

**INTERNAL STANDARD OPERATING PROCEDURES (ISOP)  
PROCUREMENT MANAGEMENT UNIT (PMU).**



**PC RESOLUTION NUMBER:56.6/19/05/2020**

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## **1. *PURPOSE AND SCOPE***

The objective of these Procurement guidelines is to ensure that Oshakati Town Council (OTC) receives the best value for money and its funds are optimized for any purchases on a transparent and fair basis.

### **SCOPE**

These guidelines serve to explain the components of the internal procurement cycle of the OTC.

### **ABBREVIATIONS**

<b>AO</b>	Accounting Officer
<b>OTC</b>	Oshakati Town Council
<b>PC</b>	Procurement Committee
<b>PMU</b>	Procurement Management Unit
<b>APP</b>	Annual Procurement
<b>ITB</b>	Instructions to Bidders
<b>BEC</b>	Bid Evaluation Committee
<b>PO</b>	Purchase Order
<b>BOC</b>	Breach of Contract
<b>SBD</b>	Standard Bidding Document
<b>RFP</b>	Request for Proposals

## **2. PUBLIC PROCUREMENT GUIDELINES**

The Standard Operation Procedure for Oshakati Town Council is guided by the Public Procurement Regulation: Public Procurement Act, 2015 (Act No. 15 of 2015).

## **3. INTERNAL PROCUREMENT PROCESS FOR OTC**

In order to gradually execute the procurement activities per prescribed procurement thresholds and applicable procurement methods, PMU developed a Procurement Timeframe that will serve as a guideline to the Oshakati Town Council. It is the responsibility of the User Department/Requesting Department(s) to adequately plan in advance for their procurement needs and/or requirements taking into account the processing timeframes identified herein.

While there are instances where procurement timeframes may be accelerated with proper justification, the standard processing time is necessary to ensure that the procurement requirements of the Department(s) are presented in such a manner that potential suppliers/service providers would understand the requirements and they are provided with sufficient time to prepare and submit a bid submissions and quotations to OTC.

## **4. PROCURMENT PROCESS STAGES**

The Standard Operating Procedure aims to apply to all procurement activities conducted within the organisation for the acquisition of goods, services or works that ensure effective and timely solicitation of bids, proposals, award of contracts and delivery of the goods and services required for the operations.

### **4.1 Stage 1: Identification of Goods, Works or Services Required**

The procurement process begins after a need has been identified by the user department; which comprises of materials/resources required for the organizations operations, including the items outlined in the Annual Procurement Plan (APP).

1. Once a need has been identified, the request for procurement is prepared by the requesting department with an estimated cost provided from a market research; benchmark price.
2. The request for procurement should be accompanied with detailed specifications, terms of reference and dimensions/measurements of goods or services to be procured.
3. However, when there is a need; PMU can assist the requisitioner to conduct the price benchmarking activity for the estimated cost and specifications.

#### **4.2 Stage 2: Choice of Procurement Method**

With the market research conducted in stage 1 of the process, the cost estimate determines the procurement method to be used for the procurement of the goods, services or works;

1. If the estimated cost required is below the threshold of N\$15,000.00, it is identified as small value procurement. This request is conducted by PMU from the initiation of the procurement up until the delivery of goods or services.
2. When the estimated cost exceeds the threshold of N\$15,000.01, other procurement methods listed below can be considered depending on the circumstances of the procurement;
  - Open National Bidding
  - Open international bidding
  - Restricted Bidding
  - Request for Sealed Quotations
  - Direct Procurement
  - Execution by Public Entities
  - Emergency Procurement
  - Small Value Procurement
  - Request for Proposals
  - Electronic Reverse Auction

3. When the threshold or estimated cost has exceeded N\$15,000.01, a submission to the Procurement Committee is prepared by the Procurement Management Unit for approval of the procurement method selected above, as well as the specifications or terms of reference as was provided by the user/requesting department.
4. The PC submission should be accompanied with a Financial Certificate, which certifies the availability of funds before the procurement commences.
5. The Procurement Committee deliberates and advises on the submission presented, then make final decisions for approval or recommendation of the procurement method, specifications and terms of reference provided.

