



KENYA FOREST SERVICE

**DRAFT PROCUREMENT AND DISPOSAL
PROCEDURES MANUAL**

NOVEMBER 2011

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PUBLIC PROCUREMENT MANUAL FOR KENYA FOREST SERVICE

FOREWARD

The public procurement reforms in Kenya have culminated in promulgation of the Public Procurement and Disposal Act 2005 and the Public Procurement and Disposal Regulations 2006 that provide a legal framework for regulating public procurement, with oversight functions carried out by the Public Procurement Oversight Authority (PPOA). A Public Procurement General Manual provides detailed guidance on general issues in procurement that are not adequately covered by the Act and Regulations.

This Manual is prepared to address the specific procurement requirements of Kenya Forest Service, which have not been explicitly addressed in the referred instruments. The procurement processes set out in this Manual have reference to the salient provisions of the Act, Regulations and the Procurement General Manual (obtained from PPOA) which should be read together with this Manual. Some of the vital and general steps leading to effective specific procurements for Kenya Forest Service have been incorporated in this Manual. Managers of all units are therefore required to familiarise themselves with the guidelines provided in this Manual and strictly adhere to them.

This Manual has been prepared by Supply Chain Management Department on behalf of KFS as part of strengthening the Procurement System in the Service. The Manual has been approved by the KFS Board of Management as a guide to the systems and procedures that should govern the procurement of all organization goods, works and services.

Prof. R. Musangi

Chairman KFS Board of Management

May 2011

BACKGROUND

As public procuring entity, KFS units are required by the PPDA 2005 to establish tender committees to be responsible for procurement at various levels. The composition of such committees has also been determined in law. Additionally, other committees are formed to procure specific items in various units. Membership of the KFS Central Tender Committees and other committees is largely similar with the difference being that foresters play a greater role in the sub-unit Committees.

As per the PPDA 2005, the Tender Committees shall be the ultimate authority in making procurement decisions at various levels. All other committees shall be subordinate to it in regard to the competitive selection of suppliers of goods, works and services though it may from time to time consult these committees for guidance.

LIST OF ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
A.E.I.	Authority to Incur Expenditure
BoM	Board of Management
CIF	Cost Insurance Freight paid to named destination
DN	Delivery Note
FA	Financing Agreement
FMRs	Financial Monitoring Reports
GoK	Government of Kenya
GRN	Goods Received Note
GZDSP	Green Zones Development Support Project
HoC	Head of Conservancy
HoD	Head of Department/Division
HSCM	Head of Supply Chain Management
HQ	Headquarters
IAC	Inspection and Acceptance Committee
IDA	International Development Agency
KFC	Kenya Forestry College Londiani
KFS	Kenya Forest Service
LPO	Local Purchase Order
LSO	Local Service Order
MTEF	Midterm Expenditure Framework
NRM	Natural Resource Management Project

PE	Procuring Entity
PU	Procurement Unit
PPDA	Public Procurement and Disposal Act
PPDR	Public Procurement and Disposal Regulations
PV	Payment Voucher
TC	Tender Committee
PC	Procurement Committee
SDD	Senior Deputy Director
SO	Stores Officer
PO	Procurement Officer
TOR	Terms of Reference
PPOA	Public Procurement Oversight Authority
ZFM	Zonal Forest Manager

1.0 INTRODUCTION OF KENYA FOREST SERVICE MANUAL

- 1.1 This Manual serves as a guide to implementation of the Public Procurement and Disposal Act and the Regulations with special reference to public Kenya Forest Service. It is meant to promote effective and efficient performance of the procurement function in the public sector Kenya Forest Service.
- 1.2 The Manual sets out functional relationships and internal controls that promote transparency and accountability in the procurement process. The manual also sets out the following:-
 - a. The Institutional Arrangements**
 - i. The creation of specified procurement committees and the assignment of responsibilities and functions with the Service;
 - ii. The delegation of procurement authority;
 - b. Planning your Procurement**

Procurement planning and the linkages to the broader budget preparation and budget execution process;
 - c. The Procurement and Disposal Cycles**
 - (i) How decisions relating to procurement and the disposal of stores, assets and equipment; the warehousing, inventory management and distribution of supplies by various stations are to be made;
 - (ii) The procedures, application of controls, selections and approvals procedures to be carried out by the different procurement officers within the complete procurement cycle and also on the disposal of unserviceable, obsolete or surplus stores, assets and equipment ;
 - d. Managing the contract**

The improved contract administration and the effective application of contract variations;
 - e. Procurement Principles**
 - i. The achievement of economic efficiency and fair competition, and the discouragement of fake competition;
 - ii. The promotion of the highest ethical standards in the practice of procurement and limit and discourage corrupt practices and the promotion of integrity and fairness in procurement proceedings so as to increase public confidence in public procurement procedures;

f. Filing and Records Management

The filing and record management of procurement documentation to better manage and control procedures.

2.0 THE SCOPE OF THE KENYA FOREST SERVICE PROCEDURES MANUAL

- 2.1 The procedures in the Manual shall be used in acquisition, receipt, storage, distribution and disposal of goods, works and services in Kenya Forest Service.
- 2.2 These procedures shall remain effective until announced otherwise by BoM of KFS.
- 2.3 This Manual covers:
 - 2.3.1 The generic and specific steps in procurement for Kenya Forest Service;
 - 2.3.2 Institutional arrangements for provision of oversight functions within the Kenya Forest Service;
 - 2.3.3 Procurement planning and its linkage to budgeting process and implementation;
 - 2.3.4 Administration of the complete procurement cycle up to and including the receipt and acceptance of items procured;
 - 2.3.5 Warehousing and inventory management;
 - 2.3.6 The disposal of unserviceable, obsolete or surplus stores, other assets and equipment;
 - 2.3.7 Framework contracts; and
 - 2.3.8 Supplier performance measurement.
- 2.4 This Procurement Manual covers forest sector specific issues in public procurement and is meant to be used by Kenya Forest Service which is procuring entity as defined in the PPDA 2005 for their procurements financed by Government of Kenya. Section 6 (1) of the PPDA states that where any provision of this Act conflicts with any obligations of the Republic of Kenya arising from a treaty or other agreement to which Kenya is a party, this Act shall prevail except in instances of negotiated grants and loans. Moreover, under Section 6 (3) of the PPDA, where Kenya contributes from her resources to any procurement activity within Kenya, such procurement is subject to applicable provisions of this Act. Separate procurement guidelines under World Bank, USAID and African Development Bank and/or Partner financed projects which shall continue to apply subject to the provisions of Section 6 of the Act.
- 2.5 The Kenya Forest Service will observe the PPD Act and Regulations without violating agreed Development Partner requirements, which are normally specified in the Financing Agreement (FA).

3.0 PROCUREMENT STRATEGIES FOR KENYA FOREST SERVICE

- 3.1 The procuring units within the Kenya Forest Service shall acquire goods, works and services at best value by taking into account the acquisition price, payment terms, product or service quality, availability, and supplier support.
- 3.2 Qualified suppliers shall be offered equal opportunity to bid for supply of KFS requirements.
- 3.3 The highest ethical and professional standards in procurement should always be observed in establishing a mutually beneficial relationship with suppliers and customers (internal and external).
- 3.4 Procurement of all requirements shall be done through open competitive bidding unless an alternative procurement method is justified pursuant to the relevant provisions in the Public Procurement and Disposal Act 2005, Public Procurement and Disposal Regulations 2006, the PPOA Procurement and Disposal General Manual or this Kenya Forest Service Procurement Manual.
- 3.5 There shall be a continuous improvement of procurement processes by procurement unit to ensure that they are simple, efficient and cost effective.
- 3.6 Procurement shall be planned to enable prudent management of budgets and value optimization.
- 3.7 Procuring units shall endeavour to realize benefits of economies of scale by consolidating orders and purchasing routine common user requirements through framework contracts where feasible.
- 3.8 Procuring units shall keep abreast of best practices for procurement of all goods, works and services through benchmarking with similar entities to facilitate continuous improvement of the procedures.

4.0 OBJECTIVES OF THE PROCUREMENT PROCEDURES MANUAL

- 4.1 Objectives of these procurement procedures as guided by the Act and Regulations are to:
 - a) **guide procuring units**: by providing guidelines on the procurement processes and procedures for PEs to adhere to Regulations and guidelines;

- b) **enhance economy**: by promoting competition among suppliers, KFS shall ensure best practices that will obtain best prices and quality;
- c) **enhance efficiency**: by providing a choice of alternative procurement methods where efficiency shall be achieved without hindering competition as set out in section 29 and Part VI of the Act;
- d) **increase transparency**: by following formal written procedures throughout the process and using explicit criteria to award contracts. To the extent possible, information on tender process shall be made available to the public;
- e) **increase integrity and public confidence**: by adopting procedures that are in line with the PPD Act and Regulations to ensure fair treatment of suppliers;
- f) **ensure full accountability** through proper management and monitoring of the procurement, delivery and receiving processes.

4.2 Other Kenya Forest Service procurement objectives

The Head of the Supply Chain Management department, In-charge of A.I.Es and Accounting Officer of the KFS shall ensure that the following procurement objectives are realised in their units:

4.2.1 Realization of the lowest possible total cost without compromising quality

The procurement shall be carried out with a view to realizing the lowest possible total cost which includes the actual purchase prices and avoidance of hidden costs due to poor product quality, poor supplier performance or short shelf-life, and inventory holding costs at various levels of the supply system.

4.2.2 Ensuring timely delivery

Logistic systems shall be developed and implemented to ensure timely delivery of appropriate quantities to the right destinations in Kenya Forest Service.

4.2.3 Separation of procurement functions and authorizations to enable checks and balances in the procurement process.

Procurement functions and responsibilities such as selection, quantification, product specification, pre-selection of suppliers and evaluation of tenders should be divided among different offices, committees and individuals each with the appropriate expertise and resources in line with PPD Act Section 26(3) (c).

4.2.4 Specifications to be prepared by a standing or an ad hoc technical committee

The specifications for items to be procured should take into account the characteristics of the Service's requirements. Specifications should be developed by a multi-functional ad hoc

team in order to incorporate all the necessary professional inputs. The specifications should be as generic as possible.

4.2.5 Suppliers performance to be evaluated and measured and feedback given to the suppliers

Systematic evaluation and measurement of suppliers' performance should be undertaken to ensure compliance with the terms and conditions of contract as set out in section 18.0 on Procurement Performance Evaluation and Measurement of this Manual.

4.2.6 Automation of the Procurement Process

Procurement processes are to be computerized to the maximum extent possible to integrate the operations between Procurement Units and user departments with a view to speeding-up routine transactions and information flow.

4.2.7 Maintaining optimal inventory levels

Inventory levels should be maintained in accordance with the inventory management procedures set out in this Manual to ensure the best possible services to users at the lowest cost. Replenishment should be undertaken by taking into account the actual and anticipated use based on best practices in inventory management methods. Replenishment of stocks should be carried out in accordance with the procedures in section 17.0 of this Manual.

4.2.8 Observing ethical practices in procurement

Procurement should be carried out in line with the provisions of this Manual ethically and efficiently to obtain the best value for the KFS expenditure.

5.0 INSTITUTIONAL ARRANGEMENTS FOR OVERSIGHT

5.1 Interactions between KFS procurement and PPOA's oversight function

The oversight and regulatory functions are the prerogatives of the PPOA at the macro level on matters of public sector procurement. However the KFS procuring units should also monitor and evaluate procurement activities to ensure compliance with legal provisions of the Act and the Regulations. KFS shall endeavour to provide reports to PPOA for all purchases valued at Kshs

5,000,000.00 and above on quarterly basis and any single source selection or direct procurement valued at Kshs 500,000.00 with 14 (fourteen days) of the procurement proceedings.

5.2 Institutional Arrangements for Procurement

Procurement for Kenya Forest Service will be undertaken by its procuring units which have their own allocated funds by the Finance division or contributions from Development Partners.

5.3 Officers in Charge of KFS procuring units

For the different categories of procuring units in the Service, there are designated officers who are held accountable for ensuring the PPD Act and Regulations are properly implemented. These include:

- a) the Head of Supply Chain Management;
- b) the Head of Conservancy;
- c) the Principal, KFC-Londiani;
- d) the Zonal Forest Managers and
- e) the Forester in charge.

