this method shall be preferred where the value of the goods, services or works is **kshs. 20,000. and below**. The following conditions shall be observed:
 - a) Recommendation shall be done by the Works Manager (WM) for any purchase for the factory use, and HRM for the school use.
 - b) SCM shall recommend for the purchases before payment by Finance department.

4.5.Force Account.

A Procuring entity may use force account by making recourse to the state or public officers and using public assets, equipment, and labor.

Where this method is preferred, the following shall be observed:

- Unforeseen and urgent work is required to be carried out without disrupting on-going operations.
- The procuring entity is to complete works delayed by the contractor after the written warning did not yield any tangible result.

Condition for the use of this method:

- shall be approved by the RD or SCM.

- Where the total cost for the procurement, at most, set at the prevailing market rate.
- Where it is considered reliable for statutory compliance; buy Kenya build Kenya or on Preferential procurement.

4.6. Framework Agreement.

This method shall be preferred where.

- the required quantity of good, works and non-consultancy services cannot be determined at the time of entering into the agreement.
- Where there are many suppliers, a minimum of seven (7) alternative vendors are included for each category. However, where suppliers are few or the supply is highly specialized, the SCM shall advice.

The maximum term for the framework agreement shall be three years unless this policy recommends a different period to take care of special supplies and operations, where a minimum of three years contract is not practicable and seven alternative vendors is not practicable.

When implementing this method, ACFC shall:

- a) procure call - offs order when necessary as approved by SCM.
- b) Invite mini competition among persons that have entered into the agreement in the respective category.

ACFC shall procure the following goods, service and works through the Framework Agreement.

- 1) Molasses Procurement
- 2) All repairs and maintenance of both machines, parts and company motor vehicles that are done outside the company.
- 3) Procurement of petrol, diesel, and fuel oil,
- 4) Procurement of chemicals used in production.

4.7. Request for Proposal (RFP)

The method shall be preferred were.

- The procurement is of services or combination of goods and services.
- Services to be procured are advisory or otherwise of a predominately intellectual nature.

RFP inviting Expression of Interest (EOI), shall be applied as follows.

- RFP through advertisement.
- Invite EOI or utilize register provided for in section 57 (list of registered suppliers) of the PP&AD Act.

Procuring entity shall invite proposal from only the persons who have been shortlisted as qualified to submit their tenders within a period as prescribed.

Evaluation and shortlisting shall be as per section 121 of the PP&AD Act, 2015

4.8.Competitive Negotiation.

ACFC shall prefer the method where.

- There is a tie in the lowest evaluated price.
- There is a tie in the highest combined score points.
- The lowest evaluated price is more than available budget.

In the above circumstances, ACFC shall.

- a) Follow procedure as per the Act for non – standardized items or,
- b) Distribute reasonable quantities to the affected persons where the suppliers have made supplies to ACFC in the recent past and there is need to keep close contact.

5.0. COMMITTEES.

The PP&AD Act, 2015 reorganizes only four committees for Procurement processes, namely.

- a) Tender Opening Committee.
- b) Evaluation Committee.
- c) Inspection and Acceptance Committee.
- d) Disposal Committee.

5.1.Tender Opening Committee.

RD/CE shall appoint tender opening committee specifically for the procurement in accordance with the following requirement.

- Committee shall comprise of at least three members.
- At least, one of the members shall not be directly involved in the evaluation of the tender.

The tender opening committee members shall observe the procedure as prescribed in section 78 of PP&AD Act.

5.2.Evaluation Committee.

- An accounting Officer shall ensure that an ad hoc evaluation committee is established in accordance with the PP&AD Act, 2015 and Regulation 2006. The committee shall be from within the members of staff with relevant experience and expertise.
- Where is required from outside the organization, such expertise may be obtained from other procuring entities or procured to join the committee, on recommendation, in writing by the head of procurement function, and the committee shall be appointed by the accounting officer.
- Membership to the committee shall consist of three to five members on a rotational basis comprising of heads of user departments and two other departments or their representatives, while the Secretary to the committee shall be from the procurement function.
- The evaluation procedure shall be as per section 48 of PP&AD Act, 2015.

5.3. Inspection and Acceptance Committee.

The committee shall be appointed by the RD/CE as follows.