#### **4.3 Stage 3: Availability of Funds**

1. The Finance Department verifies the budget line and then allocate the available funds, which is indicated on the Request for Procurement. The Request is submitted to the head of PMU, who reviews and recommends the request to the Accounting Officer.
2. The Accounting Officer certifies the availability of funds, as per section 25 (4) (b) of the Public Procurement Act, 2015 (Act No. 15 of 2015).
4. When the Request for Procurement has exceeded N\$15,000.01, a Financial Certificate is prepared by Finance Department which is recommended by the head of PMU and approved by the Accounting Officer.
5. A representative from the user department should attend the Procurement Committee meetings, in order to motivate and explain their request for procurement when there are questions to be clarified to the Committee members.
6. All Request for Procurement received by PMU should be registered in the registry book and signed by the requisitioner.

#### **4.4 Stage 4: Preparation of the Standard Bidding Document**

1. Once the request for procurement or PC submission has been approved, the request is submitted to PMU and a file is created and maintained for each procurement that has been initiated and effected through all the methods of procurement.
2. A Standard Bidding Document is prepared by the Procurement Management Unit and user department and a reference number is allocated as per the tracking sheet which is operational for control purposes.
3. All Standard Bidding Documents are downloaded from <https://mof.gov.na/standard-bidding-documents>; which are categorised on the goods, works, non-consultancy and consultancy categories of items to be procured and the procurement method.
4. The Standard Bidding Document should consist of approved specifications/terms of reference, which should be drafted in such a manner that is not restrictive to bidders and should have clear description, closing date and time, mandatory requirements and instructions to the bidders (ITB) etc.
5. PMU Head reviews, approves and signs on the Standard Bidding Document before an invitation to bidders.
6. The bid validity period should be at least 90 or 180 days, as this will allow enough time for evaluation of bids by the bid evaluation committee members.

#### **4.5 Stage 5: Invitation to Bid**

1. An electronic (e-mail) invitation to bid is sent to potential bidders who are sourced from the supplier database, to submit priced offers for goods, services or works or alternatively bidders can collect the Standard Bidding Document on request at Oshakati Town Council office.
2. An invitation to bid advertisement can be considered when PMU does not identify potential bidders and should be published in any widely circulated newspaper except for Small Value Procurement method bids.

3. It is compulsory to advertise Open National Bidding and Open International Bidding, the invitation to bid should be published in any newspaper with a wide circulation and the invitation should not be sent electronically.
4. The number of bidders to be invited is determined by the procurement method, as indicated on the below table;

<b>Public Procurement Act, 2015 Section</b>	<b>Procurement Method</b>	<b>Invitation to Bidders</b>
Section 29	Open National Bidding	Advertise in two Newspapers with wide circulation for competitive market and website <a href="http://www.oshtc.na">http://www.oshtc.na</a>
Section 30	Open international bidding	Advertise in Newspaper with wide circulation for competitive market and website <a href="http://www.oshtc.na">http://www.oshtc.na</a>
Section 31	Restricted Bidding	Limited number of bidders (email or newspaper advert and website <a href="http://www.oshtc.na">http://www.oshtc.na</a> )
Section 32	Request for Sealed Quotations	Invitation to minimum three bidders unless the item in question is not available from three bidders (email, newspaper advert and website <a href="http://www.oshtc.na">http://www.oshtc.na</a> )
Section 33	Emergency Procurement	Determined by the nature of the emergency (one or more bidders)
Section 34	Execution by Public Entities	Public Entities Only (email invitation to one bidder)
Section 35	Request for Proposals	Advertise in Newspaper with wide circulation for competitive market and website <a href="http://www.oshtc.na">http://www.oshtc.na</a>
Section 36	Direct Procurement	Exclusively one bidder (email invitation)



Section 37	Electronic Reverse Auction	A competitive market anticipated to participate for effective competition
Section 38	Small Value Procurement	One or more bidders without resorting to a formal competition (email invitation)

#### **4.6 Stage 6: Submission of Bids**

1. PMU is responsible for the proceedings of bid submissions; the bid should close on the date, time and place indicated in the standard bidding document; bids submitted late will not be accepted.
2. Bids invited electronically and are within N\$15,000.00, should be submitted via/through the procurement email [procurementmanagementunit@oshtc.na](mailto:procurementmanagementunit@oshtc.na); or bidders can hand deliver the bids in a sealed envelope addressed to Procurement Management Unit at Oshakati Town Council, on or not later than the closing date and time.
3. When bidders are submitting bids for small value procurement via email, PMU should ensure that they receive bids on time and when the internet is slow; bidders should be informed to hand deliver or submit earlier than the provided closing time.
4. All bids exceeding N\$15,000.01, must be deposited in the quotation/bid box located at Oshakati Town Council Civic Centre and should not be sent electronically as quotations received by e-mail will not be considered.
5. It is the bidder's responsibility to ensure that their packages or envelopes in which the offers are received are placed in a secured and sealed package.

