

STANDING INSTRUCTION NO. 243

PROCUREMENT, DISBURSEMENT AND DISPOSAL POLICY

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PART A: INTRODUCTION AND GENERAL PRINCIPLES

1.0 INTRODUCTION

This Standing Instruction supersedes Standing Instruction No. 184 on Procurement, Disbursement and Disposal Policy. The purpose of the instruction is to provide an appropriate framework for the smooth running of procurement, disbursement and disposal functions in the Bank following the enactment of the Procurement and Disposal of Public Assets Act, 2017.

2.0 GUIDING LEGAL FRAMEWORK

The Bank's procurement, disbursement and disposal functions shall be guided by the following legal framework:

- i. Procurement, Disbursement and Disposal Policy (this Standing Instruction);
- ii. Public Procurement and Disposal of Assets Act, 2017 ('the Act');
- iii. Public Procurement Regulations, 2020;
- iv. Desk Instructions issued by Public Procurement and Disposal of Assets Authority; and
- v. Circulars from the Public Procurement and Disposal of Assets Authority.

3.0 CORE VALUES

All public procurement and disposal proceedings shall be conducted in a manner, which promotes the following values:

- 3.1 Transparency;
- 3.2 Accountability;
- 3.3 Non-discrimination;
- 3.4 Fairness;
- 3.5 Open competition;
- 3.6 Anonymity;
- 3.7 Value for money;
- 3.8 Efficiency;
- 3.9 Responsiveness.

4.0 GENERAL PRINCIPLES

The Procurement, Disbursement and Disposal Policy shall be based on the following principles:

4.1 Approved Budget

Procurement of goods, works and services shall be based on the approved annual Budget.

Procurement of goods, works and services that were not budgeted for shall require extra-budgetary approval of the Bank's Board of Directors. In this case, the requisitioning department shall follow necessary procedures for extra-budgetary approval.

4.2 Annual Procurement Plan

Procurement of goods, services and works shall be based on the Annual Procurement Plan. Departments shall be required to submit departmental procurement plans in line with their approved budgets within the first two weeks of the month of January. The Procurement and Stores Department shall consolidate the departmental procurement plans into one Annual Procurement Plan, at least by the last day of the month of January of each financial year. Goods, works and services that were not included in the Annual Procurement Plan shall not be procured unless the requisitioning department seeks approval in accordance with the Bank's Budget Policy. The Annual Procurement Plan shall be updated as and when necessary.

4.3 Annual Disposal Plan

Items earmarked for disposal shall be disposed off based on the Annual Disposal Plan which shall be updated as and when necessary, to ensure that all items due for disposal are included in the Plan.

4.4 Players

The following key players except for the Board, shall be responsible for the procurement and disbursement of goods, works or services, and disposal of items:

4.4.1 **Board of Directors**

- a) To approve the Annual Budget and Annual Procurement Plan; and
- b) To provide oversight over procurement and disposal of Bank's assets through receipt of regular reports

4.4.2 Executive Management

- a) To approve additional procurement requirements which are outside the Annual Procurement Plan;
- b) To execute procurement contracts; and
- c) To provide leadership and oversight role.

4.4.3 Departmental Budget Coordinating Officer (DBCO)

To coordinate the departmental budget through submission of electronic purchase requisitions to the Procurement and Stores Department.

4.4.4 Head of Department

To manage the departmental budget by approving purchase requisitions in the E- Business Suite and verifying pre-payment transactions.

4.4.5 Internal Procurement and Disposal Committee (IPDC)

To ensure that procurement and disposal is done in line with the Policy and the Act. The responsibilities of the IPDC are outlined in the Procurement Guidelines.

4.4.6 Governor

To ensure effective implementation of the Policy and compliance with the provisions of the Act. The responsibilities of the Governor are outlined in the Bank's Procurement Guidelines.

4.4.7 The Public Procurement and Disposal of Asset Authority (PPDA)

To set and enforce monetary thresholds for regulating procurement and disposal functions for the Bank and issue 'No Objection' for procurements above the set limit for the Bank.

4.4.8 Director of Procurement and Stores

- a. To coordinate and implement the procurement of goods, services and works.
- b. To coordinate and implement the disposal of assets.

4.4.9 Director, Accounting & Finance

- a. To coordinate the disbursement function for procured goods, works and services in the Bank.
- b. To account for proceeds realized from disposal of assets and sale of bidding documents.

4.4.10 Directors: Administration, Administrative Services (Blantyre) and Mzuzu Branch Management

To ensure that items earmarked for disposal are timely submitted to the Procurement and Stores Department.

