



2016

**THE INSTITUTE OF CHARTERED  
ACCOUNTANTS -GHANA**

**PROCUREMENT POLICIES AND  
PROCEDURES**



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**Procurement Policies and Procedures**

**1. Purpose of The Procurement Policy Document.**

The purpose of this document is to establish procedures for the Institute for the procurement of goods, works and services.

**2. Code of conduct.**

No employee, officer, or agent shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the Institute shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub-agreements except for where the financial interest is not substantial or the gift is an unsolicited item of nominal value. Members of the Institute's Council shall comply with all relevant fiduciary duties, including those governing conflicts of interest, when they vote upon matters related to procurement contracts in which they have a direct or indirect financial or personal interest. Officers, employees, members of Council, and agents of the Institute shall be subject to disciplinary actions for violations of these standards.

**3. Competition.**

All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The Institute shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurements.

Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the Institute, price, quality and other factors considered. Solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the Institute. Any and all bids or offers may be rejected when it is in the Institute's interest to do so. In all procurement the Institute shall avoid practices that are restrictive of competition. These include but are not limited to:

- (a) Placing unreasonable requirements on firms in order for them to qualify to do business,
- (b) Requiring unnecessary experience and excessive bonding,
- (c) Noncompetitive pricing practices between firms or between affiliated companies,

- (d) Noncompetitive awards to consultants that are on retainer contracts,
- (e) Organizational conflicts of interest,
- (f) Specifying only a brand name product instead of allowing an equal product to be offered and describing the performance of other relevant requirements of the procurement, and
- (g) Any arbitrary action in the procurement process.

#### **4 Procurement Committee**

**The Institute shall constitute a Procurement Committee. This Committee is responsible for:**

- I) Reviewing annual Procurement Plan and recommendation same to CEO/Council for approval;
- ii) Preparing the criteria to be used to evaluate tenders/quotations from prospective suppliers/contractors;
- li Reviewing tender proposals submitted by prospective tenderers and suppliers;
- iii) Selecting the most appropriate contractor or service provider based on the defined criteria; and
- iv) Negotiating the final terms of the contract with the selected supplier.

The Procurement Committee shall consist of one Director [Other than the Director of Finance], the Director of Finance, The Head of Administration, the Procurement Officer and the Chairman of TUC [Local Union] . Where found necessary, an expert who may or may not be an employee of the Institute may be co-opted to assist the committee in its evaluation process. The co -opted person's selection would be based on the relevant skill requirement, knowledge and experience relevant to procurement requirements, which may include:

- Relevant technical skills;
- End user representation;
- Procurement and contracting skills;
- Financial management or analysis skills; or
- Legal expertise.

The Director on the Committee [other than the Finance Director] shall be the Chairman and the Head of Administration shall be the secretary of the Committee.

The Committee's Report shall be submitted to the CEO for approval. Where the contract price exceeds GHS100,000 [One hundred thousand Ghana cedis] and in a situation where the expenditure involved is not provided for in the year's budget, the CEO would refer the Committee's recommendation [as endorsed by him] to Council for approval.

#### **4. Methods of Procurement**

Methods of Procurement to be followed by the Committee are, in their generality, the methods prescribed in the Public Procurement Act.

**(a) Procurement by small purchase procedures.**

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than GHS2,000 and where procurement by sealed bid is not required. If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources [at least three sources] to ensure that the selection process is competitive in accordance with these policies.

**(b) Procurement by sealed bids (formal advertising).**

Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.

(i) The sealed bid method is the preferred method for procurement if the following conditions are present:

- (A) A complete, adequate, and realistic specification or purchase description is available;
- (B) Two or more responsible bidders are willing and able to compete effectively and for the business; and
- (C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(ii) If sealed bids are used, the following requirements shall apply:

- (A) The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;
- (B) The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond;
- (C) All bids will be publicly opened at the time and place prescribed in the invitation for bids;
- (D) A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will

only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

- (E) Any or all bids may be rejected if there is a sound documented reason.

**(c) Procurement by competitive proposals.**

The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids or small purchase procedures. If this method is used, the following requirements shall apply:

- (i) Requests for proposals will be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical;
- (ii) Proposals will be solicited from an adequate number of qualified sources;
- (iii) The Institute shall evaluate responses to its solicitations and select awardees in accordance the procedures outlined in section 5 below ("Procurement Procedures")
- (iv) Awards will be made to the responsible firm whose proposal is most advantageous to the Institute with price and other factors considered; and
- (v) The Institute may use the competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. A procurement process where price is not to be used as a stated selection factor can only be used in procurement of A/E professional services.

**(d) Procurement by non-competitive proposals [ Sole Sourcing]**

These are procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.

- (i) Procurement by non-competitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:

- (A) The item is available only from a single source;
- (B) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (C) The funding source specifically authorizes the use of non-competitive proposals; or
- (D) After solicitation of a number of sources, competition is determined inadequate.

**5. Procurement procedures.**

- (a) All procurement by the Institute shall comply, at a minimum, with the requirements of subsections (i), (ii), and (iii) below:
  - (i) the Institute avoid purchasing unnecessary items;
  - (ii) As much as possible, the Institute would ensure attainment of value for money procurement;
  - (iii) Solicitations for goods and services provide for all of the following:
    - (A) A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.
    - (B) Requirements which must be fulfilled and all other factors to be used in evaluating proposal submitted in response to solicitations .
    - (C) A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
    - (D) When relevant, the specific features of "brand name or equal descriptions' that are to be included in responses submitted to solicitation.
    - (E) The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.

(F) Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

(b) Positive efforts shall be made by the Institute to utilize the services of local businesses, whenever possible. The Institute shall take all of the following steps to further this goal.

- (i) Ensure that local business enterprises are used to the fullest extent practicable.
- (ii) Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by local business enterprises.
- (iii) Encourage, when practical, contracting with consortiums of local business enterprises when a contract is too large for one of these firms to handle individually.
- (v) Use the services and assistance, as appropriate and practical, of such organizations as the Ghana Association of Industries, AESC in the solicitation and utilization of local business enterprises.

(c) Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.

(d) No contract shall be made to contractors and service providers who have been blacklisted by Public Procurement Agency or any other recognised body mandated to do so.

#### **6. Contract Performance Monitoring.**

A system for contract administration shall be maintained to ensure contractor conformance with the terms, conditions and specifications of the contract and to ensure adequate and timely follow up of all purchases. The Institute shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions and specifications of the contract.

#### **7. Contract provisions.**

The Institute shall include, in addition to provisions to define a sound and complete agreement, the following provisions in all contracts. The following provisions shall also be applied to sub-contracts.

(a) Contracts whose sum value exceed GHS100,000 shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms, and provide for such remedial actions as may be appropriate.

(b) All contracts in excess of GHS100,000 shall contain suitable provisions for termination by the Institute, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

(c) For contracts dealing with construction or facility improvements, the Institute shall comply with all requirements imposed by its funding sources (and the government regulations applicable to those funding sources) with regard to construction bid guarantees, performance bonds, and payment bonds.

(d) All negotiated contracts (except those for less than the Simplified Acquisition Threshold) awarded by the Institute shall include a provision to the effect that the Institute shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.

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PRESIDENT, ICAGH