5.4 The Responsibilities of Heads of Procuring Entities

5.4.1 The Accounting Officer

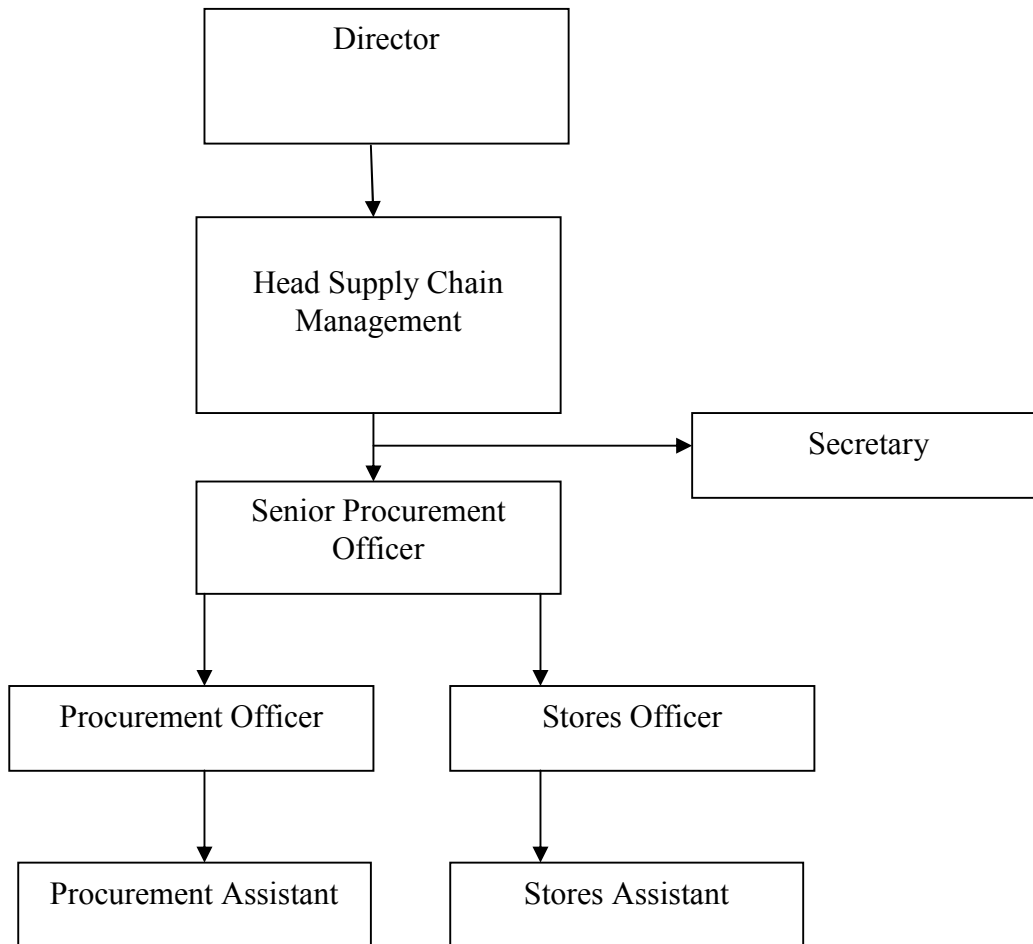
The responsibilities of the Accounting Officer of KFS are set out in the Public Procurement and Disposal Act 2005 Article 27(2).

5.4.2 The Head of Supply Chain Management unit

- a) The procurement process at this level will be coordinated by the officer designated to handle procurement in the institution. S/he will be responsible to the head of the institution for providing guidance to HoDs on preparation of procurement requirements to facilitate planning and proper scheduling.
- b) Currently, the procurement function operates under the watch of the Director at KFS headquarters. While in the field it is under the HoC/ZFM/Principal. The In-charge in the field are required to seek guidance from the Head SCM at the KFS HQ whenever they are not sure of the right procedures to follow.

5.5 SCM Unit Organizational Structure

SCM Unit Organizational Structure for KFS HQ:



6.0 CLASSIFICATION OF KENYA FOREST SERVICE

Class A Procuring Entities	Class B Procuring Entities	Class C Procuring Entities
KFS and its components	None	None

7.0 PROCUREMENT PLANNING FOR KENYA FOREST SERVICE

7.1 Procurement Plan

- 7.1.1 The procurement plan is an instrument for implementation of the budget and should be prepared by the user departments with a view to avoiding or minimizing urgent procurements that do not enable realization of value for money.
- 7.1.2 The procurement plan must be integrated into the budget processes based on the indicative or approved budget, as appropriate, and as provided in regulation 20(2) of the PPDR 2006.
- 7.1.3 The budget as well as the procurement plan shall be based on realistic cost estimates derived from the market research database which is to be compiled and updated regularly by the Procurement Unit as provided in regulation 8 (3) (z) of the PPDR 2006.
- 7.1.4 The departmental /sectional procurement plans shall be consolidated by the Head of Supply Chain Management to come up with an institution's corporate procurement plan.
- 7.1.5 The Procurement Unit should verify the departmental/sectional procurement plans to ensure that they are representative of the operational requirements of the institution and subsequently forward the same to the Director for approval. The consolidated PP for the Service should be discussed and agreed in the senior management meeting. The Director shall approve the PP on or before 30th day of May in ending FY. The approved PP will become operational on the 1st day of July in the new FY.
- 7.1.6 The contents of a procurement plan should adopt the format provided in the Appendix (B) of this Manual.

7.2 Procurement Planning Procedures

- 7.2.1 Each individual PU shall prepare a procurement plan based on known or proposed procurement requirements derived from Programme work plans.

- 7.2.2 Work plan from which the contents of the procurement plan are to be derived shall include:
- a) a detailed breakdown of goods, works and services to be procured;
 - b) a schedule of procurement requirements in order of priority; and
 - c) a statement of financial and other resources required supported by a schedule.
- 7.2.3 In planning their procurement activities, the PU shall take the following into account:
- a) Information in the PU Work Plans referred in sub-section 7.2.2 above;
 - b) aggregation of requirement to achieve lower unit costs;
 - c) allocation of biddable lots ensuring that requirements are not split up without a justified reason;
 - d) joint procurement with other PUs where possible to combine similar requirements and pre-qualification to cover groups of contracts where similar goods, works, services requiring a pre-qualification exercise are required during the financial year;
 - e) the requirements will be supported with descriptions, specifications and estimated costs;
 - f) the requirements will be related to the institution's budgets and any requirement in excess will be reviewed and scaled down as appropriate;
 - g) the appropriate method for procurement will be selected depending on the threshold set in this Manual; and
 - h) a procurement schedule showing the various tasks involved in the procurement and the expected delivery time will be entered in the plan.
- 7.2.5 Where appropriate multi-year procurement plans may be prepared and integrated into the Medium Term Expenditure (budgetary) Framework (MTEF).
- 7.2.6 The plan shall be supported by the inventory plan for operational and project or specific program requirements.
- 7.2.7 The profile for past procurements validated by the latest market research information provided by the Head of SCM Unit shall be used to enhance preparation of a realistic procurement plan.
- 7.2.8 The procurement profile shall include, but not be limited to the following information:
- a) goods and services purchased and how much was spent on them;
 - b) how goods and services were purchased;
 - c) current sources of supply and their geographical location; and
 - d) criticality of the goods and services to the organisation.

- 7.2.9 Market research databases referred to under sub-section 7.1.3 above shall provide but not be limited to the following information:
- a) suppliers' market shares;
 - b) availability of alternative or substitute products;
 - c) degree and type of competition between suppliers;
 - d) technological trends;
 - e) price indices; and
 - f) environmental factors that affect the supply market.
- 7.2.10 The procurement method to be used shall be selected in accordance with the information contained in the market research data bank and the Threshold Matrix of the PPDR 2006.

7.3 Total cost for procurement of products for Kenya Forest Service

- 7.3.1 The total costs of acquisition should be factored into the procurement plan to avoid delays in clearing of imported products arising from lack of projection for port and inland transportation clearance.
- 7.3.2 In case of capital equipment, the costs should include installation, commissioning, testing, maintenance, training and operational cost such as energy and consumables (if necessary).
- 7.3.3 The Procurement Unit should provide market information on prices, technology, logistics rates to be used in preparation of the budget and a procurement plan.
- 7.3.4 Forecasting should be undertaken by the Procurement Unit in order to improve or adjust the past process.

Example: (Pursuant to sub-section 7.3.1 above)

Procurement of Fire proof safes (50 Nos) from South Africa

Cost factors:

Price of fire proof safes from South Africa	Ksh 5,300,000.00
Transport and handling from JKIA to KFS HQ	Ksh 120,000.00
Total procurement cost	Ksh 5,420,000.00

7.4 Total cost factor for Programmes in a Procurement Plan

- 7.4.1 KFS programmes cover procurement of consultancy services, construction (works), supply of materials and other non-consultancy services and logistical services. These purchases should be classified under various components to enhance effective procurement planning.
- 7.4.2 Once the categorization is done, the timeframe for accomplishment of each category is to be carefully determined. It may be necessary to apply the project network techniques for effective management of all the associated activities within the time lines set.

7.5 Total Cost factor for Capital Equipment in a Procurement Plan

- 7.5.1 For high value capital equipment the current prices should be obtained through market research to avoid substantial variances in the budget and the procurement plan.
- 7.5.2 Capital items typically have a life of many years and hence have a number of costs associated with them beyond the purchase price, for example the operational cost of motor vehicle. The total cost of ownership should be calculated by applying life cycle costing.

7.5.3 The components of Life Cycle Cost for Capital Equipment

Life cycle cost = Cost of Acquisition + Cost of ownership over the equipment's useful life

Equipment to be bought should have the lowest Life Cycle Cost, as opposed to resorting to the lowest purchase price which may result in high cost of ownership. Life Cycle Cost must be correctly computed and ascertained before a purchase is taken into consideration.

The Cost of Acquisition includes design, specifying, purchasing, receiving, storage, and payment.

The Costs of Ownership includes installation, commissioning, operation, maintenance, servicing, upgrading, disposal (un-serviceability, trade-in, obsolescence).

7.6 Planning for Equipment maintenance and repairs

- 7.6.1 In order to take care of costs of ownership, provisions should be made in the procurement plan and the budget for maintenance and repairs.
- 7.6.2 Initially the procurement contract may include the maintenance with clearly set out service level agreements for a period of time after the expiry of the warranty period.

- 7.6.3 All capital equipment will be subject to a preventive maintenance programme as well as repairs to ensure prolonged operational efficiency of the equipment.
- 7.6.4 In case an existing procurement contract does not cater for maintenance and servicing, the procuring unit shall appraise and register service providers in order to establish in advance that they have proven technical expertise to maintain the equipment.
- 7.6.5 The service providers should preferably be authorized agents for the relevant equipment.
- 7.6.6 Proof of agency may be demonstrated by producing the manufacturer's letter of authorization for any local agent.
- 7.6.7 The procuring unit should plan for disposal after an approval from the Director and subsequent replacement of such equipment once they have become old and expensive to run or have become technologically obsolete.
- 7.6.8 The Heads of Departments shall submit their plan to the Head of Supply Chain Management who shall study and consolidate them and compile a master plan for approval by the Director.
- 7.6.9 The plan should be submitted at least 30 days before the end of each financial year.
- 7.6.10 The procurement plan shall be prepared in the format provided in Appendix B of this Manual.

7.7 Implementation of Procurement Plan

- 7.7.1 Unplanned requirements that arise out of unforeseen operational needs or changes to the user's annual procurement plans should be communicated to the Head of SCM immediately whenever such changes occur. Approvals will be sort from Management prior to appropriate actions being under taken.
- 7.7.2 Regular reports on implementation of the plan should be prepared by the Procurement Unit. The report is to include compliance or variances if any from the plan and the identified causes of such variances for remedial action.
- 7.7.3 The report referred to under section 7.7.2 should be submitted to the Head of Procurement as applicable and copied to the Heads of Departments, including Head of Finance.
- 7.7.4 As far as practicable, any existing suitable substitutes or alternative products should be considered before initiating procurement of products not in the plan to avoid rendering

procurement plan and the budget irrelevant and to reduce or maintain the existing product variety.

7.7.5 Where possible, requirements should be bundled into homogenous lots in the Procurement Plan and transferred to the bidding documents as follows:

- a) the number of lots or packages;
- b) the nature and size of each lot;
- c) the minimum and maximum number of lots a Tenderer may bid; and
- d) the proportion of each lot that a Tenderer shall tender for.

7.7.6 The procurement plan will form the basis for monitoring procurements. The procurement process should be reviewed quarterly.

7.7.7 The PU will ensure that no requirement is acted upon unless it is supported by an approved procurement plan drawn in accordance with the format given in this Manual as shown in Appendix B.