- a) For the routine purchase, re-stocking (stock replenishment) and standardized goods, it shall be done by the user department as per the approved list.
- b) For tenders for non-standardized goods, capital items or works, an ad hoc committee comprising of at least three members, shall be appointed by the RD/CE.

The responsibility of the committee shall be as follows;

- a) Inspect and where necessary, test the goods received.
- b) Inspect and review the goods, works or services in order to ensure compliance with the terms and specifications of the contract.
- c) Ensure that the correct quantity of the goods is received.
- d) Ensure that the goods, works or services meet the technical standard defined in the contract or specification.
- e) Ensure that all required manuals or documentation has been received.
- f) Issue and file certificate as appropriate.

5.4. Disposal Committee.

- An accounting officer shall establish a disposal committee as and when prescribed for the purposes of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment, or assets.
- The committee shall be responsible for verification and processing of all disposal recommendations in liaison with the head of procurement function.
- An employee in charge of unserviceable, obsolete, obsolescent, or surplus asset shall retire the item to stores within a reasonable time.
- There shall be a technical report where appropriate by a relevant expert of the subject items for disposal that considers real market price, and in so doing, the technical expert shall set up **reserve price** which shall be the minimum acceptable.
- The committee shall meet within a reasonable time to conduct a survey and review the items while considering the technical report and recommend the best method of disposal to RD/CE.
- The reserve price shall be disclosed to the prospective tenderers.
- Where there is no responsive bidder, the RD shall revise the reserve price on recommendation of the committee to ensure expeditious disposal.
- ACFC shall use the following disposal methods as may be appropriate.
 1. Transfer to another public entity with or without financial adjustment.
 2. Sale by public tender
 3. Sale by public auction
 4. Trade – in
 5. Waste disposal management
 6. As may prescribed by the disposal committee and approved by RD.

6.0. Procurement in School.

- Procurement in school shall be as follows:
 - a) All procurement in school shall be done through HR. The specifications to be developed by relevant user departments (Civil, ICT, Electrical, Mechanical, HR etc.) through HR.
 - b) To promote the local community, groceries and retail/shop purchase shall be supplied by the locals from the approved list of suppliers.
 - c) The procurement requirements (budget and all approvals) plus the specifications shall be forwarded to HR for approval, being the “user”.

- d) HR to forward the approved specifications to procurement for the process of procurement to start.
- e) The School, HR, and the relevant departments to be notified of the successful bidder.
- f) The relevant department, HR together with the H/Teacher or any other teacher in charge of the specific work to supervise the work.
- g) Inspection and acceptance shall be carried out by a minimum of three persons as follows:
 - 1. Office from the relevant department such as Civil for construction.
 - 2. Officer from HR as the user.
 - 3. A teacher in charge of that specific work.
- h) Payment shall be supported by signed Inspection and Acceptance certificate.

7.0. PROCUMENT PLAN.

- An accounting officer shall prepare an annual procurement plan which is realistic within the approved budget prior to commencement of each financial year as part of the annual budget preparation.
- Any officer who knowingly recommends to the accounting officer excessive procurement of items beyond a reasonable consumption of the procuring entity commits an offence under the PP&AD Act.
- All asset disposal shall be planned through annual asset disposal plan.
- Procurement and asset disposal plan shall be based on approved budget.
- All procurement and asset disposal planning shall reserve a minimum of 30% of the budgetary allocation for enterprises owned by women, youth and persons with disabilities and other disadvantaged group.

7.1. Procurement Planning Procedures.

There are two types of procurement plan, namely

- 1) Annual Procurement and Disposal Plan
- 2) Multi-year Plan.
- All procurements by state organs and public entities are subject to the rules and principles of the PP&AD Act, 2015 and regulation 2020, and shall be based on indicative or approved budget.

- ACFC shall not commence any procurement proceeding until satisfied that sufficient funds to meet the obligations of the resulting contracts are reflected in its approved budget estimates.
- Heads of user departments shall submit an annual departmental procurement plans to the CEO or consolidation before the commencement of the financial year in the following format.
 - a) Detailed breakdown of goods works and services.
 - b) A schedule of planned delivery/implementation.
 - c) An indication whether it shall be a single – year or multi – year procurement.
 - d) An indication of items that can be aggregated for procurement as single package for common user items.
 - e) An estimate of the value of each procurement.
 - f) An indication of the appropriate procurement method (done in consultation with the SC)
- The procurement function shall prepare the procurement plan in accordance with the format specified in the Third Schedule.
- Note: **Requirement not to split Contracts**, user or any other authority in the procurement plan process shall not split/structure its contract for the purpose of avoiding use of the already listed procurement procedures, except where unbundling of categories is allowed under preference and reservation schemes.