6. For bids that have exceeded N\$15,000.01, a submission list to be completed by bidders should be compiled and placed next to the quotation/bid box prior to the closing date.

#### **4.7 Stage 7: Bid Opening Session**

PMU and user department to conduct the bid opening session in accordance with Section 51 of the Public Procurement Act, 15 of 2015. This section is only applicable to bids exceeding the threshold of N\$15,000.01 that have been submitted or deposited into a quotation/bid box.

1. Oshakati Town Council shall conduct the bid opening session in the presence of the bidders or bidders' representatives who choose to attend at the address, date and time stipulated, the opening session should commence immediately after the closing date and time of the bid.
2. An attendance register should be created and given to each representative to complete their particulars (company name, representative name, identification number and signature).
3. Prior to the opening session, of the BOC should announce Section 51(1) & (4) by giving a brief description the Chairperson of the procurement/project and also inform the representatives that no questions concerning the bid will be entertained nor answered during the opening session.
4. A record of the bid opening stating the name of the bidders, the amount quoted, the presence or absence of a Bid Securing Declaration must be prepared by the BOC Secretary and should be posted on the website; <http://www.oshtc.na/> and made available to any bidder on request within three working days of the opening.
5. The public bid opening record copy should be provided to registry for filing and safekeeping of documents.

#### **4.8 Stage 8: Bid Evaluation Examination**

1. Bids within the threshold of N\$15,000.000 are evaluated by Procurement Management Unit, whereby a pre-evaluation report is prepared and recommended for award or cancellation depending on the outcome of the evaluation. The pre-evaluation report is reviewed by the Head of PMU who recommends to the Accounting Officer for approval.
2. Where price is a determine factor and the threshold is above N\$15,000.01, the bid can be evaluated by PMU and submitted to PC for recommendation and forwarded to the AO for approval, in accordance with section 52 (2).
3. Offers for bids received for an amount exceeding N\$15,000.01, are evaluated by the ad hoc bid evaluation committee members who are appointed by Accounting Officer in accordance with Section 26.
  - The bid evaluation committee must commence with the process of examination and evaluation of bids within five days after the opening of bids in accordance with section 52 of the Act.
  - Once the BEC has identified the successful bidder, the report is submitted to the Procurement Committee through PMU, then PC is required to submit a report to the Accounting Officer, seeking for approval and recommendation to award or cancel the bid to the responsive bidders.
  - The evaluation process must be completed within 14 days after the opening of the bids or bidders can be requested by to extend their bid validity before the period for the evaluation expires, if the bid evaluation committee has no finalised the examination and evaluation of bids.

#### **4.9 Stage 9: Selection of Award or Cancellation**

1. Bidders should be informed accordingly on the outcome of the examination and evaluation of bids, once a decision has been established and is approved by the Accounting Officer.
2. Once a decision to award or cancel the procurement is known to the Procurement Management Unit, a notice to the successful/award letter or unsuccessful bidder or cancellation should be sent to the bidders electronically with the procurement email; [procurementunit@oshtc.na](mailto:procurementunit@oshtc.na) or it can be collected at the OTC offices on request.
3. However, when a decision is made that does not award the contract to the unsuccessful bidders, they must be formally informed on the reasons.
4. In terms of Regulation 38 (2), bidders who intend to appeal for the selection of award to be reconsidered, are given a standstill period of seven (7) days for competitive bids only. However, if bidders fail to request for reconsideration of selection for award;
5. Oshakati Town Council will proceed to award the contract to the successful bidder.
6. A copy of the award letter together with the executive summary of the bid evaluation report must be placed on OTC website and for Open National Bidding and Open International Bidding should be published in any print media widely circulated newspaper within seven days of the procurement award.