5.0 ETHICAL CODE OF CONDUCT

All members of staff involved in the procurement process shall abide by the ethical code of conduct as laid down in the Act and Bank's Human Resource Policies and Procedures and shall include:

- a) Promote Bank's core values of Transparency, Integrity, Professionalism, Innovation, Teamwork and Efficiency (TIPITE)
- b) Professional and impartial discharge of duties so as to ensure fair and competitive access to procurement opportunities by suppliers.
- c) Always act in the public interest.
- d) At all times, avoid conflicts of interest and appearance of impropriety in carrying out duties.
- e) Not commit or abet any corrupt or fraudulent practice, including the solicitation or acceptance of improper inducements.
- f) Keep confidential any information relating to procurement proceedings or disposal processes that comes into their possession.

The Bank shall ensure that procurement is handled independently and without interference from any person or office.

PART B: PROCUREMENT METHODS AND PROCESSES

6.0 PROCUREMENT METHODS

The Bank shall use the following methods for the procurement of goods, works and services:

6.1 Open Tender

This is the method where the bidding process shall be open to all qualified and eligible bidders to participate.

6.1.1 Goods, Works and Routine Services

The following shall apply for the procurement of goods, works and services through open tender: -

- (i) Bids shall be invited openly through advertisement in the local newspapers, the Bank's and PPDA's websites.
- (ii) Standard Bidding documents shall be sold to interested bidders at an administrative recovery price.
- (iii) The closing time for receipt of bids shall coincide with the opening time of bids at the venue indicated in the advertisements.
- (iv) Bidders or their representatives shall be invited to attend the opening of bids at the indicated time and venue.
- (v) The Director, Procurement & Stores shall, on behalf of the IPDC, constitute an Evaluation Team to evaluate the bids in line with the criteria prescribed in the Bidding document. The Evaluation Report shall be presented to the IPDC for consideration. Subsequently, the Bank shall seek 'No Objection' from the PPDA if the procurement is above a set threshold.
- (vi) The Bank shall publish an Intention to Award Notice in the local newspapers, Bank's and PPDA's websites for a period of fourteen (14) days for any procurement contract above a threshold set by the PPDA.

- (vii) Grievance(s) by bidder(s) during the prescribed period shall be resolved as guided by the Act.
- (viii) The Bank shall invite the preferred bidder for negotiations aimed at finalizing the award of contract.
- (ix) If the negotiations with the preferred bidder fail to result into a contract, the Bank shall terminate the negotiations and invite the next ranked bidder for negotiations.
- (x) Upon successful negotiations, the Bank shall notify both successful and unsuccessful bidders in writing.

6.1.2 Consultancy Services

This is the procurement of non- routine and other intellectual services.

The Bank shall publish a notice seeking expressions of interest (EoI) to provide consultancy services, for purposes of shortlisting service providers in the following cases:

- i. When the Bank does not have information in its possession concerning a sufficient number of consultants that would provide effective competition for the procurement.
- ii. When the assignment for which the consultant is sought is complex.

When procurement of consultancy is done through EoI, the normal open tendering method shall apply.

However, the following shall apply when conducting a procurement of consultancy, which does not require EoI:

- (i) Advertisements shall be placed openly in the local newspapers, the Bank's and PPDA's websites.
- (ii) The closing time for receipt of proposals shall coincide with the opening of the same at the time and venue indicated in the advertisements.
- (iii) Bidders or their representatives shall be invited to attend opening of technical proposals at the time and venue indicated in the advertisements.
- (iv) The Internal Procurement and Disposal Committee (IPDC) shall constitute an Evaluation Team to evaluate the bids in line with the criteria prescribed in the Bidding Document. The Evaluation Report shall be presented to the IPDC for consideration. Subsequently, the Bank shall seek 'No Objection' from the PPDA if the procurement is above a set threshold.
- (v) The Bank shall publish an Intention to Award Notice in the local newspapers, Bank's and PPDA's websites for a period of fourteen (14) days for any procurement contract above a threshold set by the PPDA.
- (vi) Grievance(s) by bidder(s) during the recommended period shall be resolved as prescribed in the Act.
- (vii) The Bank shall invite the lowest evaluated bidder for negotiations aimed at finalizing the award of contract.
- (viii) If the negotiations with the lowest evaluated bidder fail to result into a contract, the Bank shall terminate the negotiations and invite the next ranked bidder for negotiations.

