

Sarvodaya Ashram: Procurement Policy

Sikanderpur, Tandiyawan, District Hardoi, Uttar Pradesh, India

1. Policy Statement

Sarvodaya Ashram is committed to conducting all procurement activities with the highest standards of integrity, transparency, and efficiency. This policy ensures that all goods, services, and works acquired by the Ashram are obtained in a manner that provides the best value for money, adheres to ethical principles, complies with all applicable laws and donor requirements, and supports the Ashram's mission and values. The Ashram recognizes that sound procurement practices are fundamental to responsible financial stewardship and effective program delivery.

2. Purpose

The purpose of this policy is to:

- **Ensure Value for Money:** Obtain goods, services, and works of appropriate quality at the most competitive prices, considering factors like quality, delivery, and after-sales service.
- **Promote Transparency and Fairness:** Establish clear, consistent, and transparent procedures for all procurement processes, ensuring fair competition among potential vendors.
- **Enhance Accountability:** Define clear roles, responsibilities, and authorization levels for all procurement activities.
- **Mitigate Risks:** Minimize risks associated with procurement, including fraud, corruption, conflicts of interest, and poor quality supplies.
- **Ensure Compliance:** Adhere to all relevant Indian laws, regulations, and specific donor requirements pertaining to procurement.
- **Support Ethical Sourcing:** Promote ethical and environmentally sound practices in the supply chain where feasible.
- **Streamline Operations:** Provide a standardized and efficient framework for all purchasing activities.

3. Scope

This policy applies to all procurement activities undertaken by Sarvodaya Ashram, regardless of the funding source, value, or nature of the goods, services, or works being acquired. It applies to all employees, volunteers, and Governing Body members involved in any stage of the procurement process. This includes purchases made for administrative purposes, program activities, infrastructure development, and any other organizational need.

4. Principles Governing Procurement

All procurement activities within Sarvodaya Ashram shall be guided by the following core principles:

- **Transparency:** All procurement processes will be open, documented, and accessible to relevant stakeholders, ensuring clarity in decision-making.
- **Fairness and Impartiality:** All potential vendors will be treated equally and fairly, without discrimination or favoritism. Decisions will be based solely on objective criteria.
- **Economy and Efficiency:** Purchases will be made in the most cost-effective manner, balancing quality, timeliness, and price to achieve the best value for money.
- **Accountability:** Clear responsibilities and authorization levels will be established, and all procurement decisions will be justifiable and auditable.
- **Integrity:** All individuals involved in procurement must act with honesty, integrity, and without personal gain or conflict of interest.
- **Competition:** Wherever possible, procurement will be based on competitive bidding to ensure the best possible terms and prices are obtained.
- **Quality:** Goods, services, and works procured must meet the specified quality standards and be fit for purpose.
- **Environmental and Social Responsibility:** Where feasible and practical, the Ashram will consider environmental impact, ethical labor practices, and local sourcing in its procurement decisions.

5. Definitions

- **Procurement:** The process of acquiring goods, services, or works from external sources, including planning, sourcing, evaluation, contracting, and contract management.
- **Goods:** Tangible items such as office supplies, equipment, furniture, food items, educational materials, etc.
- **Services:** Intangible activities performed by a vendor, such as consulting, training, maintenance, security, transportation, etc.
- **Works:** Construction, renovation, or repair activities related to buildings or infrastructure.
- **Vendor/Supplier:** Any individual or entity providing goods, services, or works to Sarvodaya Ashram.
- **Requisition:** A formal request initiated by a department or individual for the purchase of specific goods, services, or works.
- **Purchase Order (PO):** A formal document issued by the Ashram to a vendor, authorizing a purchase and specifying terms and conditions.
- **Quotation:** A formal statement from a vendor specifying the price and terms for goods or services.
- **Conflict of Interest:** A situation where an individual's personal interests (e.g., financial, family, social) could potentially influence their professional judgment or decision-making in the procurement process.

6. Procurement Authority & Responsibilities

The Authority Matrix of Sarvodaya Ashram (refer to the separate "Authority Matrix Policy") defines the specific approval limits for different levels of procurement. General responsibilities are as follows:

- **Governing Body (GB):** Approves the Procurement Policy, oversees major procurement decisions, and ensures overall compliance and financial integrity.
- **Director/Secretary:** Overall responsibility for ensuring adherence to this policy, approving procurements within their delegated authority, and overseeing the procurement function.
- **Program Manager (PM):** Responsible for identifying program-specific procurement needs, preparing requisitions, and managing contracts for their respective programs within delegated authority.
- **Finance & Admin Officer (FAO):**
 - Manages the overall procurement process, including vendor registration, solicitation, and documentation.
 - Ensures compliance with this policy and financial regulations.
 - Processes payments for approved procurements.
 - Maintains procurement records.
 - Provides guidance and training on procurement procedures.
- **Requesting Staff/Department:** Responsible for clearly defining needs, preparing accurate specifications, and initiating the requisition process.
- **Receiving Staff:** Responsible for verifying the quantity and quality of goods/services received against the Purchase Order/Contract.