#### **4.10 Stage 10: Generating of Purchase Requisition and Purchase Order/Contract**

1. The Procurement Management Unit should generate a purchase requisition once the successful bidder has been notified, the purchase requisition is duly signed and approved by the Requesting Unit, PMU Head and the Accounting Officer.
2. Upon approval of the Purchase Requisition by all signatories, the PMU will create a Purchase Order (PO) that is approved by the Accounting Officer. The Purchase Order

constitutes an acceptance of a quotation to a successful bidder and forms a binding contract as per Section 16 (2) of the Public Procurement Regulation.

3. Once the Purchase Order has been issued to the successful bidder, it is expected that delivery should be done according to the timeline provided.

#### **4.11 Stage 11: Receiving, Invoicing and Payment Requisition**

Regulation 8 (5) (a) and (b) states that the Procurement Management Unit must - monitor every stage of the procurement process and ensure delivery of procurement and initiate necessary action against defaulting suppliers and contracts; in accordance with the Act.

1. When the goods, services or works has been delivered, completed or is in works; the requesting department and Procurement Management Unit representatives should be present to accept as well as verify the goods and ensure the provision of services or works is carried out as requested.
2. The supplier/service provider should invoice a bill of payment to the Procurement Management Unit and it should correspond to the purchase order of goods/services received.
3. PMU is responsibility to submit the procurement file to the Finance Department immediately after the invoice has been issued to OTC. The file should be recorded in the internal delivery book to keep track of all files submitted.
4. Finance Department must generate a payment requisition then ensure the suppliers accounts are payable and undertakes to effect payment within 30 days as indicated in the bidding document.
5. Once the payment requisition is generated, it is submitted to the Finance Manager to initiate the first payment process and the final payment is approved by the Accounting Officer.

6. All proof of payments is provided once the payments have been effective and submitted to the Procurement Management Unit for record keeping.

#### **4.12 Stage 12: Record for Audit/Filing**

The final stage in the procurement cycle is important for all the record and bookkeeping as well as for audit purposes.

1. A checklist should be attached on each procurement file created, indicating and ticking off all the documents that are attached on the file. The documents should be checked and filed in the order of the checklist as listed below;
2. PMU should file and keep a record of the Request for Procurement, Financial Certificate, original Standard Bidding Documents (SBD) with the completed bidding documents from the responsive bidders, original Quotation, Pre-Evaluation Report, notice of award/cancellation.
3. Copies of the Invoice, Purchase Order, Payment and Purchase Requisition, Proof of Payment and the original Quotation will be filed in the procurement file at PMU.
4. Original documents of the following are kept and filed at the Finance Department, in the arranged order;
  - Proof of payment
  - Payment Requisition
  - Tax Invoice
  - Purchase Order
  - Purchase Requisition
  - Copy of Quotation

## 5. ESTIMATED PROCUREMENT PROCESSING TIMEFRAME

### 5.1 Estimated duration for procurement not exceeding N\$15,000.00

(Good, Works, Non-consultancy Services & Consultancy Services)

<b>Procurement Process Activity</b>	<b>Approximate Duration</b>
Request for Procurement (Specifications, Preparation, Reviewing and Approval)	2 day
Prepare Request for Quotation (bidding document)	1 day
Invitation and Submission of bids	7 days
Bid evaluation by Procurement Management Unit Notice of Award	3 days
Preparation of Purchase Requisition Approval of Purchase Requisition by co-signatories	2 days
Purchase order preparation and approval Issuing of Purchase Order to successful bidder	2 days
Delivery of Goods, Services or Works	14 days
<b>Total Timeframe</b>	<b>31 days</b>

**5.2 Estimated duration for other procurement exceeding N\$15,000.01**  
 (Good, Works, Consultancy & Non-consultancy Services)

<b>Procurement Process Activity</b>	<b>Approximate Duration</b>
Request for Procurement (Specifications, Preparing, Reviewing and Approving)	3 days
Procurement Committee submission and PC Approval or recommendation	1 day
Prepare and issue a Request for Quotation Document (bidding document)	3 days
Invitation and Submission of bids	30 days
Bid hand-over to BEC	5 days
BEC Bid evaluation report and recommendation to PC Submission of a report to the Accounting Officer, seeking for approval and recommendation to award or cancel Notice of Award	14 but not exceeding 30 days
Preparation of Purchase Requisition Approval of Purchase Requisition by co-signatories	2 days
Purchase order preparation and approval Contract awarding Issuing of Purchase Order to successful bidder	2 days
Delivery of Goods, Services or Works	14 days or depend to type of project.
<b>Total Timeframe</b>	<b>76 days</b>