8.0 SPECIFICATION OF KFS SUPPLIES

Specifying KFS products can be very challenging where the products are not standard. The guidelines below provide an outline for consideration and are by no means prescriptive or exhaustive. Specifications should be as neutral as possible and not to appear to favour particular bidders. In case of consultancies the terms of reference (TOR) must be adequate to enable the participating consultants to understand the requirements of the assignment. Specifications must include packing if necessary. Specifications should take into account total cost of ownership.

8.1 General guideline on preparation of specifications

8.1.1 A committee of specialists

- a) All products should be specified by an ad hoc committee of at least two qualified staffs including a representative of the Procurement Unit who will provide commercial information. For example in the purchase of laboratory chemicals, the ad hoc committee to develop specifications could be composed of the lab technician, the science tutor and the procurement officer at KFC Londiani.
- b) Where such expertise does not exist in the unit, an expert may be co-opted from another PE or Government agency. For example, if a unit plans to repair a motor vehicle and

have no qualified mechanic to advise them, the unit should write to the District Mechanical & Transport Engineer from Ministry of Roads at the District, Provincial or Nairobi Headquarters to seek technical assistance and advise. A procurement agent or consultant may be engaged to prepare complex specifications at a cost.

8.1.2 Generic specifications

The specifications are to be generic as much as possible to encourage adequate responses from potential suppliers. When a high number of bidders respond, there are good prospects of obtaining a competitive bid to supply. Specifications can also be obtained from any government agencies at a fee as demanded.

8.1.3 Scope of specifications

The specifications should be initiated by users and be prepared in a clear and unambiguous manner covering product descriptions and supporting services such as delivery requirements and service responsiveness required of a supplier where necessary. The specifications should be perused by the Procurement Unit to ensure that they are clear, complete and based on functional and performance requirements.

8.1.4 Product specifications

Specifications are to describe functions and performance in order to avoid elements that restrict competition such as brand, trade names, origin, patent, design or type and producer or service provider except where such items are unavoidable in accordance with the criteria in section 34 (4) of the PPDA 2005.

8.1.5 Use of brand names and patents

The PPD Act does not permit specification by brand names or patents except where there is no intelligible way of describing the item otherwise. However, due to prevalence of identification and prescription of specific equipment for particular sections in KFS, such special references may be used when procuring Forest Inventory / survey / security materials from potential suppliers provided the words “or equivalent” are used in order to avoid restriction of competition.

8.1.6 Demonstration and samples

- a) When it is difficult to specify some consumables adequately and clearly, potential suppliers may be asked to demonstrate performance of a product. Otherwise the samples should be accompanied by a certificate of conformance to specifications from an

authorized laboratory e.g. the Government Chemist or Kenya Bureau of Standards or Ministry of Public Works. The samples that are received by the Service shall be entered in the Sample register and taken on charge. Thereafter unsuccessful bidders will be required to received back their samples.

- b) Where appropriate, items like uniforms, chemicals and detergents may be subjected to testing by bidders to demonstrate effectiveness or appropriate method of use at the KFS's premises.
- c) Once a sample has been approved, it should be kept securely by the stores for future comparison to delivery lots to ensure supplied products conform to the sample.

8.1.7 Forest Equipments' Technical specifications

Forest Sector equipment specifications generally include but not limited to a combination of the following:

- a) physical characteristics (dimensions, strength, etc);
- b) design details;
- c) capacity;
- d) tolerances;
- e) materials used;
- f) processes/ methods involved in production; and
- g) maintenance requirements.

8.1.8 Composition specifications for products for Kenya Forest Service

Composition specifications should be generally stated in terms of physical as well as chemical characteristics such as paper grammage, type and style of binding (e.g. soft or hard cover books; stapled or spiral bound or sewn or glued), weight, volume, level of purity, density, ingredients, additives etc. This type of specification is often used for raw materials, commodities, foods, liquids and pharmaceuticals for clinics.

8.1.9 Service specifications for Kenya Forest Service

The specifications of services which are routine in nature such as maintenance, transport, cleaning security, and catering among other services, should be in terms of output which should be measurable and time-bound.

Examples of Service specifications

Type of Service	Specification examples
Transport	Deliver the specified goods – <i>without damage or loss</i> to the specified destination within a period not exceeding <i>7 days</i>
Cleaning	Provide high quality cleaning services once a day to all the classrooms, dormitories, staff rooms and dining hall using approved detergents at KFC Londiani.

8.1.10 Specifying testing and inspections

In addition to specifying performance of an equipment or product for the Kenya Forest Service, it is prudent to specify testing and inspection requirements in order to derive confidence in the delivered items by applying the following testing and inspection options:

- a) in-process testing and inspection at the manufacturing stage including assessment of quality assurance documentation in place at the end of production or pre-shipment inspection (PSI);
- b) use of technical expertise in any specific area e.g. engineers, mechanics, architects, quantity surveyors etc;
- c) acceptance testing at the time of receipt, installation and /or commissioning; and
- d) the party to meet the cost of testing and inspection is to be explicitly determined in the bid document and the contract.
- e) Inception, study, surveys, final reports from consultancies will be reviewed by technical teams to authenticate them prior to acceptance.
- f) The KFS IAC will inspect all incoming goods, services and works valued at Kshs 100,000.00 and issue a certificate for conformity to our needs. Where the IAC lacks capacity to inspect some receipts, technical persons/staff will be incorporated to enhance capacity.

8.1.11 National and International Standards

The relevant national or international standards should be used to enhance testing, inspection and suppliers responsiveness whenever a need arises.

9.0 CHOICE OF PROCUREMENT METHODS

THE PROCUREMENT CYCLE

The Service is responsible for carrying out all the procedures pertaining to the complete procurement cycle. It is important to be familiar with the complete procurement cycle and to ensure that there are effective management procedures in place to properly manage each step.

The complete Procurement Cycle shall include:

- (a) Preparation of Procurement Plans
- (b) Preparation of procurement specifications and initiation of the procurement process
- (c) Preparation of Pre-qualification/Tender/Bid documents
- (d) Advertisement/initiation of bids
- (e) Receiving and Opening Bids
- (f) Evaluation of Bids
- (g) Adjudication and Contract Award
- (h) Notification of Contract Award
- (i) Negotiations (where applicable)
- (j) Preparation and Signing of Procurement Contract
- (k) Contract Administration
- (l) Receipt Inspection and Acceptance of goods, works, services and consulting services.
- (m) Storage and Inventory Management.

All steps of the procurement cycle must be properly documented with each step being approved by the designated authority. All procurement documentation shall be properly filed. Note that the complete procurement cycle may also involve administrative review where contractor or vendor has filed a complaint. The processing and management of the complete procurement cycle requires close coordination with the budget process, commitment control, finance and expenditure management and audit. Heads of Procuring Entities/Accounting Officers must therefore ensure close coordination between the procurement function and the other budget functions.

9.1 Open Tender Method

The preferred procurement method is open tendering as provided in the PPDA 2005 section 29. The details of how open tenders should be conducted are contained under Part V of the PPDA 2005. However, where open tendering is not the appropriate method, the Act provides for use of alternative procurement methods subject to fulfilling the conditions provided under Part VI of the PPDA 2005.

The KFS PU that conducts procurement using the open tender method shall be subject to the procurement thresholds (limits) set out in the PPDR 2006.

Also the specifications used in open tendering must be clear to give the correct and complete description of what is to be procured and thus allow fair and open competition among the candidates.

In case of works the specifications shall include bills of quantities, design and drawings.

In case of technical specifications for equipment reference should not be made to particular trademarks, names, brands, design, type, product or service provided or to a specific origin unless it is unavoidable in which case there shall be a statement allowing equivalents of what is referred to.

9.2 Alternative Procurement Methods

Where open tendering is not feasible and justified under Part VI of the PP&D Act 2005 and included in the procurement plan, a procuring entity may use the following alternative procurement methods as provided in the PPD Act and Regulations:

- a) Restricted tendering;
- b) Direct procurement
- c) Request for proposals;
- d) Request for quotations;
- e) Procedure for low-value procurements; and
- f) Specially permitted procurement procedure.

Further guidance on the use of open and alternative procurement methods can be found in the Procurement and Disposal General Manual.

9.3 Procurement of Goods

Procurement of goods at this level will be combined where possible, and packages valued below the equivalent of Kshs 6,000,000 as set out in PPDR 2006 threshold matrix be procured through quotations or direct procurement with approval of Tender Committee.

9.4 Procurement of Works

Contracts for works will be governed by the same thresholds stipulated in PPDR 2006 threshold matrix.

9.5 Consultancy Services

Guidance on the procurement of consultancy services is found in Chapter 8 of the Public Procurement and Disposal General Manual and also as set out in PPDR 2006 threshold matrix.

9.7 Procurement Categories and Methods

9.7.1 The PPDA Act, Regulations and bidding documents are considered adequate for local procurement of goods and works. The main methods of procurement at this level will be through request for quotations and direct procurement for goods and works in the specific institution as reflected in the procurement plan. The estimated value of the goods and works procured are not expected to exceed Kshs 6,000,000 pursuant to PPDR 2006 threshold matrix.

9.7.2 Request for Quotations:

This method may be used for readily available goods or for works and services where there is an established market. The goods, works and services will be reflected in a request for quotations form, which will include, as a minimum:

- a) a clear statement of the requirements in form of quality and quantity;
- b) terms and times of delivery or completion; and
- c) statement that an official order will be issued to the selected firm.

At least three firms will be invited to submit quotations using the prescribed request for quotation form (**Appendix K**). Those invited will be requested to give their bids within a specified period and in the manner indicated in the request for quotation form.

9.8 Procurement Process Steps

9.8.1 Quotations

The following steps will be observed for procurement under request for quotations:

Table 3: Steps in the Quotations Process

No.	Step Description	Responsibility
1	Prepare procurement plan	User unit
2	Present the procurement plan containing details of the goods, works or services required to the Director for approval	Head SCM
3	Review and if satisfied, approve procurement plan	Director/KFS TC
4	Invite quotations from at least 3 suppliers appearing in the register of pre-qualified/known suppliers	SCM
5	Evaluate quotations and select the best in terms of price, delivery,	Procurement

	after sales service and quality etc.	committee/Evaluation committee
6	Request the selected supplier to submit an offer using the prescribed format	Procurement Unit
7	The written contract shall be entered into within the period specified in the notification under section 67 (1) but not until at least fourteen days have elapsed following the giving of that notification.	SCM
8	Prepare the contract for supply of goods, works or services, and arrange for the signing between the selected supplier and KFS	SCM/Head Legal
9	Sign contract for the supply of required goods, works or service.	Director/SDD/supplier
10	Supplies are received, inspected, accepted, taken on charge and paid for.	HoD, IAC, Stores, Finance

9.8.2 Direct Procurement

The following steps should be observed in direct procurement:

Table 4: Steps in the Direct Procurement Process

No	Step Description	Responsibility
1	Prepare the description of needs and any special requirements on quality, quantity, terms and time of delivery. Confirm the specifications with the head of user department.	HoD
2	Review, and if satisfied, approve specifications	Director/SDD /A.I.E
3	Seek TC approval	HSCM
4	Hold negotiations with the sole candidate. Involve user department as necessary.	Director/SDD /A.I.E
5	In consultation with the respective HoD, prepare contract for the procurement.	HoD, Legal, SCM
6	Sign a contract for provision of agreed goods, works or service.	Director/SDD /A.I.E
7	Supplies are received, inspected, accepted, taken on charge and paid for.	HoD, IAC, Stores, Finance

9.9 Review of selection of procurement method other than open tender

The tender committee shall review the selection of procurement method other than open tendering, pursuant to Regulation 10 (2) (h) of the PPD Regulations.

10.0 EMERGENCY PROCUREMENT

10.1 Introduction

From time to time, there may be interruption of business operations due to disaster or emergency arising from either internal or external forces. Procurement procedures applied in such circumstances may be different from those used under normal circumstances.