7. Procurement Process

The procurement process generally follows these five phases:

7.1 Phase 1: Planning and Need Assessment

- **Identification of Need:** The requesting department/individual identifies a genuine need for goods, services, or works.
- **Preparation of Requisition:** A formal "Purchase Requisition Form" must be completed, detailing:
 - Description and quantity of items/services required.
 - Desired quality/specifications.
 - Justification for the need.
 - Estimated cost.
 - Required delivery date.
 - Program/budget code to be charged.
- **Budget Availability Check:** The Finance & Admin Officer verifies that sufficient budget is available for the requested procurement. No procurement activity should proceed without budget confirmation.
- **Specification Development:** Clear and unambiguous specifications or Terms of Reference (ToR) will be developed to ensure that the required goods, services, or works meet the Ashram's needs.

7.2 Phase 2: Sourcing and Solicitation

The procurement method chosen will depend on the estimated value of the goods, services, or works. The monetary thresholds are in Indian Rupees (INR) and are subject to review and adjustment by the Governing Body.

- **Method A: Petty Cash Purchases (Up to INR 5,000)**

- **Description:** For very low-value, routine, and immediate needs.
- **Procedure:** Can be purchased directly by authorized staff (e.g., FAO, PM, FS/PA) from readily available local sources.
- **Documentation:** A proper cash memo/receipt must be obtained and submitted for reimbursement/accounting.
- **Approval:** As per Petty Cash Expenditure approval limits in the Authority Matrix.
- **Method B: Direct Purchase / Single Source (INR 5,001 to INR 25,000)**
 - **Description:** For low-value items where competitive bidding may not be practical or cost-effective. May also be used for specialized items available from only one supplier.
 - **Procedure:** A minimum of **one (1) quotation** should be obtained. Justification for single-sourcing (if applicable) must be documented.
 - **Approval:** As per Minor Purchases approval limits in the Authority Matrix.
- **Method C: Request for Quotations (RFQ) / Competitive Quotations (INR 25,001 to INR 2,00,000 and above)**
 - **Description:** For medium to high-value goods, services, or works where competition is feasible and desirable. This method will be used for all procurements exceeding INR 25,000.
 - **Procedure:**
 - A minimum of **three (3) written quotations** must be solicited from different, reputable vendors.
 - Quotations should be obtained on vendor letterheads, clearly stating prices, specifications, delivery terms, and validity period.
 - The FAO or designated staff will issue the RFQ, ensuring all vendors receive the same information.
 - For procurements above INR 2,00,000, while direct tendering is removed, the Ashram commits to rigorously seeking competitive bids (minimum three) and documenting the entire process, including justification for selection.
 - **Approval:** As per Medium Purchases and Major Purchases approval limits in the Authority Matrix, which will define the signatory levels for purchases exceeding INR 2,00,000.

7.3 Phase 3: Evaluation and Award

- **Evaluation:**
 - All received quotations will be evaluated based on predetermined criteria, which typically include: price, quality, technical specifications, delivery time, warranty, after-sales service, vendor reputation, and payment terms.
- **Vendor Selection:** The vendor offering the best value for money, based on the evaluation criteria, will be selected. The lowest price is not the sole determinant; quality and suitability are equally important.
- **Award Decision:** The decision to award the contract will be made by the authorized signatory as per the Authority Matrix.
- **Issuance of Purchase Order/Contract:** A formal Purchase Order (PO) or a written contract will be issued to the selected vendor, clearly stating:
 - Description of goods/services/works.

- Quantity.
- Agreed price.
- Delivery schedule.
- Payment terms.
- Warranty/guarantee (if applicable).
- Any other specific terms and conditions.

7.4 Phase 4: Contract Management and Delivery

- **Monitoring:** The requesting department/Program Manager is responsible for monitoring the vendor's performance and ensuring adherence to the terms of the PO/contract.
- **Quality Assurance:** Goods/services received must be inspected to ensure they meet the specified quality and quantity.
- **Receipt of Goods/Services:** Upon delivery, the receiving staff will:
 - Verify the items against the PO/delivery challan.
 - Note any discrepancies, damages, or shortages.
 - Sign the delivery challan/goods receipt note.
 - Forward the signed documents to the Finance & Admin Officer.
 - For services, a "Service Completion Certificate" or similar document must be signed by the authorized staff confirming satisfactory delivery.