- (ix) Upon successful negotiations, the Bank shall notify both successful and unsuccessful bidders in writing.

6.2 Restricted Tender

This is the procurement method where the bidding process shall be limited to a selected number of suppliers, contractors or service providers. This method shall be used where:

- (i) Goods, works or services are only available from a limited number of suppliers, all of whom are known to the Bank.
- (ii) The time and cost of considering a large number of tenders is disproportionate to the value of the procurement.
- (iii) Goods, works or services such as motor vehicles, security equipment, currency sorting machines, external audit services and specialized ICT Equipment and Software shall be applicable for the Restricted Tender Method.
- (iv) The Bank shall seek approval from the PPDA to use this procurement method.
- (v) The Bidding Document shall be sent to all short-listed bidders.
- (vi) The closing time for receiving bids shall coincide with the opening of bids as per the indicated time.
- (vii) Bidders or their representatives shall be invited to attend opening of bids at the designated venue and time.

- (viii) The Director, Procurement & Stores shall constitute an Evaluation Team to evaluate the bids in line with the criteria prescribed in the Bidding Document. The Evaluation Report shall be presented to the IPDC for consideration. Subsequently the Bank shall seek ‘No Objection’ from the PPDA if the procurement is above a set threshold.
- (ix) The Bank shall publish an Intention to Award Notice in the local newspapers, Bank’s and PPDA’s websites for a period of fourteen (14) days for any procurement contract above a threshold set by the PPDA.
- (x) Grievance(s) by bidder(s) during the recommended period shall be resolved as prescribed in the Act.
- (xi) The Bank shall invite the lowest evaluated bidder for negotiations aimed at finalizing the award of contract.
- (xii) If the negotiations with the lowest evaluated bidder fail to result into a contract, the Bank shall terminate the negotiations and invite the next ranked bidder for negotiations.
- (xiii) Upon successful negotiations, the Bank shall notify both successful and unsuccessful bidders in writing.

6.3 Single Sourcing Procurement

This is the procurement method where bidding process is restricted to one supplier because of its specialized or unique characteristics.

This method shall be used where:

- (i) The estimated value of the procurement does not exceed the amount set by the PPDA.
- (ii) One supplier is able to fulfill the requirement, as it is the only one with technical capability, capacity or legal right to provide the goods, works or services.
- (iii) There is an emergency need and engaging in any procurement method would be impractical and risky. *(An emergency is not any requirement which is urgent but only a requirement where there is an imminent threat to the physical safety of the population or of damage to property).*
- (iv) Additional goods, works or services must be procured from the same supplier for reasons of standardization or for compatibility with existing goods, works or services.
- (v) The Bank shall seek 'No Objection' from the PPDA to use this method.
- (vi) Goods, works or services such as maintenance of lifts; maintenance of motor vehicles; procurement of software licenses; procurement of specialized equipment; motor vehicles for members of staff entitled under contract employment, fuel and spares parts for specialized and security equipment (X – ray machines, currency sorting machines, bollards) shall be applicable for the Single Sourcing.

6.4 International Tender /International Competitive Bidding

This is the procurement method which shall involve inviting bids internationally through publication in the international media.

This method shall be used where:

- (i) The estimated value of the stated procurement exceeds the amount set in/by the Act.
- (ii) The goods, works and services are not available under competitive price and other conditions from more than two suppliers in Malawi.
- (iii) A supplier was not identified by a national tender process.

6.5 Request for Quotations (RFQ)

This is the procurement method where quotations shall be invited from at least three (3) bidders and shall be used for procurement of goods, works and routine services when the estimated value of procurement does not exceed the amount set by the PPDA.

This method shall be used where:

- (i) Goods are readily available ‘off –the- shelf’ and do not require manufacturing to particular specification.
- (ii) Procurement involves small works and non-consultancy services whose values are not above the threshold for Open Tender.
- (iii) Goods and services are frequently procured by the Bank, such as office stationery, printing of various

reports, car tyres & spares, travel, laundry and fumigation.

The RFQ method shall follow the process outlined below:

6.5.1 Purchase Requisition Form (PRF)

- a) The Purchase Requisition Form (PRF) shall be the only instrument for seeking approval to purchase goods, works, or services.
- b) The completed PRF originated by DBCO for the requisitioning department shall be submitted to Accounting and Finance Department to ensure the appropriate budget line has been captured. Thereafter, the PRF shall be submitted to the Procurement and Stores Department for further processing in the E-Business Suite (EBS).
- c) Procurement and Stores Department shall return PRF to the requisitioning department if there are variations in specifications.

