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**BHUTAN MEDIA FOUNDATION**

**PROCUREMENT MANUAL**

**2012**

1. **Procurement Objective**
   * 1. The Administration and Finance Division is responsible for providing the necessary equipment, services and supplies at the lowest possible cost consistent with the quality needed to meet the requirements of all offices and departments.
     2. The policy of the foundation is to make its procurements through open competitive bidding to ensure that the goods and services are obtained at economical prices without compromising the quality of the goods and services.
     3. All procurement of goods and services to be paid by the foundation shall be routed through Executive Director except for the small local purchases.

## Acquisition

* + 1. Purchasing procedures shall be aimed at promoting an open and effective purchasing policy, and effective and efficient use of BMF resources, on the following principles:

1. Observe economy and efficiency in the procurement of goods and services or the contracting of works;
2. Ensure suppliers and contractors get fair and equal access to the award of contracts for the supply of goods, services or works;
3. Observe transparency in public procurement.
4. Achieve regularity and uniformity in the procurement of goods and services
5. **Area of Procurement**
   * 1. The procurement activities of Bhutan Media Foundation shall cover the following areas:-
6. Procurement of materials, equipments and fixed assets.
7. Procurement of works services – civil, electrical, mechanical and consultancy services.

It includes both capital and revenue items.

1. **Tender Committee**
   * 1. The following officials will represent the Tender Committee:-
2. Executive Director
3. Head of Operation
4. Heads of the Division

***Minimum of Three (3) committee members have to be present at the time of opening tender.***

1. **Functions of Tender Committee**
   * 1. The main functions of this committee for procurement of materials are as follows:
2. Opening of tenders/quotations;
3. Checking the required quotations as per the specifications;
4. Preparation of comparative statement;
5. Recommendation of rates for purchases.
6. **Request for Procurement**
   * 1. The Division, who needs goods and services, prepare a note sheet with details to identify the item(s). In case where the goods are not stock item the division can, if they have details of the vendor from whom they want to buy, it should be stated on the note sheet for the committee to evaluate. For the stock items, the Admin & Finance Division will issue upon submission of requisition form.
     2. For the non-stock items requirement the following steps are to be taken by the respective Divisions:-

* Put up note sheet.
* Technical specification.
* Budget status.
  + 1. Any purchases of goods/raw materials have to clearly mention the specifications as per the requirement to avoid unnecessary delay.

*In addition to detailed requirements, the requisition form must contain the job number to be charged as well as the signature of the Head of Divisions.*

1. **Verification Procedure**
   * 1. For non stock item(s), the Head (Admin & Finance) checks whether funds required are budgeted and still available on the account to be charged. If affirmative, the requisition has to be approved accordingly. If negative, the requisition is returned to the Division stating the reason.
2. **Procurement Ceilings & Threshold limits for Goods and Services**

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| **AMOUNT CEILIING** | **APPROVING AUTHORITY** | **REMARKS** |
| 0,0001 - 10,000 | Head, Operation | Misc. purchases |
| 10,000 – 50000 | Executive Director | Direct Enquiry |
| 50000-100000 | Tender Committee | Spot quotation/Limited Tender/Limited enquiry |
| 100000 & above | Board | Open Tender through Ad |

* 1. ***Procurement ceilings are reviewed from time to time to bring them in line with national economic trend.***
     1. Good and services, which in any case during the calender year, do not exceed Nu. 20,000 per single item may be procured without written quotation or agreement but with the approval from Executive Director. The Head of Operation shall have the authority to approve the miscellaneous purchases payment up to a limit of Nu. 10,000 only.
     2. Goods and services, which exceed Nu. 50,000 up to Nu. 100,000 during any financial year should call for spot quotation/limited tender/limited enquiry from the local parties.
     3. Goods and services, which in any case during the financial year exceed Nu. 100,000 per order should call for tender/quotation through advertisement.

1. At least three quotations are invited.
2. The committee shall do adjudication of the quotation.
3. Suppliers being the manufacturer or the manufacturer’s authorized dealer/representative can be used without following the procedure above (i to ii), provided the published/factory prices are use for the actual process. But the corporation should explore every possible avenue to award to the lowest quoted process as long as its meets the set standards. The authorized dealers should give a copy of their “Dealership Certificate” to Bhutan Media Foundation for the direct award.
4. For procurement of spare parts for plant or equipment, up to a limit of Nu. 50,000, there is no need of inviting comparative quotations provided that the spare parts are obtained from, and the repairs are carried out by the manufacturer or manufacturer’s principle local agent. If the amount exceed beyond Nu. 50,000 the tender committee will approve the case based on the estimation provided the nature of work is justified.
5. **Selection Criteria**
   * 1. The following criteria will be used in selecting suppliers among bidders:
6. Lowest Price 40%
7. Capability 40%
8. Delivery time 10%
9. Reliability 10%