7.5 Phase 5: Payment

- **Invoice Verification:** The Finance & Admin Officer will verify the vendor's invoice against the PO, delivery challan/goods receipt note, and service completion certificate (if applicable).
- **Payment Processing:** Approved invoices will be processed for payment as per the agreed payment terms and the Ashram's financial procedures. Payments will generally be made via bank transfer for transparency and security.
- **Record Keeping:** All procurement-related documents (requisitions, quotations, evaluation reports, POs, contracts, delivery notes, invoices, payment vouchers) will be securely filed by the Finance & Admin Officer.

8. Specific Procurement Considerations

- **8.1 Emergency Procurement:**
 - In genuine emergencies (e.g., natural disaster, immediate threat to life/property, critical operational disruption) where standard procedures would cause unacceptable delays, procurement may be expedited.
 - Emergency procurement must be formally justified, documented, and approved by the Director (or Governing Body for very high values) immediately after the purchase.
 - Even in emergencies, efforts should be made to obtain at least one quotation and ensure reasonable pricing.
- **8.2 Framework Agreements/Long-Term Contracts:**
 - For frequently required goods or services (e.g., office supplies, printing, vehicle repairs), the Ashram may enter into framework agreements or long-term contracts with pre-qualified vendors following competitive bidding.

- This streamlines future purchases and potentially secures better rates.
- **8.3 Services Procurement:**
 - For professional services (e.g., consultants, trainers, auditors), a Request for Proposals (RFP) type process may be used, focusing on technical expertise, methodology, and experience in addition to financial proposals. While a formal public tender is removed, competitive quotations will still be sought as per Method C, and the evaluation will prioritize qualitative aspects alongside price.
 - Clear Terms of Reference (ToR) and expected deliverables must be defined.
- **8.4 Construction/Works Procurement:**
 - For construction or renovation works, detailed drawings, specifications, and a Bill of Quantities (BoQ) will be prepared.
 - Competitive quotations (Method C) will be sought, and the complexity and value will determine the necessary approval level as per the Authority Matrix.
- **8.5 Environmental and Social Considerations:**
 - Where feasible, the Ashram will prioritize vendors who demonstrate ethical labor practices, environmental responsibility (e.g., energy-efficient products, recycled materials), and contribute to local economic development.
 - This will be considered as an additional evaluation criterion, especially for high-value procurements.
- **8.6 In-Kind Donations/Procurement:**
 - All in-kind donations received will be formally acknowledged, valued (at fair market value), and recorded in the Ashram's inventory and financial records.
 - They will be utilized as per the donor's intent and Ashram's program needs.

9. Conflict of Interest

- Any employee, volunteer, or Governing Body member involved in the procurement process must declare any actual or potential conflict of interest immediately.
- A conflict of interest arises if an individual or their immediate family member has a financial interest in a potential vendor, or if there is any personal relationship that could influence procurement decisions.
- Individuals with a declared conflict of interest must recuse themselves from the procurement process related to that vendor.
- Failure to declare a conflict of interest or engaging in procurement activities despite a conflict may lead to disciplinary action.

10. Documentation and Record Keeping

- Comprehensive and accurate records of all procurement transactions must be maintained by the Finance & Admin Officer for a minimum of **7 years** or as required by law and specific donor agreements.
- Required documentation includes:
 - Approved Purchase Requisition Forms.

- Quotations received.
- Comparative statements and evaluation reports.
- Justification for vendor selection (especially for single-source).
- Approved Purchase Orders/Contracts.
- Delivery Challans/Goods Receipt Notes/Service Completion Certificates.
- Vendor Invoices.
- Payment Vouchers.
- Any correspondence related to the procurement.

11. Monitoring and Review

- The Finance & Admin Officer will periodically review procurement records to ensure compliance with this policy.
- The Director will oversee the overall procurement function and address any significant deviations or issues.
- This Procurement Policy will be reviewed at least annually by the Finance & Admin Officer and the Director, and approved by the Governing Body, to ensure its effectiveness, relevance, and compliance with evolving legal requirements and best practices.

12. Training and Awareness

- All relevant staff involved in procurement will receive appropriate training on this policy and related procedures.
- The policy will be readily accessible to all employees and volunteers.

13. Grievance Redressal (Procurement Related)

Any grievances or complaints related to the procurement process (e.g., unfair treatment of vendors, alleged irregularities) should be formally submitted through the Ashram's established Grievance Redressal Mechanism (refer to the separate "Grievance Redressal Policy"). All such complaints will be investigated promptly and impartially.

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