6.5.2 Sourcing of Quotations

Procurement and Stores Department shall be responsible for soliciting of quotations for all purchases based on requirements by the requisitioning departments. Whenever required, the requisitioning department shall be involved in

sourcing of quotations to ensure that the right goods, services or works are procured.

- (a) Procurement Officers shall obtain quotations in writing through a Request for Quotation (RFQ) document. RFQ shall be sent to suppliers which are registered with the PPDA and other respective regulating bodies such as the Malawi Energy Regulatory Authority (MERA) and National Construction Industry Council (NCIC).
- (b) Quotations in sealed envelopes shall be received through the office of the Director, Procurement & Stores.
- (c) The Manager responsible for procurement shall verify quotations based on the Evaluation/Sourcing Sheet as prepared by Procurement Officers.
- (d) The Evaluation/Sourcing Sheet shall be endorsed by IPDC to confirm that the procurement process can proceed.

6.5.3 Approval of Purchase Requisition Forms in the E- Business System

- (a) The Head of the requisitioning department shall be responsible for approval of PRF based on the quotations obtained. However, in his/her absence, any designated

Manager shall approve. The PRF would have been checked by the Manager, Procurement.

- (b) The PRFs which are above the set limit for approval by the Head of the requisitioning departments shall be co-approved by the Chairperson of the IPDC or any member of the IPDC as provided for in the Delegation of Authority and Limit Authorisation Policies of the Bank. For amounts less than the set limit, the PRFs shall be approved by the Head of Department or the designated officer.

6.5.4 Issuance of Purchase Orders

- (a) Upon approval of PRF by the Head of the requisitioning department, a Purchase Order (PO) shall be auto created by an officer in Procurement Division, checked by the Manager, Procurement, and approved by the Director of Procurement & Stores.
- (b) The Director of Procurement & Stores shall be responsible for authorizing POs in the EBS and in his/her absence, shall delegate his/her authorization rights to any senior officer in Procurement & Stores Department.
- (c) The Director of Procurement & Stores shall sign the hard copy of the PO. In his/ her absence, Manager, Procurement or any member from the IPDC shall sign. At the Blantyre

Branch, the Director, Administrative Services shall sign the hard copy of the PO. In his/her absence, any authorized Manager shall sign. At the Mzuzu Branch, the Director shall sign the hard copy of the PO and in his/her presence, any authorized Manager shall sign.

(d) The PO should be posted, scanned or hand-delivered to the supplier who shall supply in accordance with the terms and conditions as stated on the PO. However, any variation to the terms and conditions so stated should have the prior agreement of the Director of Procurement & Stores and the Supplier. To this effect, the Director of Procurement & Stores/ Director, Administrative Services/ Director Mzuzu Branch should clearly endorse the variation by signing for the agreement reached on the PO.

7.0 RECEIPT OF GOODS AND SERVICES

- i) All goods shall be received through Procurement and Stores Department in the presence of a Stores Officer and ordering DBCO in case of specialty items.
- ii) A Goods Received Note (GRN) shall be originated by the Stores Officer receiving the goods, which shall then be checked by a Stores Coordinator. The form shall show all details of the goods received, including the supplier, value, quantities and condition of the goods.

- iii) In case of foreign purchases, the Procurement Officer designated to carry out such duties shall be responsible for clearance of the goods.
- iv) The officer designated to carry out such duties shall hand-over the goods with relevant documents to the Stores Section. An Officer in Stores section will append the receipt number on the invoice when forwarding invoices and other relevant documents to the Director, Accounting and Finance for further processing.
- v) In case of services rendered to the Bank, Administration/Administrative Services Department shall verify services rendered by receipting the applicable PO in EBS system. Services such as hotel accommodation, airfares and staff meals shall be receipted by the Accounting and Finance Department. Clearing charges levied on imported goods shall be verified by user departments/or Procurement and Stores Department. A request for payment of clearing charges shall be made by the Procurement and Stores Department through a memo to the Accounting and Finance Department.
- vi) Where goods are to be received elsewhere outside the Bank premises, prior arrangements shall be made between the Procurement Division and the supplier. Detailed records of such a delivery shall be maintained in the Stores Division.
- vii) In case of assets, an Asset Received Advice (ARA) shall be completed by Stores Section in addition to GRN.