## 6. PURCHASING COST FOR BIDDING DOCUMENTS

The cost and purchasing of the Standard Bidding Documents are determined by the value of the bid and the sale of bidding documents does not apply to bids within the value of N\$15,000.00, as well as bids that have not exceeded N\$1,000 000.00.

Standard Bidding Documents not sold are for the below procurement method;

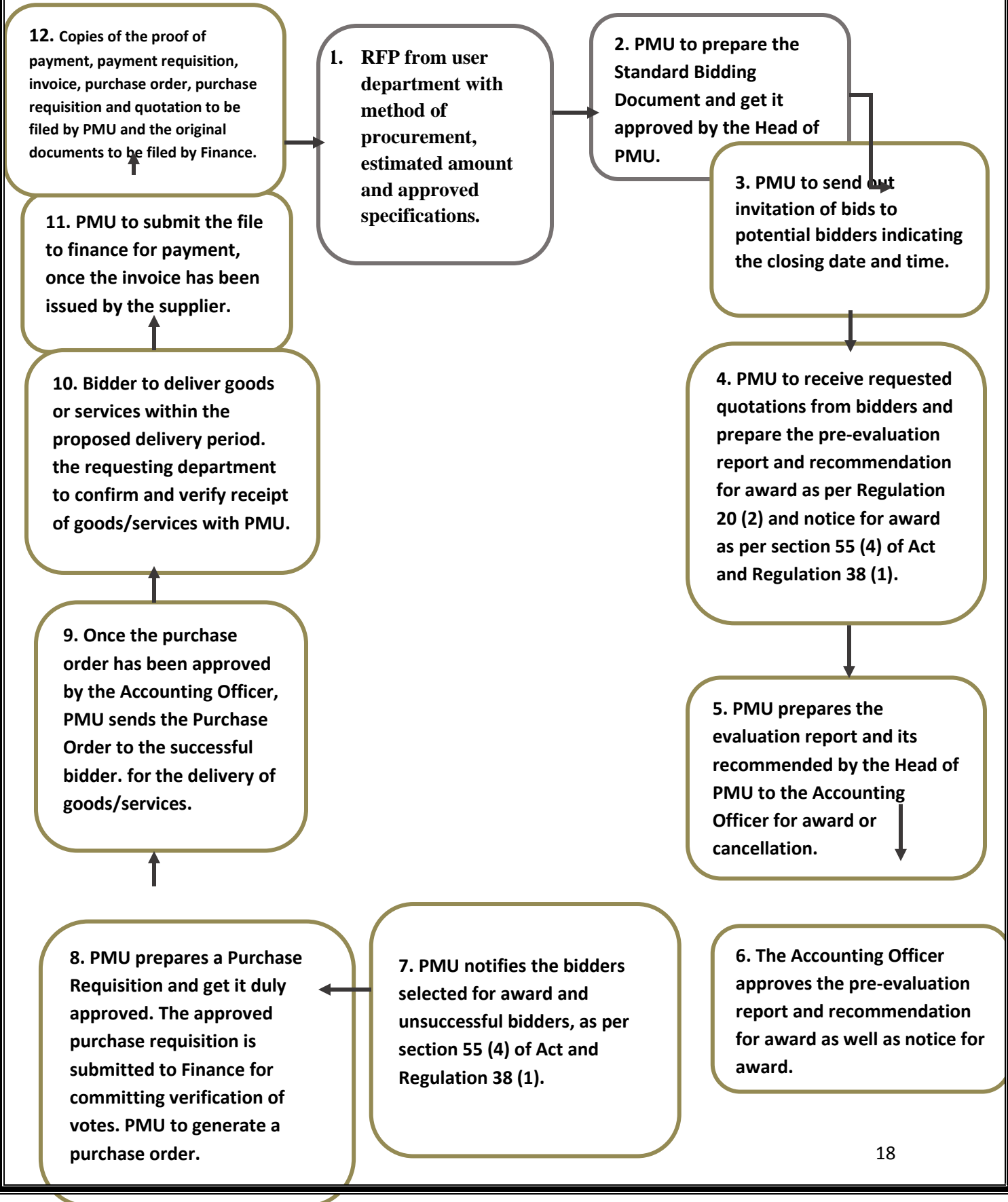
- Small Value Procurement
- Direct Procurement
- Request for Sealed Quotation
- Execution by the Public Entities
- Emergency Procurement (Depending on the Value of the bid)
- Electronic Reverse Auction