8.0. List of Registered Suppliers.

The head of procurement shall maintain and continuously update the list of registered suppliers, contractors, and consultants. Submission shall be continuous with registration done periodically at least every six months, and a complete evaluation of the whole register done by the SC every two years, and in case of need, SCM to recommend for new prequalification.

9.0. Procurement of Consultancy.

These are professional services which are predominantly intellectual or advisory in nature. ACFC may engage the services of a consultant in various fields or disciplines. The procedure shall be as follows.

- RFP shall be the preferred method unless alternative method is recommended by the SCM.

- If restricted, ACFC shall use its list of registered consultants in that category, or from the list provided by a recognized professional body, or one borrowed from other government institutions.
- Before award, due diligence to be carried out to verify the firm's capacity and its professional standing with the relevant professional body.
- Consultancy fees shall be guided by the regulatory body and be negotiated by ACFC to ensure fees paid are competitive.

10.0. Preference and Reservation.

To protecting and ensure the advancement of persons, category of persons or groups previously disadvantaged by unfair competition or discrimination, reservation and preference shall apply to the following.

1. Disadvantaged groups (youth, women, and persons with Disability)
2. Micro, small, and medium enterprises
3. Identified regions
4. Such other category as may be prescribed by the Treasury.

The following shall be considered when apply preference and reservation scheme.

- a) Non – discriminatory in respect of the targeted group
- b) Will always allow for competition among the eligible persons in the category.
- c) ACFC to reserve a minimum of 30% of its procurement budget for the scheme.
- d) To sustain promotion of local industries in any international procurement, tender document shall have mandatory requirement for any foreign tenderers to source at least 40% of their supplies from local contractors.

11.0 Stores Management

Receiving and Inspection of Goods and Services

The receiving and inspection of goods is an important aspect of the procurement process as it ensures compliance with the requirements and conditions of the tender awards.

Goods or materials and services must be received into the Central Stores from external suppliers. These goods/materials must be accompanied by the relevant documents relating to the procurement. The delivery note should indicate the order number, quantity of goods delivered, item description, point of delivery, and any other instructions.

Before materials are accepted into the store they must be inspected for quality and quantity against the order specifications and, where relevant, the sample. The Inspection and Acceptance Committee established in accordance with section 17(1) of the regulations may be required to carry out an inspection before goods are received. If goods are technical in nature, the user shall be called upon to check the technical aspect before final acceptance. In case of defects or quality shortfalls the items shall be rejected, and the supplier informed to take back the same.

There will be an ad hoc inspection committee to inspect goods and services immediately after delivery.

The following processes will be conducted as prescribed in the Supply Chain Department Standard Operating Procedures:

1. Receiving finished goods from production.
2. Dispatch of goods from the warehouses to the customers.
3. Return outward to the suppliers.
4. Handling customer property.
5. Disposal of expired chemicals
6. Denaturing of Spirits.
7. Receiving of Factory chemical and spares.

Stock Control Procedures

1. The Supply Chain Department shall be responsible for the proper accounting of stock and stores.
2. Assistant Manager Material shall maintain adequate records for stock in the ERP
3. All receipts and issues of stores must be recorded in the ERP immediately after each transaction.
4. There will be regular stock counts by the Assistant Manager Material and Supply Chain Manager.
5. Any discrepancies between the physical stock and stock record in the ERP shall be investigated and appropriate action taken.
6. There shall also be an annual stocktaking activity at the end of every financial year, the results of which shall be incorporated in the annual accounts.

Stock Taking

The annual stocktaking activity shall be carried out by the Supply Chain Manager, closely working with Finance and Internal Audit.