8.0 RETURN OF GOODS

- i) The Goods Returned Voucher (GRV) shall be the only instrument for returning goods to suppliers where they are not fit for the purpose.
- ii) Goods shall be returned at the point of receipt and /or after testing for not conforming to the specification(s). The Procurement Office shall withdraw from the Stores Division goods to be returned to the supplier after failure to conform to specification(s).
- iii) The Procurement Office shall complete the GRV, which shall be authorized by the Director of Procurement & Stores and countersigned by the supplier.

9.0 GENERAL PROVISIONS ON EVALUATION OF QUOTATIONS AND BIDS

The Procurement and Stores Department shall coordinate the evaluation of quotations and bids. Evaluation reports/ evaluation sheets shall be prepared and submitted to the IPDC for consideration and approval.

For any evaluation that may require input from other staff, particularly those with technical knowledge of the goods, works and services, the Director of Procurement and Stores shall request the relevant Heads of department to select the most appropriate member(s) of staff to be included in the Evaluation Team. Where necessary, the Bank may invite representative(s) from other institutions to assist in the evaluation process.

The appropriate number and type of staff will depend on the type, value and complexity of the procurement. Voting members of the Evaluation Team shall not be more than five.

10.0 VALUE FOR MONEY

Price alone shall not be a sound indicator for award of contracts. The Bank shall endeavour to get the best value for money not by accepting the lowest price or bid only. Best value for money shall mean that costs and benefits, including, but not limited to delivery period, track record and quality over the procurement cycle, have been considered.

11.0 PRE-BID/SITE VISITS

Pre-bid meetings or site visits may be arranged where the procurement is highly technical, where a significant number of requests for clarification are likely to be received, or where knowledge of the site is important to tender preparation. The pre-bid meetings or site visits shall be considered at the procurement planning stage and appropriate provisions included in the Bidding Document.

Procedures for the pre-bid meetings and site visits are outlined in the Bank Procurement Guidelines.

PART C: DISBURSEMENT PROCEDURES

The Disbursement Procedures are designed to guide and regulate how payments shall be made. There are various methods of effecting payments as described below:

12.0 PREPAYMENT

- i) Where a prepayment is required, the PO shall be issued as above and prepayment shall be authorized by the Chairperson or Alternate Chairperson for IPDC. The Accounting and Finance Department shall process payment based on the required documents, such as signed PO, quotation and/or Proforma invoice and Advance Payment Guarantee (APG) .
- ii) In case of foreign purchases, Accounting & Finance, Financial Markets and Foreign Flows Monitoring Departments shall be served with a copy of the PO duly approved, invoice, signed contract agreement and bond where necessary.

13.0 PAYMENT FOR GOODS, WORKS AND SERVICES UNDER CREDIT

- i) The Director, Accounting and Finance shall receive all invoices from suppliers.
- ii) The Director, Accounting and Finance shall ensure that invoices have been appropriately receipted.

- iii) Payment shall be authorized by the Director, Accounting and Finance/Manager/Supervisor in EBS system upon satisfaction that goods /services have been received/rendered to the Bank.
- iv) Where the payment amount is greater than K5 million, or as provided for in the Limit Authorisation Policy, the Accounting and Finance Department shall ensure that the ATS form is signed by relevant authorities as stipulated in Standing Instruction 141 on Limit on Funds Transfer Authorisation.
- v) Petty cash shall be used for small value items which may be urgently required. Procurement and Stores Department and other departments duly authorized shall hold a float of petty cash for the procurement of low value items as guided by the Procurement Guidelines and Standing Instruction on Petty Cash and Contingency Funds.

14.0 CONTRACTS

- i. The Bank may invite a successful bidder to contract negotiation aimed at finalizing the award of the contract.

- ii. Negotiations shall not relate to the price of the bid, except in case of single sourcing or where the price of the bid has not been taken into account in the evaluation methodology.
- iii. The requisitioning department shall provide contractual terms to the Procurement and Stores Department which shall draw the contract taking into account, among other things, the additional terms agreed during the negotiation meetings. The draft contracts shall be submitted to the Legal Affairs Department for vetting before signing by a member of Executive Management and countersigned by the successful bidder.
- iv. Copies of signed contracts shall be made available to the Supplier on one hand and Accounting & Finance; Procurement & Stores; Legal Affairs and in the case of foreign purchases, to Foreign Flows Monitoring departments on the other.
- v. All invoices and documents relating to one particular contract shall bear the reference procurement number of that contract.
- vi. The implementation of the Contract shall be carried out by the departments concerned. The Procurement and Stores Department shall have the responsibility for administration of the contract and will provide a Contract Performance Report to the IPDC at a reasonable time before expiry of the contract period.