10.1.1 Disaster Preparedness through procurement contracting

Disasters may not be anticipated but they occur from time to time. Each procuring unit should therefore prepare a Disaster Recovery Policy which should outline how a Disaster recovery Plan may be put in place to respond to any disaster. A disaster shall be considered in the context of the definition of ‘urgent needs’ as defined in the PP&D Act 2005, Section 3(1)

10.2 Emergency Procurement Procedure

- 10.2.1 The term ‘emergency’ shall mean any circumstance caused by fire, flood, explosion, storm, earthquake, an epidemic, riot, insurrection or inherent defects or failure in key equipment or any other unforeseen circumstances so as to threaten the ordinary flow of the business of an institution or any other occurrences that can create situations similar to the foregoing.
- 10.2.2 A contract may be awarded under emergency conditions provided that an emergency procurement is made as practicable under the circumstances.
- 10.2.3 Departments or a section of the procuring entity responding to an emergency should exercise appropriate controls when making emergency procurements, but bureaucracy should not be allowed to hinder a rapid response. For instance if the KFC Londiani food store was suddenly contaminated yet meals have to be prepared for students, the college cateress and accounts assistant may respond to this situation by buying a limited amount of food for cooking in the school kitchen under emergency procedures.
- 10.2.4 Emergency procurement shall be limited to those goods and services necessary to meet the emergency.
- 10.2.5 Once the framework contract is in place prompt acquisition of supplies in case of emergencies and disasters can be done by directly issuing LPO/LSO against existing contracts without resorting to fresh invitations to bid.
- 10.2.6 Commitments made under emergency procurement should be formalized through issuance of a covering LPO/LSO as soon as possible thereafter, but in any case not later than two working days after the emergency procurement was done.
- 10.2.7 The users are however cautioned against miss-use of the emergency procedures. Emergencies shall be

fully justified by whoever takes action to overcome the emergency because the approving authority reserves the right to approve or reject such procurement initiatives.

10.3 Business Continuity Plan as a criteria for registration and/or Pre-qualification of potential suppliers

- 10.3.1 Among the criteria for appraising potential suppliers for pre-qualification will be the suppliers' preparedness to respond to emergencies. The ability will be evidenced by the existence of business continuity plan which is expected to enable the suppliers to respond to queries or inquiries promptly.
- 10.3.2 Other criteria may be an established relationship with their own suppliers, readiness to allow exchange of proprietary information with the procuring entity, inventory policy that would enable emergency inventory back-up and the firm's own emergency response procedures.
- 10.3.3 The prerequisites in sub-section 10.3 above would be assurance that a supplier would respond appropriately to an emergency procurement when approached by the procuring entity. These criteria should therefore be considered as positive attributes in supplier pre-qualification or selection for existing or potential business.

10.4 Procurement of Goods and Services covered by Framework Contracts

Framework contracts should be formulated to cater for procurement of requirements such as stationery and office support consumables to run for durations of one or more years. Framework contracts should be in accordance with guidance issued by the PPOA and should include:

- a) a realistic estimate of the expected quantities to be purchased based on monitoring of past purchases and research of users' requirements; and
- b) a minimal contractual quantity.

Once the framework contract is in place prompt acquisition of supplies in case of emergencies and disasters can be done by directly issuing LPO/LSO against existing contracts without resorting to fresh invitations to bid.

10.5 Urgent Procurement of goods and services not covered by framework contracts

- 10.5.1 In case an emergency procurement involving goods and services not covered by the framework

contracts, quotations may be invited through fax or e-mail from at least three known or registered firms in line with the RFQ Procurement method as set out in the PPD Act.

10.5.2 The bids so received are to be evaluated by at least two responsible officers appointed by the relevant Head of Department. The committee will select the lowest evaluated price from among the responsive bids.

10.5.3 A comprehensive report shall be prepared by the relevant head of department where the disaster or emergency occurred and forwarded to the head of procuring entity for information.

11.0 BIDS EVALUATION PROCEDURE

11.1 The evaluation criteria

11.1.1 The following factors should be taken into account during bid evaluation:

- a) suppliers' economic standing;
- b) suppliers' legal standing – whether authorised to operate as a supplier/vendor of the proposed goods or services as per statutory requirements;
- c) suppliers' relevant experience;
- d) suppliers' technical capacity to perform the proposed contract;
- e) suppliers' responsiveness to the tender technical requirements;
- f) suppliers' price for delivering the goods or performing the services;
- g) total cost for delivering the services;
- h) reliability, integrity and reputation;
- i) quality, production capacity and flexibility;
- j) credit terms given by the supplier; and
- k) delivery period and ability to meet required deadlines.

11.1.2 An objective method of measuring and ascertaining the above criteria has to be devised to enable comparison and differentiation between participating bidders.

11.2 Consistent application of evaluation criteria

No evaluation criteria other than that stated in the bid document shall be used in the evaluation of the tender for responsiveness.

11.3 Recommendation of the Lowest Evaluated Bidder

- a) All other factors being equal, the bid offering the lowest total cost of supply (inclusive of relevant taxes, freight and custom duty, etc) will be accepted, subject to the product conformation to all mandatory technical specifications.
- b) If the award is not made to the lowest bidder, a full and complete statement of the reasons for not awarding the lowest evaluated bidder shall be prepared.
- c) A sample evaluation template is at the Appendix C of this Manual.

11.4 The Tender Evaluation Committee

11.4.1 Preliminary Evaluation

Upon opening of tenders pursuant to section 60 of PPD Act, the evaluation committee shall first conduct a preliminary evaluation to determine whether:

- a) the tender has been submitted in the required format;
- b) any tender security submitted is in the required form, amount and validity period;
- c) the tender has been signed by the person lawfully authorised to do so;
- d) the required number of copies of the tender have been submitted;
- e) the tender is valid for the required period
- f) all the required documents and information have been submitted; and
- g) any required samples have been submitted.

11.4.2 Technical Evaluation

Upon completion of preliminary evaluation of tenders under regulation 47 of PPDR, the evaluation committee shall then conduct a technical evaluation by comparing each tender with the technical requirements of the description of goods, works or services in the tender document. Responsive bids are those for which the products meet the mandatory technical requirements as set out in the tender documents. However, minor deviations that do not materially depart from the requirements set out in the tender documents and errors and oversights that can be corrected without affecting the substance of the tender do not affect whether a tender is responsive.

11.4.3 Financial Evaluation

Upon completion of technical evaluation of tenders under regulation 49 of PPDR, the evaluation committee shall then conduct a financial evaluation and comparison to determine the evaluated price of each technically qualified bidder.

12.0 SUPPLIER SELECTION

12.1 Suppliers' Approved List

The Procurement Unit shall select suppliers through appraisal of potential suppliers in order to compile and maintain a suppliers' database/list or for award of contracts for supply of specific goods and/or services. All suppliers who have not been debarred by PPOA from participating in procurement proceedings are eligible to compete for open tenders. The following types of supplier selection procedures may also be used.

12.1.1 Registration of suppliers

Registration of suppliers is to be preceded by appraisal of potential suppliers through analysis of responses to questionnaires for registration in accordance with PPDR regulation 8 (3) (a). Invitations under certain alternative procurement procedures, where appropriate, may be confined to suppliers on the registered list.

12.1.2 Pre-qualification of Suppliers

The pre-qualification of suppliers shall be undertaken as provided in Regulation 23 of the PPDR 2006 to enhance short listing of suppliers for specific procurements. The standard bid document for pre-qualification shall be used and may be modified as appropriate. The firms that are shortlisted will be maintained for a period of one FY.

12.2 Sourcing of offers by procurement methods other than Open Tendering

Solicitation for offers through alternative procurement methods pursuant to Part VI of the Public Procurement and Disposal Act 2005 may be carried out from the database of pre-qualified and/or registered suppliers/reputable sources. The SCM through its knowledge of the market may use qualified merchants to supply KFS with goods, services or works as need arises. KFS may also use a lists of current pre-qualified firms from other Government departments/Agencies and/or other Government contracts to facilitate their source selection during procurement proceedings.

13.0 BIDS ADJUDICATION AND CONTRACT AWARD

13.1 Adjudication of Bids by Tender Committee

Bids shall be adjudicated by the Tender Committee as set out in the provisions of Regulations 10 of the PPDR 2006.

13.2 Kenya Forest Service Tender Committee

13.2.1 Kenya Forest Service has TC constituted in accordance with the PPDA 2005 and PPDR 2006 (Legal Notice No.174 of 1st January 2007). The composition of these committees as outlined in the regulations shall be as follows:

Table 5: Composition of the KFS Tender Committee

Position	Details
Chairperson	Any Head of department/division
Deputy Chairperson	The Officer in charge of Finance
Members	At least five heads of department/division
Secretary	The Head of procurement.

13.2.2 The quorum for the Tender Committee is 5 members including the Chairperson. The Director shall appoint an alternate member for each member of the tender committee and only the alternate shall attend any meeting of the tender committee whenever the member is unable to attend.

13.3 Responsibilities of Kenya Forest Service Tender Committees

- Award through open tender, restricted tenders, requests for proposals, direct procurement and request for quotations as per the PPDR 2006.
- Review tender documents and requests for proposals as per the PPDR 2006.
- Award contracts through open tender, or quotations for renting, hiring, letting, subletting of buildings and other facilities by the institution.
- Approve bids through open tender for sale of institution's stores.
- Approve variations of contract conditions of contracts previously awarded by the committee.

- f) Review, verify and ascertain that all procurement and disposal has been undertaken in accordance with the act, these regulations and the terms set out in the tender documents.
- g) Approve the selection of the successful tender or proposal.
- h) Ensure that the Service does not pay for goods and services in excess of prevailing market prices.
- i) Review the selection of procurement method and where a procurement method, other than open tender, has been proposed, to ensure that the adoption of the other procurement method is in accordance with the act, these regulations and any guidelines stipulated by the authority.
- j) Approve the amendment of contracts previously awarded by the tender committee, in accordance with the act and these regulations.
- k) Undertake any other functions and duties as are provided under the Act, the Regulations or as may be stipulated by the Authority.

13.4 Adjudication of Bids by Procurement Committee

Bids shall be adjudicated by the Procurement Committee in accordance with the provisions of Regulation 13 of the PPDR 2006.

13.5 Kenya Forest Service Procurement Committees

13.5.1 Kenya Forest Service shall be responsible for procurement of goods, works and services as per the first schedule of the PPDR 2006.

13.5.2 The Procurement Committee shall be composed of;

- a) head of unit/section to serve as the chairman of the committee;
- b) the finance officer or an officer carrying out related functions; and
- c) three other members appointed by the Director.

13.5.3 The quorum for a meeting of the procurement committee shall be the chairman and at least two other members.

13.5.4 Where any member is unable to attend a meeting of the procurement committee, that member shall delegate authority to an appropriate official, who shall attend the meeting in his or her place.

13.5.5 Members of the procurement committee shall ensure that their authority is only delegated to officials with appropriate skills and experience to represent them at a meeting of the procurement committee.

13.5.6 Decisions of the procurement committee shall be by consensus and where there is no consensus, the decision shall be through voting by simple majority and where there is a tie, the chairman shall have a second or casting vote.

13.5.7 The procurement committee may invite independent advisers or members of the procurement unit to explain submissions or provide technical advice, where required.

13.6 Recording of Tender Committee and Procurement Committee proceedings

13.6.1 The procurement committee shall cause to have minutes prepared of all its meetings and such records shall include;

- a) a register of attendance;
- b) date of the meeting;
- c) list of all matters considered;
- d) the decision made for each matter, including any major issues discussed, the reasons for any rejections and any clarifications or minor amendments to which the approval is subject;
- e) a note on the basis of any evaluation made;
- f) any conflicts of interest declared by members;
- g) any dissenting opinions among procurement committee members; and
- h) such other records that may be necessary.

13.7 Evaluation Committee

The evaluation committee shall be composed of a chairman and at least two other members appointed by the Director upon recommendation by the procurement unit.

13.7.1 For each procurement of items with technical specifications, Kenya Forest Service shall establish an evaluation committee for the purposes of carrying out the technical and financial evaluation of the tenders or proposals.

13.7.2 A technical committee shall be responsible for:

- a. the technical evaluation of the tenders or proposals received in strict adherence to the compliance and evaluation criteria set out in the tender document.
- b. performing the evaluation with all due diligence and within a period of thirty days after the opening of the tenders.

13.7.3 An evaluation committee shall prepare a report on the analysis of the tenders received, and final ratings assigned to each tender and submit the report to the tender committee.

13.7.4 The evaluation committee report shall include:

- a) minutes of the opening of the tenders or proposals;
- b) results of the preliminary evaluation, with reasons why if any tenders or proposals were rejected;
- c) scores awarded by each evaluator for each tender or proposal;
- d) summary of the relative strengths and weaknesses of each tender or proposal;
- e) total score for each tender or proposal; and
- f) a recommendation to award the tender to the lowest evaluated bidder or to the person who submitted the proposal with the highest total score.