Standard Bidding Documents that are sold are for the value of bids exceeding N\$1,000 000.00 and above, which is in accordance with amendment of regulations to the public procurement act, 2015 (act no. 15 of 2015), published under Government Notice no. 47 of 1 March 2017, as amended set out in the schedule of April 2018,

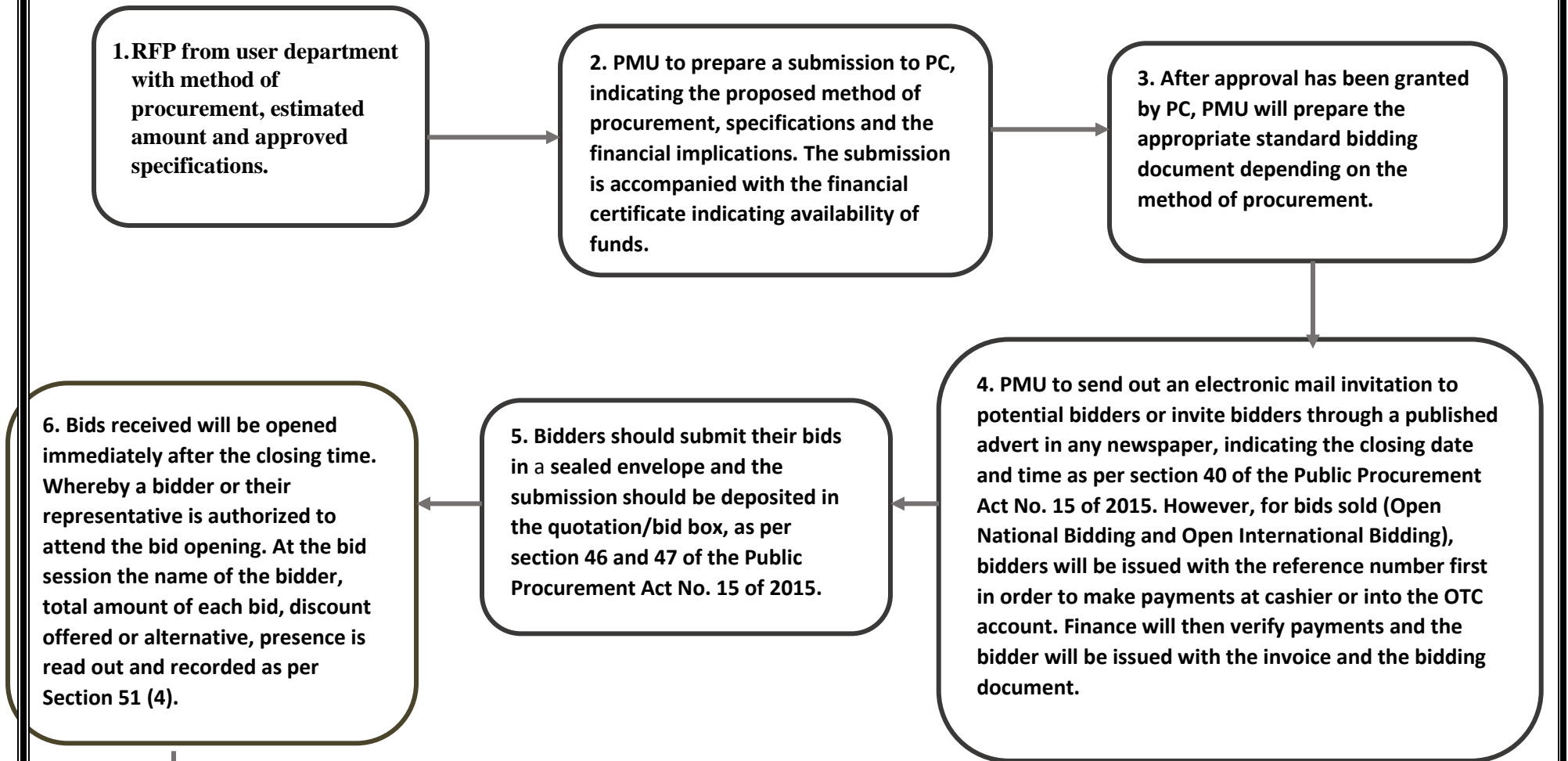
### 6.1 Annexure 4A (regulation 33A) as listed on the below table;