- vii. All amendments to a signed procurement contract shall require the prior approval of the IPDC.

PART D DISPOSAL OF BANK ASSETS

The IPDC shall also be responsible for disposal of Bank assets.

15.0 DISPOSAL PROCEDURES FOR GENERAL BANK ASSETS

On disposal of assets, the following disposal procedures shall apply:

- i. The Administration/Administrative Services and Mzuzu Branch departments shall be responsible for withdrawing assets no longer required by users. This entails that users must endeavour to inform the Administration, Administrative and Mzuzu Branch departments where and when there are assets that are no longer required in their work.
- ii. An Asset Withdrawal Note shall be filled in triplicate which shall have the following details: date of purchase, description of items, quantity, serial or registration number/item code.
- iii. The Estates Division shall deposit the collected assets/items to the Stores Division.
- iv. The Procurement Division shall consolidate all the assets/items earmarked for disposal into a detailed Annual Disposal Plan. The Plan shall be updated as and when necessary.

- v. The Director of Procurement and Stores shall send a list of assets earmarked for disposal to the Accounting & Finance Department to provide book values.

- vi. Where book values cannot be established, the Director of Procurement and Stores shall in this case arrange for independent valuation of high value assets such as motor vehicles, land, buildings and huge machines. For general items, such as household and office furniture, various office machines, tyres, catering equipment, electrical and plumbing materials, and scrap metal, the Bank's designated valuer shall be responsible for valuing and providing the reserve price of each item.

- vii. The Director of Procurement and Stores shall present the list of items with reserve prices to the IPDC for approval to proceed with a particular method of disposal.

- viii. Executive Management shall be provided with a list of items earmarked for disposal with reserve prices and shall be required to endorse the disposal method as approved by the IPDC.

- ix. Upon approval and endorsement by the IPDC and Executive Management, respectively, the Procurement and Stores Department in liaison with other departments such as Protective Services, Accounting & Finance and Audit shall oversee the disposal exercise.

- x. After payment by the successful bidder, Procurement and Stores Department shall issue a Certificate of Purchase to the buyer which shall be used as an authority to remove items from where they are stored.

16.0 DISPOSAL METHODS

Disposal of goods shall be guided by the following methods:

16.1 Right of First Refusal

Under this method, the user of the items will be given the priority to purchase the items. The item/asset will be sold at either the Net Book Value or 10% of its original cost, whichever is higher. In the absence of original cost, Bank's designated valuers will do a valuation of the items.

The Right of First Refusal shall only apply to members of staff whose employment contract clearly stipulates that the items shall be offered to them as part of their employment contract. Such items include house hold items in official residences, official motor vehicles and ICT equipment, that is desk top computers, laptops and Ipads.

16.2 Public Auction

- i. The Public Auction shall be applied to disposal of general assets which have no conditions attached to the end- user or export restrictions attached to the sale. The items shall include household

and office furniture, various office machines, tyres, catering equipment, electrical and plumbing materials and scrap metal.

- ii. The Public Auction shall be applied where there is a large number of potential bidders or assets to be disposed of in one location. Auction can take place in that particular location or items can be transferred to the premises of the designated auctioneer.
- iii. The Director of Procurement and Stores shall appoint a designated auctioneer to facilitate the Public Action.
- iv. The Public Auction shall be conducted in ten (10) working days after publication of the notification for the Public Auction. Potential bidders shall be allowed to view the items at least two (2) days before the day of the Public Auction.
- v. In cases where the auctioneer collects the assets for a public auction to take place elsewhere other than the Bank's premises, the auctioneer shall issue a receipt for any asset collected.
- vi. Bidding shall be conducted orally in accordance with standard public auction practice and offers shall be accepted based on price only and no negotiations shall be permitted.
- vii. A contract shall be awarded orally to the bidder offering the highest price.
- viii. Award of the contract shall be signified by the fall of the auctioneer's hammer.

- ix. Successful bidder shall be required to pay fifty percent of the contract price immediately after award of contract and the balance to be paid within five (5) working days of award of the contract.
- x. If the bidder fails to pay the balance, the initial 50 percent of the contract price already paid shall be forfeited. The item shall be reserve and to be disposed during the next disposal exercise.
- xi. A disposal Report shall be presented to the IPDC and Executive Management for noting.