13.7.5 *Note:* The evaluation and comparison shall be done using the procedures and criteria set out in the tender documents and no additional criteria shall be used.

14.0 CONTRACT ADMINISTRATION

14.1 Purpose of Contract Administration

Managing a contract after its award is extremely important to ensure that KFS gets the value it expects from the money it spends, and to enhance supplier relationship management that guarantees contractual undertakings and dispute avoidance.

14.2 Formation of Contract Teams

- 14.2.1 The contracts that would entail formation of formal contract management teams would be for significant purchases in general and projects in particular.
- 14.2.2 Spot (one-off) purchases and framework contracts may not require elaborate contract management, though monitoring performance of these contracts is important.
- 14.2.3 A procuring entity and supplier's organization will form teams of senior representatives from relevant departments or sections to form a contract team. An extended informal team of individuals who would have significant inputs to make in management of such contracts may be co-opted.

14.3 Preparation of Contract Management Plan

Contract Management Plan will be prepared by the Head of Supply Chain Management of Kenya Forest Service in collaboration with the relevant department or sections,

- a) The contract management plan shall include background information to the contract capturing key points to provide quick reference guides,
- b) Definition of roles and responsibilities of who is involved in managing the contract and the policies and procedures to be complied with and
- c) Highlights of time, costs and quality risks and how performance will be measured should be provided.

14.4 Preparation of Contract Budget

The contract budget shall include, but not be limited to the following;

- a) planned payment to a supplier for a number of staged payments (or as per terms of payment); that ensure availability of funds to meet payments and take into account any approved variation;
- b) contingency allowance to cater for some unavoidable risks that may have cost implications; and
- c) personnel man-hours budget that should cover the time a procuring entity's personnel need to spend on management of the contract based on existing Government "personnel-hour rate".

14.5 Risk Management Register

A risk management register will be prepared and maintained by the contract management team to reflect the changes in risks as the contract progresses. The register will be annotated with scheduled (time) risks, quality risks, and cost risks, commercial and other risks.

14.6 Measuring and Controlling Performance

Measuring and controlling performance of the contract will be carried out by the contract management team with a view to mitigate and control deviation, if any, from the contract management plan. The deviation or risk of deviation in the process will be identified by measuring performance against key performance indicators and communicating the findings at the contract-review meetings for action.

14.7 Contract Management in Kenya Forest Service Procurement

14.7.1 Ordering of goods, works and services

Local Purchase/Service orders (LPO/LSO) will be used to order goods from the successful bidders. They will be signed by (AIE holders) the Head of the Institution or Finance Officer and recorded in the vote book as commitments before they are issued to suppliers. Samples of the LPO/LSO are provided in. All purchases valued Kshs 500,000.00 will require the Directors approval. **Appendix I and K.**

14.7.2 Receipt of Goods, Works and Services

Goods received will be verified against the Delivery Note (DN) and LPO/LSO in terms of quantity, technical specifications and quantity. For items of a technical nature, an expert will certify specifications, quality and condition. A Goods Receipt Voucher (**Appendix J**) will be completed to acknowledge receipt.

For services, verification will be made with the user department to confirm that services have been provided as per contract. Where practical, the user department will confirm in writing, and where necessary, provide agreed written deliverables as per contract (issue completion certificates).

14.7.3 Inspection and Acceptance Committee

The Inspection and Acceptance committee shall carry out its functions in accordance with regulation 17 of the PPDR 2006. The essence of this committee's work is to confirm that what is being delivered by the supplier conforms to the specifications of what was ordered by the organisation and is proper and in fitting conditions to be accepted for use, storage and distribution to end users.

Kenya Forest Service inspection and acceptance committees shall be composed of a chairman and at least two other members appointed by the Director on the recommendation of the procurement unit.

The inspection and acceptance committee shall be convened immediately after delivery of the goods, works or services. This committee shall:

- 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) accept or reject, on behalf of the procuring entity, the delivered goods, works or services;
- d) ensure that the correct quantity has been received;
- e) ensure that the goods, works or services meet the technical standards defined in the contract;
- f) ensure that the goods, works or services have been delivered or completed on time, or that any delay has been noted;
- g) ensure that all required manuals or documentation have been received; and
- h) issue interim or completion certificates or goods received notes as appropriate and in accordance with the contract. **Appendix M**

14.7.4 Records maintenance and accounting

Stock control registers will be maintained for items received. The stores ledger is provided in **Appendix N**.

14.7.5 Payment for goods, works and services

Goods, works and services received should be paid for promptly in accordance with the procurement plan after all the processes have been completed.

14.7.6 Summary Contract Management steps by Kenya Forest Service

The following steps will be observed when ordering and receipting of goods and services:

Table 6: Process Steps in Ordering and Receiving goods and Services

No.	Step Description	Responsibility
1	Raise an LPO/LSO in 4 copies	Procurement unit
2	Review LPO/LSO and if satisfied, approve it.	AIE Holder
3	Issue original and duplicate LPO/LSO to supplier, third copy to accounts file and retain book copy. Ensure supplier signs duplicate to accept order, and returns it to KFS	Procurement unit
4	Receive goods, verify against DN and LPO in terms of quantity, technical specifications and quality. For items of a technical nature, get an expert to certify specifications, quality and condition. For service, verify with user that service has been provided per contract. Sign DN/report and complete a GRV	In-charge stores/ Inspection and acceptance committee
5	Confirm correctness of goods/service receipt against LPO/LSO. Raise PV and reference supplier invoice. Attach the invoice, LPO/LSO, Receipt Voucher and other relevant supporting document.	Inspection and acceptance committee
6	Review PV and supporting documents and if satisfied, approve payment	Director/SDD/AIE Holder
7	Observe payment processing procedures in the KFS Financial Management Procedures Manual.	Deputy Director Finance and Accounting

14.7.7 Supplies and Fixed Assets control

- a) Kenya Forest Service shall maintain stores registers for recording receipt and issuance of supplies. One register should be for consumables and another for items of a permanent nature whose movements need to be tracked.
- b) Fixed assets will be tagged on receipt and entered in the fixed assets' register for control purpose. The register for fixed assets will show asset name, unique tag number, location and condition.

- c) Regular physical verification of both fixed assets and stores will be conducted (stock taking). Investigations of missing items, if any, will be conducted immediately and necessary action taken against those responsible for the loss.

14.7.8 Quarterly Management Reports

The Procurement Officers will maintain records for monitoring procurement and updating management on the procurement status. The monitoring report shall show planned versus actual procurement performance. The report will be analyzed into goods, works and service.

14.8 Contract Administration Review

Contract administrative review is a formal review of contract that takes place after the contract has been completed. It should consider:

- a) the time cost and quality performance;
- b) risk analysis;
- c) organization and operational effectiveness and appropriateness of the procedures used and controls in place; and
- d) review of supplier's performance.

14.9 Procurement Records Management

14.9.1 PUs shall maintain full and comprehensive records of procurement proceedings and contracts management in line with PPOA issued guidelines on procurement records management. These guidelines may be accessed on the PPOA website (www.ppoa.go.ke).

14.9.2 The procurement and contracts records of a PU shall be open to inspection by the TC.

14.9.3 Typically one tender exercise may result in more than one contract being placed. As a consequence it is usual for the documents related to the Tender to be held on one file. Separate files shall be kept for each contract signed from the point of placement of the contract.

14.9.4 The PU shall maintain one record (file) for each individual piece of procurement, which shall be solely for papers relating to that piece of procurement. The record (file) must contain a comprehensive chronological record of all matters and decisions made relating to the individual piece of procurement so that a complete history of the procurement is maintained.

14.9.5 All tender records (files) maintained by the PU shall contain at least the following documents, where appropriate:

- a) the request to initiate procurement proceedings (indent or equivalent);
- b) a copy of the published advertisement or shortlist;
- c) a copy of the pre-qualification and Tender Documents and any amendments or clarifications issued;
- d) the records of Tender Closing and Tender Openings;
- e) copies of all tenders evaluated and any clarifications requested issued and responses received;
- f) copies of all general and specific correspondence relating to the procurement
- g) the evaluation report (including all working papers and score sheets);
- h) minutes of any meetings related to the procurement, including pre-bid meetings;
- i) the notice of award of contract;
- j) the notice of acceptance to the Tenderer;
- k) a copy of the signed contract document;
- l) any contract amendments or change orders; and
- m) all submissions to and all decisions of the Tender Committees.

14.9.6 All contract records maintained shall contain the following documents, including but not limited to:

- a) a copy of the signed contract document including any signed contract amendments any change orders issued under the contract;
- b) all post contract documentation relating to the fulfilment of contract obligations in particular copies of bank guarantees or other securities;
- c) minutes of any meetings related to the contracts management, including contract progress or review meetings;
- d) all delivery documentation evidencing deliveries of goods or completion certificates in relation to contracts for services or works;
- e) copies of all invoices including paper worksheets verifying the accuracy of payments claimed and details of the actual payment authorised by the contracts manager;
- f) copies of cumulative payment worksheets evidencing management of all payments made,

- g) copies of any claims made by the contracts manager on behalf of the PU in respect of any warranty, non warranty, short supply, damage and other claims upon the Supplier or upon the PU;
- h) all correspondence between the PU and Tenderer; and
- i) any other contract related documents or correspondence.

14.10 Communication in Procurement Process

14.10.1 The medium of communications shall be in writing and the language of communication shall be English. Email correspondence shall be permitted except in the transmittal and submission of tenders.

14.10.2 Meetings between a PU and Tenderers, Suppliers, Contractors or Consultants shall be minuted and any agreements confirmed in writing.

15.0 SPECIFIC ISSUES ON KFS PROCUREMENT

15.1 Value and range of procurements greater than thresholds in PPDA 2005

15.1.1 When values are in excess of those set out in the threshold matrix, various procurement methods may be used subject to fulfilling the conditions under Parts V and VI of the PPD Act 2005 depending on a procuring entities class.

15.1.2 In case procurement through quotations is the preferred method in view of the prevailing circumstances, but the value is in excess of the quotation threshold, then Restricted Tendering method may be used provided the stipulated documentation is observed.

15.1.3 To simplify the above decisions and to minimize urgent procurement, the above options should be well thought of in advance and be included so in the Procurement Plan.

15.2 Procurement of specialised products with limited international sources of supply

15.2.1 Items with limited international sources of supply may be obtained through International Quotations or International Open or Restricted Tenders depending on the preferred delivery time period and relevant threshold stipulated in the Threshold Matrix in the First Schedule of the PPDR

15.2.2 International Tender has no lower limit and the upper limit is as provided for in the budget. However for quotations, though there is no lower limit, the upper limits vary according to the class of a procuring entity according to the Threshold Matrix.

15.2.3 However, to minimize the cost of frequent urgent and fragmented international orders that are in small quantities and/or of low value items should be consolidated or aggregated in order to realize economies of scale.

15.3 Specification of products by use of patents or brands leading to Direct Procurement method

15.3.1 Specifications for KFS products with established similarities in efficacy should be maintained in separate registers or catalogues or any other officially approved list to enhance comparability of prices and quality between the patented and the generally specified products.

15.3.2 The specifications by using a patent should be supplemented by the technical characteristics of the product or by adding the words “or equivalent”.

15.3.3 Fair prices for patented or branded products are to be ascertained by maintaining market pricing data bank right from the manufacturer with estimates of logistics and statutory charges as a basis for determining reasonable and fair prices.

15.4 Quality control Considerations

15.4.1 Quality issues should start from a requirement that a supplier should demonstrate that s/he has established quality assurance systems in their business. As a minimum, the business should be approved by the relevant Kenya quality assurance body e.g. Kenya Bureau of Standards as appropriate. Pre-qualification as well as award of contract to any supplier must be premised on an assurance for conformance with specified product quality prior to delivery.

15.4.2 Process quality control through collaboration with key suppliers as defect avoidance strategy may be a suitable option where by procuring entities ensure that documented quality control steps are followed in the course of product manufacturing.

- 15.4.3 Alternatively the supply contract should stipulate that pre-shipment inspection be carried out by an approved pre-shipment inspection company and a certificate to that effect issued. The certificate should accompany the goods.
- 15.4.4 Past performance evaluation criteria with regard to quality systems and compliance should be one of the evaluation criteria to be included in the bidding document.
- 15.4.5 On receipt, inspection by sample testing by an independent body or another alternative quality control procedure may be adopted.
- 15.4.6 The suppliers should be made aware in the bid documents of the preferred option for confirming and demonstrating adherence to quality standards and how the risks and responsibilities will be shared between the procuring entity and the suppliers.
- 15.4.7 Suppliers should also be made aware through the bid documents of any contractual remedies the procuring entity may resort to in case of hidden defects or non compliance to specifications which may be discovered at any stage of distribution and during the use of the educational products after they have been delivered to the procuring entity.