The essence of stock taking will be to ascertain whether:

- a) The Stores function of the Supply Chain Department is effectively carried out.
- b) Proper documentation of stocks and stores is maintained.
- c) All stocks and stores are adequately accounted for.
- d) There are adequate procedures for identifying and separately accounting for slow moving, damaged, or otherwise defective stocks and stores.
- e) The amounts attributable to stocks in the Agro Chemical and Food Company Limited final accounts are valid.
- f) Determine quantity of goods in stock at the closing of the year to avoid overstocking.

Stock Taking Procedure

1. Issuing and receiving of items of stock shall be suspended during the stock counting period.

2. Stock taking details shall be recorded on stock taking sheets.

3. Stock taking will commence after adequate preparations and in the presence of authorized representatives of:

- i) Internal auditors
- ii) External auditors (upon request when necessary)

4. Supervisors and representatives of the Internal Audit Department shall ensure that the correct stock position is recorded and that there are no omissions or overstatements.

5. The stock sheets shall be signed by all present.

The stock records balances will then be entered in the appropriate columns for comparison. Any discrepancies will thereafter be investigated.

5.. During stock taking, the following procedure shall be used for all types of stock:

- i) Identification of stock and ascertainment of ownership.
- ii) Counting, weighing, or measuring.
- iii) Reporting slow moving, damaged or otherwise defective stock.

iv) Recording information.

v) All items shall be properly arranged and kept in their respective places in the stores during the stocktaking exercise.

7. All stock items that are defective shall be recorded and separated from the good ones.

8. Professionally qualified and experienced stores staff shall be present to guide the counting staff on identification and description of items in stock.

Stock Verification

The (AMM) shall conduct regular stock counts under the supervision of the head of procurement to ensure that:

a) Records of receipts and issues are well maintained (all receipts and issues have been recorded in the stores ledger and bin cards).

b) Stocks and stores are all accounted for. This will be done through comparison of the physical stocks and the balances reflected on the ledger bin card.

Stock Reconciliation

1. Following the regular or annual stock taking exercise, any shortages/discrepancies noted will be investigated and appropriate action taken.

2. Any damaged or defective items will also be noted and separated from the good ones.

3. The stock records will then be appropriately amended to reflect the shortages noted, and/or any defective/damaged stock items identified.

Receiving of Fuel oil, Diesel, Petrol, and molasses.

(a) The Quantity received for Fuel oil shall be determined from ullage, the net weight as determined by the weigh bridge divided by the density provided by Quality Control and opening dip and closing dip.

(b) The Quantity received for Petrol and Diesel shall be determined by Dips.

(c) The quantity received for molasses shall be determined by net weight and opening and closing dip.

(d) Allowance shall be allowed for losses below 140 liters but above this quantity the losses shall be charged fully on the vendor.

16. Calibrations

Calibration of alcohol/molasses dispensing/receipt meters and weigh bridge will be done once per year while the calibration for molasses and alcohol storage tanks will be once after five years by the service providers.

Dispensing of Fuel to staff.

Fuel shall be dispensed to staff at the prevailing market prices.

11.0. Revision of this Policy.

The policy shall be reviewed from time to time by ACFC to embrace any emerging best practices in procurement and major policy changes in the procurement regulations.

Any user of this policy with suggestions on areas of this policy which may need to be reviewed shall notify the SCM, who will then forward the suggestion together with the recommendation to the RD/CE for consideration/comment.

12.0 CODE OF CONDUCT

Agro Chemical and Food Company requires full and open disclosure when dealing with procurement. As such, Agro Chemical and Food Company employees, users and all the committee members must avoid strictly any conflict of interest or the appearance of a conflict of interest. Agro Chemical and Food Company employees, users and the committee members must always provide full disclosure of their actions or relationships with prospective vendors, contractors, or consultants.

ETHICS IN PROCUREMENT

Upholding of ethics is important to the integrity of the entire procurement process. Agro Chemical and Food Company shall require all members of staff to maintain the highest level of ethical conduct and honesty when performing procurement duties.

All staff in the Supply Chain Department shall be expected to observe professional ethics and guidelines as issued by the Chartered Institute of Purchasing & Supply (CIPS), Provisions of The Public Officer Ethics Act, 2003, KISM Code of conduct and Ethics, PPRA Code of conduct and ethics, Chapter Six of Constitution of Kenya, 2010 and Mwongozo guidelines shall also apply in regulating ethical conduct of all members of staff involved in the procurement process.