16.3 Public Tender

- i. The method shall be used for high value assets such as motor vehicles, huge machines, land and buildings.
- ii. The Bank shall publish an invitation notice in at least one newspaper of wide circulation and the Bank's website.
- iii. The potential bidders shall be granted a minimum bidding period of ten (10) working days to prepare and submit sealed bids.
- iv. Bids shall be deposited in a tender box displayed at the Bank's business receptions which shall be accessible to the public during normal working hours.
- v. Bid opening shall coincide with the bid submission deadline and all late bids shall be rejected.
- vi. Bids shall be opened publicly in the presence of interested bidders or their representatives.
- vii. Bids shall be evaluated based on price and the highest bid shall become successful bid.

- viii. IPDC shall approve the evaluation report before award of the contract. The Evaluation Report shall be submitted to the Governor for noting.
- ix. The Bank shall publish the Intention to Award the contract in two widely circulating newspapers and on the Bank's website to appear for five (5) days for any contract above the threshold set by the PPDA.
- x. The Bank shall award the contract to the successful bidder on "as is basis."
- xi. The successful bidder shall be required to pay the contract price within thirty (30) calendar days from the date of receipt of acceptance letter from the Bank. No part payment shall be allowed. Failure to pay within the stipulated period shall nullify the contract immediately. The item shall be offered to the second highest bidder. If she/he fails, the items shall be reserved for the next disposal exercise.
- xii. In case of a tie, the Bank shall arrange for a re- bidding procedure. Only the bidders who submitted the highest identically priced bids shall be asked to submit revised bids. No other bidder shall be allowed to bid other than those who submitted the identical priced bid. A bidder shall not be accepted to change the terms and conditions, technical details, documentation or any other aspects of the original bid. A revised bid shall only contain a revised price.
- xiii. All other procedures shall remain the same as the original bid.
- xiv. The Bank shall notify both the successful and unsuccessful bidders in writing.

16.4 Donation to other Bodies

- i. The Bank, at its discretion, shall donate items which it perceives can benefit other entities. This method only applies to donations of used items. Donations of new items shall fall under the Bank's Corporate Social Investment/Responsibility Policy.
- ii. A Pricing Committee shall assess the assets and prepare a detailed report which shall be submitted to the IPDC for consideration and approval.
- iii. The Executive Management shall approve disposal of assets through donation upon recommendation from the IPDC.
- iv. The Bank shall seek prior approval from the PPDA to use donation method, outlining the basis for selecting this particular disposal method.

16.5 Destruction or Write Off of Assets

- i. Destruction or write off of assets shall be applied where the asset has no residual value and it cannot be transferred to any other entity. Further, destruction or write offs shall apply on grounds of national security or public interest, health and safety, legal or human rights issues or environmental considerations.
- ii. The main objective of disposal through destruction or write off of assets is to eliminate unnecessary costs for managing assets which have zero value.
- iii. The Bank shall seek prior approval from the PPDA to use of destruction or write-off of assets method.

- iv. The Executive Management shall endorse disposal of assets through destruction or write off of the assets upon recommendation from the IPDC.

16.6 Additional Disposal Method

Other disposal methods such as Trade – in, direct negotiations or Conversion/ classifications of assets into another form shall be used as and when necessary and that other disposal methods cannot apply.

17.0 MAXIMUM USEFUL LIFE FOR VARIOUS ASSETS

17.1 Motor Vehicles

17.1.1 Pool Vehicles

- i) Pool vehicles shall have a maximum life of 4 years before they are disposed of through public tendering.
- ii) The Administration Department shall have the mandate to propose to Executive Management, disposal of motor vehicles which have not clocked 4 years.
- iii) Pool vehicles shall be sold at the reserve price which shall be the market value as determined by the franchise dealer's valuation.
- iv) The vehicles shall be sold on “as is basis”.

17.1.2 Officially Owned vehicles

- i) Officially owned Bank vehicles shall have a useful life of 5 (five) years upon which it shall be offered to the “owner” on ‘Right of First Refusal’ basis.
- ii) The vehicles shall be sold on ‘as is basis’ at Net Book Value or 10% of the initial purchase price, whichever is higher.
- iii) The “Right of First Refusal” shall be extended to eligible staff exiting the Bank before the end of the five years disposal period under the following conditions:
 - a) Expiry of contract of employment with the Bank.
 - b) Bank initiated termination of contract.
 - c) Retirement.
- iv) Where such is the case, the motor vehicle shall be disposed of to the eligible member of staff at the lower of Net Book value and market value as determined by the franchise holder of the vehicle.