15.5 Procurement of donor/consortium funded products

- 15.5.1 Donor/consortium funded products should be procured in accordance with section (6) and (7) of the PPD Act 2005 unless the procurement provisions in such agreement stipulates an alternative procedure to be used.
- 15.5.2 The quantities negotiated with the donors should be rationalized with the normal projections made for normal stock replenishment according to the Inventory Plans, Procurement Plan and the Budgets to avoid overstocking and eventual deterioration of goods in stock.

15.6 Stock management and avoidance of waste

- 15.6.1 Stock management procedures spelt out in Section 17.0 (Stock Replenishment) of this Manual shall be followed to avoid overstocking that leads to waste of stock.
- 15.6.2 Vendor managed inventories where the suppliers deliver consignments according to the negotiated delivery schedules should be used. This delivery arrangement is to be factored in the framework contracts.
- 15.6.3 Installation of Inventory Management software should be considered by the procuring entities to enable efficient and effective monitoring of consumption and timely replenishment. Manual inventory management systems may be adequate for small procuring

entities with few products and little volume. However for large procuring entities with hundreds of product lines and huge volumes of high value products, manual systems have proven ineffective.

15.6.4 Regular stock checks (weekly or monthly) should be carried out to enable detection of products that are likely to expire or become obsolete within short periods of time. Such products may be disposed off through transfer to the other needy KFS units.

15.6.5 Annual stocktaking should be carried out with support of officials from other organizations to encourage impartiality in the process. The stocktaking findings should be analyzed with a view to identifying over and under-stocking and all the other warehousing issues.

15.6.6 In the purchase specifications, efforts should be made to demand that the suppliers deliver products with adequate shelf life duration of not less than 75% of useful lifespan e.g. if processed milk bought for the KFC Londiani kitchen has a shelf life span of 3 days, it must be delivered to the college kitchen at least 2.5 days before the anticipated date of expiry.

15.7 Procurement of specialized KFS equipment

15.7.1 Specifications to be drawn by an appropriate specialist who should take into account technology and life cycle costing which cover the total cost of acquisition, maintenance and repair.

15.7.2 Warranty covering duration not less than three years should be included in the specifications. The detailed guidelines on equipment specifications area provided in Section 8 of this Manual.

15.8 Kenya Forest Service Specific requirements

The following are some of the routinely procured requirements which are specific to Kenya Forest Service:

- | | |
|--------------------------------------|-------------------------------------|
| a) Dry food stuffs and cereals | h) Furniture and office equipment |
| b) Educational equipments | i) Uniform and clothing materials |
| c) Vegetables and perishables | j) Cleaning materials |
| d) Laboratory equipment | k) Text books and reading materials |
| e) Laboratory chemicals and reagents | l) Personal Protective equipment |
| f) General hardware | m) Drugs and medicines |
| g) General stationery | n) Software |

- o) Games equipment
- p) Boarding equipment and materials
- q) Catering equipment
- r) Construction equipment
- s) Motor vehicles
- t) Automobile spare parts
- u) Survey equipments
- v) Inventory equipments
- w) Security items
- x) Computer equipment and accessories
- y) Agricultural materials and supplies
- z) Fuel oils

16.0 ENVIRONMENTAL FACTORS IN KENYA FOREST SERVICE PROCUREMENT

- 16.1 Products with chemical composition should be specified by taking into account the product life-cycle approach which covers the economic and environmental performance of a product through-out its life cycle, namely production, distribution, use and final disposal. Care must be taken to ensure that guidelines issued by National Environmental Management Authority (NEMA) are followed.
- 16.2 Since most of the Kenya Forest Service products have some level of chemical composition the following examples present a check list of essential attributes for chemical products including laboratory reagents:

Table 7: Checklist of Essential Attributes for Chemical products

Chemical products are likely to be bought for school or college labs	
Substitution	Possibility to satisfy the need without the use of a chemical or with a chemical that has a lower environmental impact.
Composition & concentration	Extent of compatibility with the required application in terms of composition, concentration, and expiry date.
Product labelling	Conformity with requirements of international standards and regional regulations.
Handling and use instructions	Whether the supplier provides sufficient information on handling and use including the optimum dosage for effective utilization.
Hazard factor	The comparative measure of the toxicity, flammability, corrosiveness and explosive nature of the chemical (the hazard factor) compared to others.
Safety	Availability of Materials Safety Data Sheet (MSDA) that covers potential hazards that may arise during handling and use of the chemical. It should state the necessary steps to be taken to avoid the occurrence of hazard or accidents.
Bio degradability	The degree and rapidity of degradability by micro-organisms in the natural environment. The faster the chemical degrades the lower is its exposure potential. Persistent chemicals (e.g., those that contain heavy metal such as cyanide, mercury, chrome) are to be avoided as much as possible.
Packaging	Extent to which packaging optimally satisfies the requirements for transportation and the materials handling and bio-degradability after packaging is disposed off.

17.0 MANAGEMENT OF INVENTORY

17.1 Stores Coding and Classification

17.1.1 Coding

Stores Codes are suitable for identifying items to minimize ambiguity and misinterpretations that arise when items are only referred to by descriptive titles. The codes will also be used for location of stores where fixed and random location systems are applicable.

17.1.2 Coding Procedures

- a) The alpha-numeric structured coding will be used until otherwise directed. A series of defined classes and sub-groups are determined and incorporated in the Stores Catalogues containing stock items code number.
- b) A Stores Catalogue contains the items that have hitherto been approved for stock holding and will be used by user departments for description of requirements on the Counter Requisition and Issue Voucher.
- c) Users should requisition for items in the catalogue unless such items are not suitable for the intended purposes. This is to maintain an optimum level of inventory variety and prevent proliferation of stock keep-in units.
- d) For efficient stores location, the code numbers will be used to enable prompt order picking when processing stores requisitions.
- e) Numeric coding structure will be used to enhance efficient inventory automation as shown in the following example.

17.1.3 Example: Item that can be broken down as below

A	Product Group	Ruler
A.01	Product Sub-Group	30 cm
A.01.01	Individual Product	Plastic
A.01.01.01	1 st Variant of Individual Product	Clear material
A.01.01.02	2 nd Variant of Individual Product	Coloured material

17.2 Stock Replenishment

17.2.1 Replenishment

- a) Stock replenishment is part of the inventory and distribution referred to in section 4(1) of the PPD Act 2005.
- b) Inventory replenishment operations are fundamental to achieving the desired service level and to meet the immediate day-to-day requirements taking into account the changes to value and level of inventory which might have substantial impact on the overall operation of procuring entity.
- c) The foregoing notwithstanding, replenishment of inventory should take cognizance of need to avoid tying working capital in high inventory since holding excess inventory can lead to obsolescence of such stocks.

17.2.2 Inventory replenishment methods

The following are some of the commonly used replenishment methods which would apply for different categories of requirements determined in line with inventory categorization in the stores catalogue:

- a) Re-order Level System (fixed order quantity, variable order intervals);
- b) Periodic Review System (fixed order interval, variable order quantity);
- c) Demand Driven Lean Supply Systems (orders placed in the precise quantity and time required for a specific projects or assignments); and
- d) Economic Order Quantity (order what is economical to produce or deliver).

NB: See alternative strategies under 17.2.9 and 17.2.10 below.

17.2.3 Re-order Level System-(Fixed Quantity, Variable Interval)

- a) Decision to re-order will be triggered when the level of physical stock plus inventory already on order falls to an established re-order level.
- b) The re-order level is calculated by adding the best estimate of demand to cover the lead time duration to safety stock quantity.

- c) Re-order Level System calculation is to be done by applying the following formula where manual operating systems are in use by applying the following formula:

$$ROL = (R_d \times L) + S$$

where: R_d = Rate of demand/usage (per day/per week)
 L = lead time (in days/week)
 S = safety level of stock

Example:

For instance the ROL, where the rate of demand is 100 units per week, the lead time is 3 weeks and safety stock is 170 units will be:

(Demand/usage rate x 3 weeks) (lead time) + 170 (safety stock)

$$ROL = 100 \times 3 + 170 = 500 \text{ units}$$

17.2.4 Periodic Review Systems

- a) Ordering is for fixed quantity at a fixed period cycle, e.g. weekly or monthly. On the average the amount ordered will be equal to the demand over the review period. The longer the review period the larger the order size. The system will apply in categories with small volumes of requirements.
- b) The re-order quantity will be based on the following formula:-

$$\text{Order Size} = (\text{Demand over the review interval} \times \text{lead time}) - (\text{Actual stock}) - (\text{pipeline stock}) + (\text{safety stock})$$

17.2.5 Dependent Demands

Dependent Demands fall under the non-stock items categories where the demand is based on a specific activity or project or non recurrent activity.

17.2.6 How Much To Order

- a) Order quantities will be determined with economy in view, that is by taking into account:
- Cost of placing an order;
 - Price discount costs, i.e. where supplier may impose extra costs on small order;
 - Stock out costs;
 - Costs of tying working capital in inventory;
 - Storage costs; and
 - Obsolescence costs.
- b) Computation of the most economic order quantity

17.2.7 Economic Order Quantity

- a) To balance the above stock holding and the acquisition costs mentioned under subsection 17.2.6 above an economic order quantity (EOQ) should be computed by applying the following formula:

$$EOQ = \sqrt{\frac{2C_0 D}{P_i}}$$

Where:

EOQ = The Economic Order Quantity

C₀ = The cost per order (including administrative and communication costs)

D = The demand (Quantity required) over the period in units – meters, litres, millilitres etc

P = The purchase cost per unit (including price, transported)

I = The inventory carrying cost (including the financial and physical costs of inventory, expressed as a percentage of the average value of inventory

NB: *For the inventory carrying cost, it advised that the procuring entities should use 20% of the average value of inventory*

b) The EOQ assumptions

The EOQ formula is based on the following assumption:

- i. demand for requirements is stable;
- ii. existence of a fixed and identifiable ordering cost; and
- iii. identifiable stock out cost.

These assumptions vary considerably. However the computation would provide approximate quantities to work with.

Secondly it is inevitable that procuring entities ensure that costs which form the basis for the EOQ computation are done and regularly updated.

c) Automated computation of EOQ

For the sake of accuracy and speed of computation of the EOQ, KFS will computerize their inventory management in line with the guidelines in section 17.2.11 of this Manual.

17.2.8 Determining the Desired Level of Safety Stock

- a) Variability of both lead time and rate of demand cause either lower or higher than average level of stock when the next order arrives. Safety stock level determination may however be inevitable to limit the risk of stock outs.
- b) Safety level (that is the average amount that remains in stock at the time fresh deliveries arrive) is to be determined by applying the following formula:

$$\text{Average Safety Level} = \text{Maximum Demand} - \{ \text{Average Usage over the Review Interval} + \text{Lead Time} \}$$

17.2.9 Managing Lead Time

- a) Orders that arrive too early or too late result in either excessive inventory or stock-out. However, whereas short lead-times reduce the length of forecast, long lead-times result in increase of safety stock, which ironically may result in overstocking, with all the attendant problems.
- b) To ensure that required customer service levels are met, it is inevitable that internal systems are in place to manage lead time.

17.2.10 Vender Managed Inventory (VMI)

- a) Procuring entities should minimise overstocking of stock items in order to avoid expiry and loss of funds by adopting VMI concepts for managing stocks.
- b) In VMI, the vendor has visibility of stocks of his products within the inventory system of the procuring entity and has the authority and responsibility to manage the inventory level and replenish them at his own accord to avoid stock-outs.
- c) This proactive involvement of the vendor requires crafting of a contract that clearly spells out duties and responsibilities for each party to avoid confusion and blame games.

Needless to say, both the vendor and supplier need high degree of competence for them to successfully benefit from VMI relationships.