The guiding ethical principles shall include the following:

- a. Staff involved in the procurement process shall avoid engaging in practices or transactions that create conflict of interest.
- b. All members of staff involved in the procurement process shall ensure that the Agro Chemical and Food Company Ltd obtains the best value for money through the procured materials, services, works, and equipment.
- c. Supply Chain staff shall be required to avoid arrangements that might in the long term prevent the effective operation of fair competition.
- d. Supply Chain Staff shall not accept or receive gifts from current or potential suppliers unless such gifts are of very small intrinsic value and are of advertisement nature such as calendars, diaries, and pens.
- e. Supply chain staff shall refrain from any business hospitality that might be viewed by others as likely to influence procurement decisions by the Agro Chemical and Food Company Ltd.
- f. Care should be taken to avoid splitting of orders for specific works, services or materials by ensuring that the approval is within the prescribed authority ceilings.

12.0. The Policy Implementation.

The policy shall be implemented upon being approved and signed by the RD/CE

SCHEDULES AND APPENDICES.

Schedule 1: Threshold matrix

Schedule 2: Import requirements

Schedule 3: Exercise duty exemption conditions

Appendix i: Standard Evaluation/Specification form

Schedule 1. Threshold Matrix.

Procurement Method	Maximum/Minimum Expenditure			Segregation of Duties		
	Goods	Works	Services	Procurement Initiator	Responsibility for Award	

International Open Tender	No min. No Max.	No min. No Max.	No min. No Max.	Head of User, SCM CEO	CEO		
National open Tender	No min. No Max.	No min. No Max.	No min. No Max.	Head of User, SCM & CEO	CEO		
Restricted Tenders under Sec 102 (1a) – Complexity/Specialization	No min. No Max.	No min. No Max.	No min. No Max.	Head of User, CEO & SCM	CEO		
Restricted Tenders under Sec 102 (1b) – Time	Max. Kshs. 20,000	Max. Kshs. 20,000	Max. Kshs. 20,000	Head of User, SCM & FC	CEO		
Restricted Tenders under Sec 102 (1c) – Few Suppliers	No min. Max. funds avail.	No min. Max. funds avail.	No min. Max. funds avail.	Head of User, SCM & OR CEO	CEO		
RFP	NO Min/Max	NO Min/Max	NO Min/Max	Head User, SCM & CEO	CEO		
Framework Contract	NO Min/Max	NO Min/Max	NO Min/Max	User, SCM & CEO	CEO		
Community Participation	Max. 1.0 M	Max. 2.0 M	Max. 1.0 M	Head of User, SCM & CEO	CEO		
Direct Procurement	NO Min/Max	NO Min/Max	NO Min/Max	Head of User, SCM & CEO	CEO		
RFQ	Max. 3.0 M	Max. 5.0 M	Max. 3.0 M	Head of User, SCM & CEO	CEO		
Low Value Procurement	Max. 20,000	Max. 50,000	Max. 20,000	Head of User, SCM & CEO	User/SCM		
Two Stage Tendering	NO Min/Max	NO Min/Max	NO Min/Max	Head of User, SCM & CEO	CEO		
Force Account	NO Min/Max	NO Min/Max	NO Min/Max	Head of User, SCM & CEO	CEO		

Schedule 2: Import Requirement.

ACFC imports spare parts, chemicals, and machineries. There is need to standardize procedures and documentations. Supply chain function shall ensure compliance as follows.

1. Direct Purchases.

Direct procurement from manufacturers shall only be preferred under the following conditions.

- a) Where there is only one supplier.
- b) Where there is need for compatibility.
- c) For proprietary items.
- d) For other reasons as indicated in Sec. 102 (1) of the PP&AD Act 2015.
- e) Since these are routine purchases, comparison statement together with SCM comments shall be sufficient.

2. Competitive Purchasing.

This shall be done as per the recommended procurement method, except the value.