(Previous experience)

1. **Procedure for Procurement**
   * 1. The Admin & Finance Division shall handle all the procurement of the Bhutan Media Foundation and shall be responsible to ensure that all the required formalities and procedures are strictly complied with. The AFD Head is responsible for issuing purchase orders to suppliers and follow-up on timely delivery.
     2. The emergency purchases from the suppliers/local market are permitted depending on the availability of the stock for immediate supply without calling quotation if the procurement committee approves.
     3. The small purchases not exceeding Nu.3, 000 per item shall be made through the Office Imprest fund issued to Admin & Finance Division upon approval from the Executive Director.
     4. All the stock items shall be issued upon furnishing the requisition form signed by the AFD Head.
2. **Quotation may be obtained by:-**
   1. Direct Enquiry.
   2. Limited Tender.
   3. Open Tender.
   4. Global Tender.
   5. **Direct Enquiry**
      1. BMF shall directly negotiate the terms and conditions of procurement with one or more suppliers as stated below:-
3. Quotation is invited from one or more suppliers or contractors specifying the details of terms and conditions.
4. Quotation(s) received are reviewed and compared in the context of terms and conditions specified in the invitations in comparative statement form.
5. The offer(s) that satisfies the stipulations with the lowest price shall be awarded the contract.
   * 1. The BMF shall adopt this procedure where:-

* In absence of suitable bids which comply with requirement of invitation of bids following notification given for open or limited tender bidding.
* Where, for technical reason or for reason connected with the protection of industrial property right, one supplier or contractor may, only execute the contract, provided there is no suitable substitute.
* In the case of purchases made for, the purpose of BMF’s day to day administration and up to a maximum of Nu.10, 000/- without referring to tender committee or calling tender.
* For reasons of extreme urgency brought about by events unforeseeable by the BMF, the minimum time limit involved in the open/limited bidding procedures cannot be followed.
  + 1. Any small direct purchases made should be verified and signed by two or more relevant staff on the receipt.
  1. **Limited Tender/Enquiry/Bidding**
     1. Under this method, bidders are allowed to participate in submitting tenders for supply of materials or works following enquiry through notification published by the BMF or through spot quotation where:-

1. The value of goods or work does not exceed the Threshold limit;
2. No suitable bids received in response to open tender/bidding;
3. Quotation is solicited from three domestic suppliers or contractors after providing details of terms and conditions sought;
4. Quotation submitted by other suppliers or contractors who were not invited may also be considered;
5. The offers shall be evaluated and compared and the contract shall be awarded to the lowest evaluated bidder;
6. If this procedure yields negative result, direct contracting may be resorted to;
7. When there is urgent need of the goods or services, the tender committee shall sign the comparative statement even if there are one or two quotations but should clearly state the reasons for the contract or resort to direct contracting.
   1. **Open Tender**
      1. Where the value of purchase is more than 100,000 in case of materials, equipment and assets bidding against open tender shall be resorted to. If there are less than three minimum bids then the matter shall be discussed by the committee without opening the sealed tenders.
   2. **Global Tender**
      1. If the required material or equipment is not available within Bhutan, then BMF shall seek minimum three quotations from supplies’ abroad either through open bidding or limited bidding. This can be organized through web site, or inviting quotations from manufacturer or authorised dealers or through appointed agent. In case, BMF does not get minimum three quotations then the matter can be resolved by the committee and award the contract to lowest bidder.
      2. Any “Funded Procurement” shall adhere to the above relevant procedures for procuring the goods and services.
8. **Placement of Purchase Order with Terms & Conditions**
   1. The bidders within the country should fulfill the terms and conditions set out by the Tender Committee to ensure that the quantity, quality and other specifications complied with.
   2. The quotation should be accompanied with an Earnest Money Deposit (EMD) of 2% of the quoted value by cash, demand draft/cash warrant in favour of Bhutan Media Foundation, Thimphu, provided the bidding is done through advertisement and the value of goods exceeds Nu. 100,000.
   3. The quotation without the EMD will be rejected.
   4. The rate quoted should be CIF Thimphu as per the terms and conditions.
   5. The successful bidders must deposit security money of 10% of the quoted value, which will be retained for a period of three months.
   6. The successful bidders must be able to supply the quoted items/goods within the stipulated time period from the day the purchased order is placed, failing a fine of Nu. 0.1 % per day shall be deducted from the bill up to 10% of the total value. In case if the supply is not made at all the accepted bids will be cancelled and security money forfeited.
   7. Any items not conforming to the prescribed quality and specification shall be rejected forthwith and the supplier shall take out of the stores immediately or if not will kept by the stores at the risk and cost of the supplier concerned.
   8. The tender committee reserves the right to accept or reject any or all the bids without assigning any reason thereof.
   9. The purchaser has the right to accept/reject the goods, which does not meet the specifications.
   10. Time extension shall be allowed to the suppler/bidder during unavoidable circumstances if the supplier/bidder submits in writing requesting the time extension. The committee will decided the extension period by studying the nature of the problem.
   11. The security money shall be refunded to the parties after three months from the day of complete supply.
9. **Contents of Purchase Order** 
   1. The purchase order shall contain the following terms and conditions for the delivery of the materials.