17.2.11 Automation of Inventory Management

- a) For most big organisations with large inventories, it is not efficient to manage and operate them with manual systems. Computerisation and automation of inventory management systems has proven beneficial in improving efficiencies of managing large inventories.
- b) Computerisation gives a number of demonstrated benefits including ability to produce stock position instantaneously, automatic notification of stock levels for all the product lines in the inventory, flagging of products that are about to expire, preparing automated goods receipt notes and goods dispatch notes and schedules, showing product locations within the warehouse, computing reorder quantities and preparing re-order schedules etc.
- c) Given the above benefits, computerisation and automation of inventory management is a desirable capability that operators of large inventory systems should aspire to acquire. However there are a number of challenges to acquiring, implementing and maintaining a fully functioning automated inventory management system. These include high investment costs for the project, the need for training or recruiting skilled systems operators, need for data and systems discipline, long project implementation time lines, need for change of working attitudes and styles etc. These challenges have often deterred some organisations from fully embracing computerisation and automation of their inventories.
- d) There are many successfully implemented and operated automated inventory management systems in Kenya today, both in the private and public sectors for educational supplies. A good starting point for anyone interested in this matter is to make a learning visit to a few of such organisations and familiarise with their success.
- e) In Kenya today, there are a number of ICT vendors who supply inventory automation systems that are suitable for both small and large inventory operators. These vendors should also be visited for demonstration and education on how automated inventory systems work.
- f) Based on the learning acquired, the procuring entity is in a better position to decide at what stage they could embark on the inventory automation process.

17.3 Receipts of Goods

17.3.1 Preparation of planned delivery schedule

On receipt of a copy of the purchase order and an acknowledgement of receipt of the same by the supplier, the Stores in-Charge will prepare a planned delivery schedule. The schedule is inevitable as it enables the stores personnel to arrange for storage, handling and to give feedback to the users of the delivery status.

17.3.2 Preparation of Goods Received Note

- a) After delivery has been checked to ensure that the correct item and quantity has been delivered as per the terms of a contract, a Goods Received Note (GRN) will be raised.
- b) The GRN will show the item code number, the items received, the order reference number, the quantity, unit of issues, the supplier's name, the value and user or stock location.

17.3.3 Inspection

Inspection of goods received shall be carried out by the Inspection and Verification Committee and a certificate to the effect attached to the GRN as outlined in section 14.7.2 and 14.7.3 of this Manual.

- a) In case goods are delivered by a transport company and any delays to the delivering vehicles may result in waiting charges being levied on the procuring entity, the inspection may be carried out later. In this case the GRN must be endorsed **“Certified Received [Quantity and Quality Awaiting Inspection]”** and the supplier notified accordingly.
- b) Following issuance of the GRN and completion of inspection, the delivered goods will be moved to storage location which will either be Fixed or Random as the case may be. The stores record will be posted accordingly, stock value calculated and entry made in the stock value column of the ledger.
- c) A copy of the GRN will be sent to the buying office for updating the Outstanding Purchase Order Record.

17.3.4 Certification of Invoices for Payment

The suppliers' invoice certified by the Procurement Officer (Stores) and accompanied with a copy of GRN, purchase order, inspection certificate will be sent to the Accounts Section for payment after the goods have been received as per section 17.3 above.

17.3.5 Handling and Storage of Supplies

KFS shall develop and apply procedures for handling and storage of all supplies and equipment in line with best practice. The overall objective of such procedures and their application is to ensure that handling and storage of supplies and equipment keeps them safe and secure free from any damage or deterioration.

17.4 Requisitioning and Issuance of Stores

17.4.1 Requisitioning Procedures

All requests to purchase and/or issuance of goods from stock shall be covered by the Requisition and Issue Voucher (RIV) Form as the official document designed for this purpose and is pre-numbered for monitoring purposes.

- a) All requests for acquisition or issuance shall be made by the user departments and approved in accordance with the approving authority concerned as prescribed by KFS for effecting internal controls.
- b) The approving officers are expected to exercise their best judgment and observe prudence in reviewing the requisition taking into consideration implications or consequences of their decisions. Thus, the justification or rationale for the need must be clearly established.
- c) In case of non-stock requirements meant for procurement, the RIV shall contain all relevant data necessary for making a rational procurement decision such as quality, quantity, evidenced availability of funds and be approved accordingly. This will include:
 - i. Budgetary provision reference by the Accounts or Finance Department. An absence of the budget reference number will mean that the item is not budgeted for and would therefore require senior management level approval.
 - ii. Incomplete RIVs shall not be processed and will be returned to the person requisitioning.

- iii. Specifications shall be generic in nature and not refer to any brand name unless this has been earlier agreed upon by the parties concerned for the purpose of standardization or continuity of an ongoing treatment or activity.
- iv. The RIV should also include the date the request is required/ needed. However, the person requisitioning should give Procurement Unit ample time to process the procurement unless in the case of emergency.

17.4.2 Issuing Procedures

a) Verification of Requisition by Procurement Officer (Stores)

Based on the identified needs specified in the requisition, the Stores in-Charge will verify the requisition to ensure that it is duly authorized by relevant head of department/ section and that the requisition is properly completed.

b) Issuance of products in line with First In First Out (FIFO) principle

All issuance procedures must, as far as practicable, observe the First-in-First Out (FIFO) principle. Products with shorter shelf life must also be issued first ahead of those with longer shelf life even if this violates the FIFO principle to reduce chances of expiries of products while still in the store.

c) Collection of issued items from the Stores

Once the order picking is completed the person requisitioning will be notified to collect the items from the issuing officer. It is of paramount importance that the collecting official provides proof of collection authorization from the head of department/section.

d) Adjusting Stock Records

After issuance process is completed the transactions will be entered in the inventory records and the balances reduced accurately and promptly.

18.0 PROCUREMENT PERFORMANCE EVALUATION AND MEASUREMENT

18.1 The purpose of performance evaluation and measurement of procurement

Performance evaluation and measurement of procurement as a function is a good practice undertaken with a view to ensuring that procurement services are continuously improved.

18.2 Key Evaluation Indicators

Performance evaluation and measurement should focus on understanding the extent to which internal customers are satisfied; understanding different factors that may be causing problems; focusing attention on priority areas when seeking solutions to problems and identifying new approaches to improving performance.

18.3 Performance measures and targets setting

- a) The realistic and measurable targets for key performance indicators are to be developed by the Head of the Procurement Unit.
- b) The targets will be reviewed from time to time whenever circumstances warrant such reviews.
- c) The areas to be covered when measuring the procurement units performance should be based on internal customer satisfaction in terms of:
 - i. timeliness;
 - ii. availability of supplies in terms of supply range, quality, continuity of supply;
 - iii. reduction of lead time in the procurement process;
 - iv. quality in terms of appropriateness to requirements; that is avoidance of deviations from quality;
 - v. cost reduction and cost avoidance; and
 - vi. customer service in terms of provision of information and technical support to customers and problem solving.

18.4 Evaluating and Measuring Suppliers' Performance

- a) The supplier's performance may have a positive or negative impact on the Procurement Unit's overall performance and the same must therefore be incorporated into the performance management programme.

- b) Performance gaps, if identified, will be communicated to the supplier(s) as feedback in order to improve performance by addressing and eliminating weaknesses. The eventual result should aim at having capable and reliable suppliers.
- c) Suppliers who have not improved on their performance should be removed from the register of suppliers. Where a supplier seriously breaches a procurement contract, the KFS should make a recommendation to PPOA that the Director General of PPOA should exercise his powers under section 115 of the PPDA 2005 to debar such a supplier from future participation in procurement proceedings.
- d) The PPOA will maintain and make available to the public entities a list of persons debarred from participating in procurement proceedings. PEs should not allow such persons or companies to put forward offers.

19.0 DISPOSALS OF KFS COMMODITIES

19.1 Overview of Disposal

Disposal is a critical element of the stores, equipment and other assets management of the Service. When any equipment is obsolete, its keeping, through maintenance costs, storage, parking, insurance, etc., may well exceed the returns that can be derived from that piece of equipment and the investment of additional monies. When stores are perishable, keeping them run risks of misuse, using shelf space unduly and not signaling requirements for what may be life savings products. Disposal is thus one of the element of managing procurement and supply and distribution. It focuses on safeguarding assets and on sending information for decision making. Disposing is thus a function that is necessary to guarantee that public monies are not applied to useless or obsolete equipment and assets and that when stores are disposed of, they are sold at the best achievable value in the market. Disposal may be considered as the third life of any items acquired by a Procuring Entity;

- i. First, it is procured and accepted (the procurement cycle);
- ii. Second it is utilized by the Procuring Entity in the discharge of its duties (the usage life cycle, often referred to as life cycle);
- iii. Third and finally, it has then to be disposed off (the disposal cycle).

Because disposal involves residual values that may be received and can contribute to the cost of renewal, it involves deciding when to dispose of a certain item and may involve health and safety standards issues. It has to be regulated and managed as provided for by the Act and the Regulations.

Compliance with PPD Act and PPD Regulations

Disposal of Stores and Equipment that have been rendered unserviceable, obsolete and surplus shall be carried out as set in the provisions of Part X of the PPDA 2005 and the Regulations 92 and 93 of the PPDR 2006.

19.2 KFS Stores, Plant and Equipment

19.2.1 For KFS stores, plant and equipment which can be disposed off through sale by open tender, auction, transfer to other public institution or trade-in, valuation should be carried out to determine a realistic reserve price to ensure that the KFS secures value for money. The procedures spelt out in the Act and the Regulations shall accordingly apply.

19.3 Disposal Plan

19.3.1 It is of paramount importance that a Disposal Plan be prepared by the KFS as required in the PPDR Regulation 7 (3) (w) and to be in tandem with the annual stocktaking program, procurement plan and the budget for disposals that would entail direct replacement.

19.3.2 The Disposal Plan should consolidate departmental disposal projections to reduce Administrative costs. The accumulation should not encourage undue delay in disposal of items and should be within the Disposal Committees frequency of meetings of at least once every quarter as stated in Regulation 92 (3) the PPDR.

19.4 Kenya Forest Service disposal Committees

19.4.1 Kenya Forest Service shall establish a disposal committee comprising of at least 5 members as follows:

- a) an officer in charge of Finance;
- b) the Head of procurement unit who shall be secretary;
- c) three heads of end user departments.

19.4.2 The committee shall select a chairman from among its members.

19.4.3 The disposal committee will first meet within fourteen days of its appointment and subsequently at least once in every quarter.

19.5 Disposal Certificate

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

20.0 REVISION OF THIS MANUAL

20.1 This Manual will be amended from time to time by KFS to embrace any emerging procurement Best Practices and major policy changes.

20.2 Any user of this Manual who has suggestions on areas of this Manual which may need to be reviewed will notify the Director KFS.

20.3 The Director will on a regular basis analyze emerging issues in the course of the implementation of the Manual and notify BoM of any areas which may be considered for review.

20.4 BoM will from time to time appoint a Review Committee which will be charged with the task of reviewing the Manual in consultation with stakeholders including PPOA and relevant program units. The Committee will make recommendations to BoM.

20.5 BoM will approve and control all amendments to this Manual and will notify users of the most current version of this Manual.

21.0 LIST OF STANDARD PROCUREMENT DOCUMENTS

21.1 Standard Procurement Documents

The standard tender documents include the following:

1. Standard tender document for Procurement of Works (buildings and associated civil engineering works)
2. Standard tender document for Procurement of Works (roads, water bridges etc)
3. Standard tender document for Procurement of Works (electrical and mechanical)
4. Standard tender document for Procurement of Small Works
5. Standard tender document for Procurement of Goods.

6. Standard tender document for Request for Proposals (selection of consultants)
7. Standard tender document for Procurement of General Services
8. Request for Quotation Form
9. Procurement Requisition Form
10. Local Procurement Order.
11. Local Service Order
12. Order Amendment Form.
13. Tender Register.
14. Register of Samples.
15. Confidential Business Questionnaire.
16. Application for Adjudication of Tenders/Quotation
17. Board of Survey Form
18. Disposal Certificate
19. Destruction Certificate
20. Contract Agreement for Goods
21. Counter Requisition and Issue Voucher
22. Counter Receipt Voucher
23. Bin Card, Stock Verification, Issue/Receipt
24. Contract Agreement for Goods (term contracts)
25. Contract Agreement for Consultancy Services
26. Contract Agreement for Consultancy Services (time based)
27. Contract Agreement for General Services
28. Contract Agreement for Insurance Services
29. Standard tender document for Disposal
30. Standard tender document for Concessioning
31. Standard tender document for Insurance Services
32. Standard tender document for Information Technology
33. Standard tender document for Maintenance Services
34. Standard tender document for Design and Build (turnkey)
35. Standard tender document for Supply and Installation
36. Standard tender document for Specialized Goods and Services
37. Standard tender documents for Pre-qualification

The standard tender documents for goods, works and services are those provided for in the GoK Regulations and are found in the PPOA website: www.ppoa.go.ke.

The applicable World Bank documents are found in their website

<http://web.worldbank/wbsite/external/projects/procurement>.