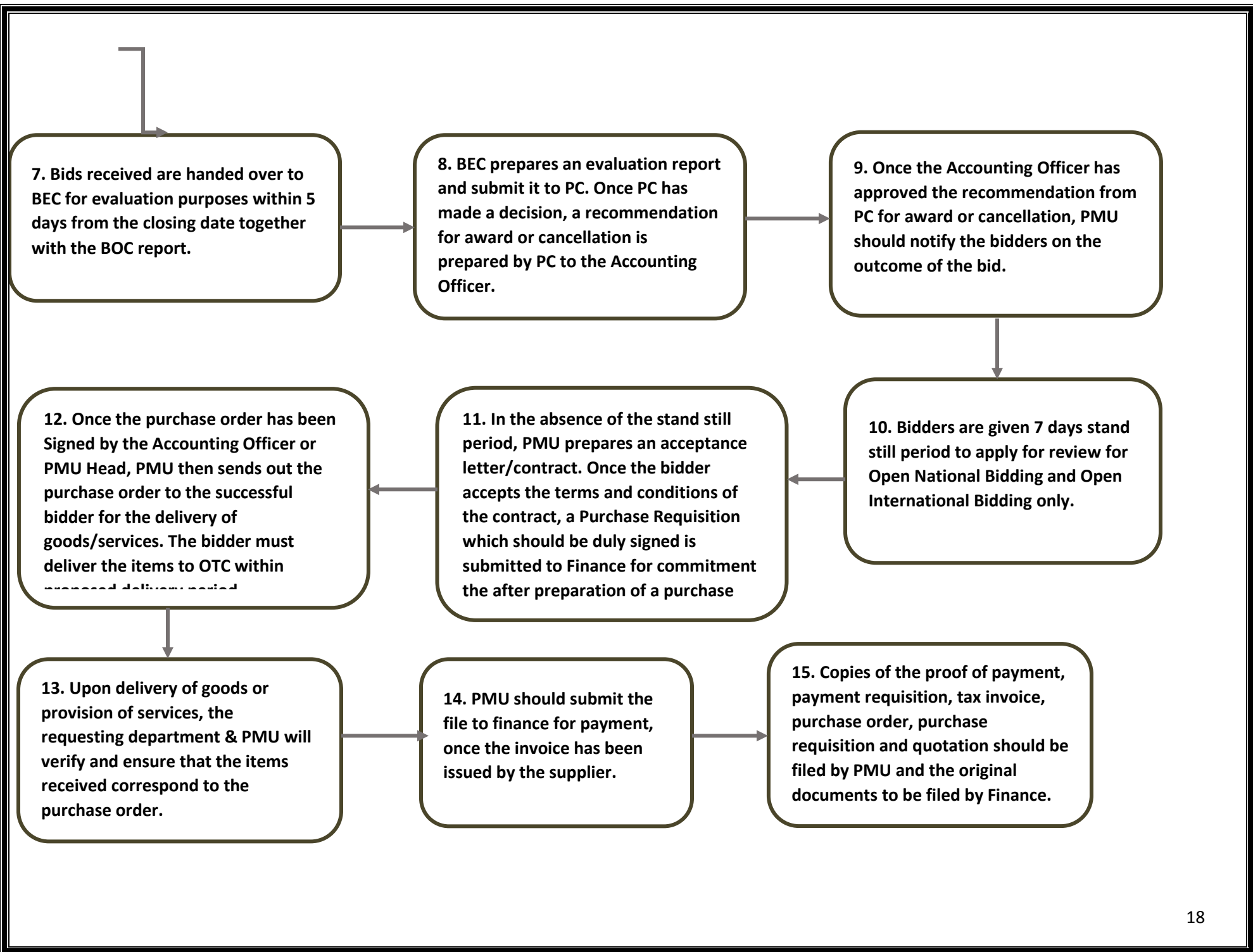
<b>Procurement Methods/Value of Bids</b> <i>(All methods listed under section 27 (1) and section 64 (2))</i>	<b>Standard Bidding Document Fee</b>
Procurement contracts with an estimate value not exceeding N\$1,000 000.00	N\$100.00
Procurement contracts with an estimate value above N\$1,000,000.00 and not exceeding N\$20,000,000.00	N\$300.00
Procurement contracts with an estimate value above N\$20,000,000.00 and not exceeding N\$100,000,000.00	N\$600.00
Procurement contracts with an estimate value above N\$100,000,000.00 and not exceeding N\$500,000,000.00	N\$1,000.00
Procurement contracts with an estimate value above N\$500,000,000.00 and not exceeding N\$2,000,000,000.00	N\$3,000.00
Procurement contracts with an estimate value above N\$2,000,000,000.00	N\$6,000.00