3. Procedure

- a) RFQ/RFP
- b) Comparison and verification of Specifications.
- c) Proforma Invoice
- d) Opening of IDF
- e) Supplier notification
- f) Payment Supported by LC.
- g) Supplier to prepare draft of the following documents for verification by SC/Agent
 - Certificate of Conformity (COC) – provided by approved agent
 - Packaging List
 - Draft Invoice.
- h) Confirmation/Approval/compliance of the above document are forwarded back to supplier.
- i) Supplier is advised to proceed with dispatch CIF Mombasa.
- j) Consignment arrives at Mombasa port and Agent notified, who then prepare and forward to ACFC the following documents.
 - Prepare the entry and forward entry number to ACFC together with invoices for payment separated as follows.
 1. Payments to Government/Government Agencies to be paid directly by ACFC into their accounts.
 2. Standard Clearing Agent fees together with other handling charges supported by ETR to be paid to the agent.
- k) Entry documents must be opened by the agent within three days upon arrival of the consignment and clearing and forwarding done immediately to avoid demurrage.

Schedule 3: Importation of Industrial Spare Parts Duty Free.

ACFC has been issued with License for Importation of Industrial Spare Parts Duty Free, with the following conditions.

1. Spare Parts that qualify for this exemption shall be exclusively for machinery of Chapter 84 and 85 of the EAC Common External Tariff and shall not be for re-sale or any other commercial purposes other than replacement of worn out and obsolete parts the industrial machines of the importer.
2. Disposal of the replaced spare parts (i.e. waste or scrap) and unusable parts shall not be done without prior written authority of the Commissioner.
3. Upon importation, the importer (registered manufacturer) shall attach to the importation document a copy of the certificate to enable the commissioner to allocate an exemption code to the importer.
4. The import entry shall specify the tariff codes of the spare parts being imported, the value and the general description of the machine to be repaired using the spares.
5. The Commissioner shall be reducing from the total approved value for respective registered manufacturers by each importation.
6. Upon exhaustion of the allocated total approved value, the registered manufacturer may apply for additional allocation to the Commissioner.
7. The registered manufacturers is required to maintain proper records of the imported spare parts under this regime for verification by the Commissioner in accordance with ECCMA.
8. A manufacturer who fails to comply with these guidelines shall be deregistered and the certificate revoked.
9. The manufacturer can appeal within fourteen (14) days upon receipt of notification for revocation.
10. The Commissioner shall call for import duties on the spare parts not accounted for by the registered manufacturer.
11. The enforcement procedures for collection of duties under the East African Community Customs Management Act, 2004 shall apply.
12. The license is issued for a period of two (2) years.

ACFC shall adopt a standard criterion for both Specification preparation and Evaluation as follows.

1. Background of the Required Item/Machinery.

- Expected operation features including staff
- Expected output
- Compatibility with existing infrastructures.

2. Mandatory Requirements.

S/No.	Requirements	Yes/No	Remarks
1.	Valid and Certified Certificate of Registration.		
2.	Valid and Certified Certificate of Tax Compliance.		
3.	Valid and Certified Certificate of Registration by a Relevant Professional Body.		
4.	Any other document considered mandatory for the Tender		

3. Technical Compliance.

S/No.	Requirements	Offer by Supplier	Remarks
1.	Measurements		
2.	Temperature		
3.	Compatibility with existing Machines		
4.	Speed		
5.	Energy Consumption Rate.		
6.	Availability of Spare Parts.		
7.	Support for Repair & Maintenance.		
8.	End Life of the Machine.		
9.	Expected Warrantee		
10.	Any other Compliance Requirements.		

4. Financial Proposals.

Recommendation for award shall be based on the **Lowest** and most **Responsive** bidder unless a deferent criterion is advised/indicated for/in the tender document.

5. **Standard Tender Document.**

The current one shall be maintained as it is.

6. **Technical Requirements.**

The bidders shall score as follows.

S/No.	Requirements	Maximum Scores	Bidder's Scores	Remarks
1.	Individual Qualifications: Degree, Diploma & Professional Certificates etc	20		
2.	Experience in Related Work: List & Period	20		
3.	Evidence Ownership of Relevant Equipment: List, Logbooks, Lease Agreement	15		
4.	Financial Capability: Specific Letter of Credit, Financial Statement and Availability of Cash Bal, and Turnover	15		
5.	Work Methodology/Programme and Delivery Schedules in a Gantt Chart and workable within a period, Workable Stages etc.	30		
	Pass mark 70%	100		

Approved by accounting officer: RD/CEO

DATE: 08/02/21

Signature: _____