* Purchase Order number and date
* Supplier’s address
* Specification of items
* Unit, rate and quantity
* Terms of delivery
* Freight, insurance and penal clause(na)
* Terms of payment

1. **Delivers**
   1. All goods are received in the BMF office. The person receiving the goods will issue a Receipt Challan with all the required details through the computer system. The original is sent to Finance Division, for release of payment.
   2. The Finance Division should note that no payment will be released without the supply/purchase orders and other relevant documents.
2. **Records**
   1. The Admin & Finance Division shall maintain records of the following:-

* Comparative rates for items for last 3 years;
* Details of items purchased during the last 3 years;
* Details of purchase order issued during the year;
* Order placed but supply not yet received;
* Records of suppliers received against each order.

1. **Procurement of Work (construction) for Bhutan Media Foundation**
   1. The procurement of work services included civil, electrical, mechanical and service consultancy hired for the Secretariat. The works shall include both maintenance and one time nature of execution.
   2. All civil, electrical and mechanical works need to have an estimation of the total value of the job as per the latest Bhutan Schedule of Rates. The Head (Admin & Finance) shall be responsible for ensuring the compliance. After having received the job estimation, the BMF should process for inviting tender/quotation. The criteria for the selection of contractors shall be as per the directives of the Construction Development Board of Bhutan.
2. **Preparation of Bidding Document**
   1. The bid documents should be prepared in such a way that it guides the bidders to fully understand the requirement of the organization. The foundation shall set out the time limit for the submission of the bid after the date of notification. The bid should be accompanied by 2% earnest money and the successful bidder should submit 10% Security Money Deposit or equivalent bank guarantee before being awarded the work contract.
   2. Where the successful bidder fails to carry out the contract, then BMF shall have the right to negotiate with the second lowest evaluated bidder to complete the work contract. If the successful bidder fails to carry out the contract due to unjustifiable cause, then the corporation shall forfeit the security deposit or invoke the performance bank guarantee.
   3. The 10% security deposit shall be refunded on completion of the contract and after the defect liability period is over.
3. **Opening of Bids**
   1. The bids shall open on time, date and place as specified in the notification. The bidder or their authorized representatives shall have the right to attend the tender opening meeting. The committee shall announce the price quoted and discount offer by each bidder. All these details have to be recorded in the comparative statement form.
   2. Under the two-envelope method, the committee/technical person shall open the technical details first and check the requirements. The technical persons should be competent to judge the ability of the bidders to execute the contract. If the committee finds the bidder being technically suitable then the second envelope shall be opened to evaluate the price quoted and the lowest evaluated bid shall be informed.
4. **Verification of Bids**
   1. The committee shall evaluate all the bids as per the specification stated in the terms and conditions and their technical requirements and class classification issued by Construction Development Board. If required by the terms and conditions, as separate resume shall be attached on his technical/financial ability and past experiences.
5. **Threshold Limits for Construction**

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| **Direct Enquiry** | **Limited Tender** | **Open Tender** |
| Below 100,000 | 100,000 – 500,000 | Above 500,000 |

1. **Execution of the works**
   1. If the bidders uses the foundation facilities like water, electricity and other related items/services, the bidders has to get the written approval from the management. If it fails to comply with then the management has the right to charge for the services.
   2. No third parties shall be allowed to execute the works unless stated.
   3. The foundation shall not pay any amount on account of royalty, other taxes, fines, etc., before or after the execution of the work awarded.
   4. Any addition, alteration and deviation of the work shall be carried on the basis of extra payment as per the Bhutan Schedule of Rates and Public Work Division specification upon the instruction of the foundation.
   5. Any clause not covered as per the terms and conditions shall be carried on as per the latest Bhutan Sales Rates or Public Division specification.

Similarly, for service consultancy, all the terms and conditions shall apply as per the Terms of Reference (TOR).