**7. PMU WORK FLOW FOR PROCUREMENT OF BIDS WITHIN N\$15,000.00**



## 8. PMU WORK FLOW FOR PROCUREMENT OF BIDS EXCEEDING N\$15,000.01 AND ABOVE







**ANNEXURE 1: REQUEST FOR PROCUREMENT**

**DEPARTMENT:** \_\_\_\_\_

**DIVISION:** \_\_\_\_\_  
**GOODS/SERVICES**  
**REQUIRED:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**INITIATED BY:** \_\_\_\_\_

**SIGNATURE:** \_\_\_\_\_

**REQUEST FOR PROCUREMENT**

**Procurement method and Section**

**Estimated cost**

**MOTIVATION:**

.....  
.....  
.....  
.....  
.....

**RECOMMENDATION BY HEAD OF DEPARTMENT: YES/NO**

**NAME:** \_\_\_\_\_

**SIGNATURE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**CONFIRMATION OF AVAILABILITY OF FUNDS: YES/NO**

**BUDGET LINE:**

**YEAR TO DATE**

**AVAILABLE FUNDS**

N\$

N\$

**RECOMMENDATION BY FINANCE MANAGER: YES/NO**

NAME: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

**APPROVAL BY ACCOUNTING OFFICER YES/NO**

NAME: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

**RECEIVED BY PROCUREMENT MANAGEMENT UNIT YES/NO**

NAME : \_\_\_\_\_

SIGNATURE : \_\_\_\_\_

DATE : \_\_\_\_\_



## ANNEXURE 2: NOTICE OF AWARD

### PART A

#### NOTICE OF AWARD

(Section 55 of Act)

(Regulation 39(1) (a))

Award notice for: \_\_\_\_\_  
Procurement reference no: \_\_\_\_\_  
Contract price (N\$): \_\_\_\_\_

Name of successful bidder: \_\_\_\_\_  
Address: \_\_\_\_\_

- a) Kindly note, in terms of Section 55 of the Public Procurement Act, 2015(Act No. 15 of 2015) and Regulation 39(1) (a) of the Public Procurement Regulations, you have been awarded the procurement contract referred to herein.

\_\_\_\_\_  
**Accounting Officer**

\_\_\_\_\_  
**Date**



**ANNEXURE 3: NOTICE TO BIDDERS NOT SELECTED FOR AWARD  
PART B**

**Notice to bidder not selected for award**

From: OSHAKATI TOWN COUNCIL

To:

Procurement reference no.:

Address:

- a) Kindly note that a bidder whose particulars are specified herein, has been selected for the award:  
Name and address of selected bidder:
  
- b) The price offered by the bidder referred to in paragraph (a) is an amount of
- c) Kindly take note that the reason why you are not selected for the award is because:  
The successful bidder had submitted the lowest substantially responsive bid compared to yours

\_\_\_\_\_  
**Accounting Officer**

\_\_\_\_\_  
**Date**



**ANNEXURE 4: PURCHASE REQUISITION**

**ANNEXURE 5: PURCHASE ORDER**

**ANNEXURE 6: PAYMENT REQUISITION**