22.0 APPENDICES

- Appendix A: Stock Replenishment Requisition Form
- Appendix B: Procurement Plan Template
- Appendix C: Sample Bid Evaluation Templates for Text Books
- Appendix D: Sample Supplier Appraisal /Audit Questionnaire
- Appendix E: Tender /Quotation Opening Form
- Appendix F: Price Comparison Schedule (Major Procurements)
- Appendix G: Price Comparison Schedule (Simple Procurements)
- Appendix H: Request for Quotation
- Appendix I: Local Purchase Order
- Appendix J: Goods Receipt Voucher
- Appendix K: Local Service Order
- Appendix L: Stores Ledger
- Appendix L: Inspection and Acceptance Certificate
- Appendix N: Threshold Governing Procurement Methods

APPENDIX A: STOCK REPLENISHMENT REQUISITION FORM

No.....

To: Head Supply Chain Management

Storehouse

Item No	Item Code No	Item Description	Unit of Issue	Re-Order Qty	Est. Unit Price	Estimated Amount	Monthly Usage Rate	Stock Balance	Procurement Action

Prepared by.....Designation..... Signed.....Date.....

Checked by..... DesignationSigned..... Date.....

Approved byDesignation Signed..... Date.....

APPENDIX B: PROCUREMENT PLAN TEMPLATE

PART I: PRELIMINARY DOCUMENTATION

Ref No	Item	Priority	No of Units	Unit Price/ Cost	Total Cost	Procurement Method	Single/ Multi-Year	Aggregation	Budget Availability	Source of Funds
1.1 Planned										
1.1 Actual										
2.1 Planned										
2.1 Actual										

PART II: THE PROCUREMENT PROCESS TIMEFRAME

Ref No	Date Procurement Process Must Start	Pre-Qualification	Bid documents preparation	Invitation of Bid	Bid Opening	Tender/ Proc Committee/ Award Notification	Contract Signed	Delivery/ Completion
1.1Planned								
1.1 Actual								
2.1Planned								
2.1 Actual								

APPENDIX C: SAMPLE BIDS EVALUATION TEMPLATE FOR TEXT BOOKS FOR KFC

TEXT BOOKS

ITEM NO.

PRODUCT DESCRIPTION

1. Product Evaluation					
	Evaluation Criteria				
1	Authors Name				
2	Title of the book				
3	Country of Origin				
4	Sample Provided matches tender description				
5	Book Serial No. clearly shown				
6	Quality of the print /binding				

% Score

Weighted Score

4. RECOMMENDATION

5. EVALUATION TEAM

Name

Designation Signature Date

1

2

3

4

APPENDIX D: SAMPLE SUPPLIER APPRAISAL/ AUDIT QUESTIONNAIRE

NB: This form needs to be reviewed and simplified from time to time to address characteristics of various purchases and size of the suppliers providing services to the Service.

A	COMPANY CONTACT DATA		RATING
1	Company Name		
2	Nature of business		
3	Address		
4	Office telephone No.		
5	Office fax No		
6	Plant/Factory		
B	GENERAL INFORMATION AND STRATEGIC CONSIDERATIONS		
1	Date established		
2	Types of activities		
3	Owners etc		
C	STRATEGIC CONSIDERATION		
1	Strategic Vision		
2	Service charter		
3	Business Plan or programme		
4	Short-term objectives		
5	Medium-term objectives		
6	Long-term objectives		
7	Has corporate strategy communicated to staff etc.		
D	FINANCIAL ANALYSIS		
	D1. General financial information		
1.	What is the company's financial year?		
2.	What has been the companies turnover during the last 5 financial years		
3.	Are the company's financial statements given and attached to this audit?		
4.	What are the company's financial objectives?		
	D2 Financial Ratio		
	D2.1 Profitability		
1.	What is gross profit as a percentage of turnover	$\frac{\text{Gross profit} \times 100}{\text{Turnover}}$	
2.	What is the Net profit as a percentage of turnover	$\frac{\text{Net profit} \times 100}{\text{Turnover}}$	
3.	What is turnover as a percentage of capital employed?	$\frac{\text{Turnover} \times 100}{\text{Capital employed}}$	
	D 2.2: Solvency		
1.	What is the current ratio?	$\frac{\text{Current Assets}}{\text{Current liabilities}}$	
2.	What is acid ratio?	$\frac{\text{Current asset} - \text{stock}}{\text{Current Liability}}$	
3.	What it the gearing ratio?	$\frac{\text{Long tern loans} \times 100}{\text{Capital employed}}$	

4.	What is stock turnover?	$\frac{\text{Cost of sales}}{\text{Average stocks}}$	
5.	What is the debtors' collection period?	$\frac{\text{Debtors} \times 365}{\text{Turnover}}$	
6	Cost control		
	Does the company undertake regular review of the cost and cost factors?		
1.	What cost factors are reviewed? Etc		
E	PRODUCT DEVELOPMENT/R & D		
1	E1 General information on product development R & D		
	Is there a department or team in charge of suggesting new products ideas or improvement of existing product? Give details etc.		
2	E2: Design Control		
	Is there an established procedure for verifying design to ensure that the relevant technical specifications are met?		
	How are designs requirements identified, documented and reviewed for adequacy?		
F	PROCUREMENT AND GOODS INWARD		
1	Procurement & Supply Management		
2.	What are the company's total expenditure in Procurement of goods and services in the last financial year		
2	Does the company have a Procurement policy		
3	Is there Procurement Manual outlining relevant procedures?		
G	PRODUCTION		
1.	Is there a documented production procedures		
2.	What are the types of production machinery		
3.	What manufacturing system and procedures are in place for production processes		
4.	Give an account of in process inspection and quality control		
5.	What procedure is available for handling, storing and preservation of finished products?		
6.	Is there packing and shipping procedures? Explain.		
H	SALES AND CUSTOMER SUPPORT		
	General sales information		
1	Provide the following information		
2	Sales turnover		
3	Competitions		
4	Main market segments		
5	Sales infrastructure and arrangements		
6	After sales services and customer support		
I	QUALITY MANAGEMENT SYSTEM		
1.	Give an account of the following		
2	Continuous improvement quality system in place		
3	Quality certification and accreditation		
4	Documentation control		
5	Does the company have laboratory facilities for testing products?		
6	How are these facilities allocated to different product? Etc.		
7	Is there an environmental policy? Give details		
J	GOVERNANCE ISSUES		
1	What is social policy practice in force?		
2.	Is there an ethics policy and practices guideline in place?		

APPENDIX E: TENDERS/ QUOTATIONS OPENING FORM

TENDER /REQUEST FOR PROPOSALS (RFP)//EXPRESSIONS OF INTEREST/ QUOTATION

NO..... (Delete as appropriate)

FOR SUPPLY OF

Bidders identification			Prices as read out		Modification or Comments
Names	Address	Country/ Town	Currency(ies)	Amount	

Names of Opening Committee members

Name.....Designation.....Signature.....

Name.....Designation.....Signature.....

Name.....Designation.....Signature

Date..... Time

APPENDIX F: PRICE COMPARISON SCHEDULE (MAJOR PROCUREMENTS)

TENDER/RFP/QUOTATION NO.....FOR SUPPLY OF

ITEM NO.....DESCRIPTION.....QUANTITY

Bidders No	Unit Price as read out	Corrections		Corrected Bid Prices	Unconditional Discount		Corrected/ Discounted Bid Unit Price	Amount {Qty x Coln.(h)}
(a)	(b)	Computation Error (Amount) (c)	Provisional Sum (d)	(e) (e)=(b)+/- (c)-(d)	% (f)	Amount(s) (g)	(h) (h)=(e)-(g)	

Scheduled by.....Signature.....Date.....

Checked by.....Signature.....Date.....

APPENDIX G: PRICE COMPARISON SCHEDULE (SIMPLE PROCUREMENTS)

TENDER/RFP/QUOTATION NO.....FOR SUPPLY OF.....

Item No	Item Description	Qty	Bidder No1		Bidder No2		Bidder No3		Bidder No4		Bidder No5	
			Net Price	Amt	Net Price	Amt	Net Price	Amt	Net Price	Amt	Net Price	Am

Scheduled by.....Signature.....Date.....

Checked by.....Signature.....Date.....

APPENDIX H: REQUEST FOR QUOTATION

To:

From:

Supplier's name and address

Name & Address of
Institution

Quotation No Date

The Unit named above requests that you submit a quotation for the provision of the under-listed goods, works or services. The quotations must be submitted in the form and manner specified below:

The quotations must be supplied to the school within (indicate number of days 7-14)

Incomplete quotations or those received after the deadline will automatically be rejected

This request for quotation is not an order. An official order will be issued to the selected supplier immediately the selection process is completed

To be completed by the supplier									
Item No.	Item description	Unit of issue	Quantity required	Unit price	Days to deliver	Discount	Brand Name	Country of origin	Remarks

Supplier's signature _____

Date: _____

For Official Use

Opened by.....

Designation _____

Checked by.....

Designation _____

Date _____ Time _____

ORIGINAL: TO SUPPLIER

DUPLICATE

TRIPLICATE

APPENDIX I: LOCAL PURCHASE ORDER

KENYA FOREST SERVICE

To..... LPO No.

..... Date.....

**Please deliver the following goods to..... on or
before.....and submit invoices without delay
to.....**

<i>Item No.</i>	<i>Description of Goods</i>	<i>Unit</i>	<i>Quantity</i>	<i>Price in Kshs</i>	
TOTAL					

Prepared by:.....

Vote Head

Signature:.....

Date

Designation:.....

Approved by:

Head of Institution:.....

Date

Signature

I confirm that funds are available and that the commitment has been noted in the Commitments Register/Vote Book

APPENDIX J: GOODS RECEIPT NOTE

KENYA FOREST SERVICE

.....

GOODS RECEIPT NOTE

DEPT:.....

Received the items listed below from (Source):.....

LPO/LSO NO. DATE

Item No	Item Description	Unit No	Quantity	Value	Remarks/ Purpose

Order No:.....Date.....Invoice No.:..... Date:.....

I certify that the quantities received have been taken on charge.

Vote Head/Account No:

Receiving Officer:..... Designation:.....

Signature Date

APPENDIX K: LOCAL SERVICE ORDER

KENYA FOREST SERVICE

LOCAL SERVICE ORDER (LSO)

Suppliers are warned that this Order is INVALID unless availability of funds is confirmed here below by the Accountant in charge/Head of institution.

To:

Tender/Quotation Ref:

.....

Contract Ref.....

.....

Date

Requisition Ref. No.

Date :

Please carry out the services listed below at (Full address):

.....

on terms and conditions stated on the back of this Order, on or before.....

And send the invoices immediately to.....

P.O Box:Town/City.....

Item No	Description of Service	Shs	Cts
	Totals		

Prepared by:.....

Vote Head

Signature:.....

Date

Designation:.....

Approved by:

Head of Institution:.....

Date

Signature

Date

I confirm that funds are available and that the commitment has been noted in the Commitments Register/Vote Book.

APPENDIX L: STORES LEDGER

NAME OF PROCURING UNIT: _____

STORES LEDGER

Item Code: _____ Item description: _____

Date of Receipt	Receiving / Delivery Note No.	Quantity Received	Unit Cost	Total Cost	Date of Issue	To whom issued	Quantity Issued	Balance	Comments

APPENDIX M: INSPECTION AND ACCEPTANCE CERTIFICATE

Purchase Order No.

This is to certify that the below listed goods and/or services delivered to Kenya Forest Service have been inspected by the KFS Inspection and Acceptance Committee and to the best of the committee's knowledge, they meet the specified standards of quantity and quality as defined in the procurement contract specifications.

S/NO.	SUPPLIER	ITEM DESCRIPTION	QUANTITY		COST	
			ORDERED	SUPPLIED	UNIT	TOTAL
00012						

REMARKS.....

.....

.....

Name.....Signature.....Date.....

Name.....Signature.....Date.....

Name.....Signature.....Date.....

Name.....Signature.....Date.....

APPENDIX N: THRESHOLDS GOVERNING PROCUREMENT METHODS

(AS PER SECTIONS THRESHOLD MATRIX IN THE PPD REGULATIONS)

The Threshold Matrix in First Schedule of the PPDR 2006 which sets out the minimum and maximum levels of expenditure for use of particular procurement and segmentation of duties for different officers and committees in the procurement cycle under Section 26 (3) (c) of the PPD Act 2005 shall be used as stipulated by different classes of procuring entices stated in Section 6.0 of this Manual.