17.2 Computer Equipment

17.2.1 Laptop and Desktop Computers

- i) Laptop and desktop computers shall have a useful life of three (3) and five (5) years, respectively, from the date of purchase.
- ii) Laptop and desktop computers are working tools and shall be disposed of through public auction. Exception is only to

the ICT equipment whose user has an employment contract that entitles them to purchase the equipment under ‘Right of First Refusal’ method.

- iii) Some computer equipment, which has outlived their useful lifetime and which are no longer required by the Bank, may be donated to educational institutions and such other institutions at the Bank’s discretion. The procedures for disposal through Donation shall apply.

17.3 Furniture and Household Effects

17.3.1 Guesthouse/Cottage Furniture and Household Items

- i) Guesthouse/cottage furniture and household items shall have a useful life of five (5) years after which they shall be disposed of through public auction.
- ii) All other conditions for public auction shall apply as outlined above.

17.3.2 Official Residences Furniture and Household Items

- i) Furniture and household items in official residences shall have a useful life of five (5) years after which they shall be offered to the occupant on “Right of First Refusal” basis.
- ii) All other terms of offer shall be as outlined above.

PART E GENERAL PROVISIONS

18.0 REVIEW AND AMENDMENTS

The Bank shall review and amend these provisions from time to time as may be deemed necessary. Such amendments shall be communicated in relevant notices and instructions.

Dr. W.T. Banda

GOVERNOR

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PROCUREMENT GUIDELINES

RBM INTERNAL PROCUREMENT AND DISPOSAL OF ASSETS COMMITTEE (IPDC)

1) Composition of the RBM Internal Procurement and Disposal of Assets Committee

The IPDC shall be composed of the following members:

- (a) Appointee of the Governor - Chairperson
- (b) Appointee of the Governor - Alternate Chairperson
- (c) Director, Accounting and Finance
- (d) Any Director/Senior Manager
- (e) Director, Procurement and Stores – Secretary

The quorum: shall be made up of the Chairperson of IPDC, Director of Accounting and Finance and Director, Procurement and Stores who shall serve as secretary.

Term of office for members of the Internal Procurement and Disposal of Assets Committee shall be two (2) years and members may be re-appointed to the Committee. Directors, Accounting and Finance and Procurement and Stores shall not be subjected to a two (2) year term, but as long as they hold the office.

Members of the IPDC shall be required to take an oath of secrecy administered by a legal counsel. This will also apply to Procurement Officers and members of evaluation teams.

2) **Responsibilities of the RBM Internal Procurement and Disposal of Asset Committee**

The functions of the IPDC shall include:

- a) Ascertaining the availability of funds to pay for each procurement.
- b) Approving the methods of procurement and disposal to be used in each case.
- c) Approving the procurement and disposal plans for the Bank.
- d) Appointing the chairperson of the bid opening from amongst its members
- e) Reviewing and approving bid evaluation reports. The following shall provide a check list when considering the evaluation reports:
 - i. Check on whether the right procurement method has been used.
 - ii. Check that all members of the Evaluation Team have signed the Evaluation Report.
 - iii. Check on whether the adverts and bidding documents were approved by the IPDC.
 - iv. Check that the procurement process has been conducted in a manner which promotes transparency, accountability, non-discrimination, fairness, open competition, anonymity, economy, efficiency and responsiveness.
- f) Reviewing and approving any contract amendments.

3) **DUTIES OF THE GOVERNOR**

The duties of the Governor shall include:

- g) Appointing IPDC members
- h) Submitting annual procurement and disposal plans to the PPDA.
- i) Preventing misconduct in procurement and disposal proceedings.
- j) Managing bidders protests and grievances.
- k) Reporting misconduct to the PPDA and other authorities.
- l) Implementing disciplinary measures against public officials and suppliers.
- m) Ensuring that procurement and disposal documentation is made available to oversight bodies.
- n) Providing leadership and oversight role.

4) **COMPOSITION OF THE EVALUATION TEAM**

- a) The *Ad Hoc* Evaluation Team shall be appointed for the purposes of assessment, analysis and comparison of bids.
- b) All the Evaluation Team members shall be required to undertake an Oath of Secrecy and sign a declaration of interest form before commencement of evaluations.
- c) A member who has declared any conflict of interest in the subject of procurement, and is absent or envisages to be absent at the evaluation exercise shall be replaced.

- d) The bids shall be evaluated and compared only in accordance with the criteria, and their relative weight (for consultancy), as set forth in the bidding documents.
- e) The *Ad Hoc* Evaluation Team shall have a maximum of five (5) members which shall comprise the following stakeholder departments:
- i) Strategy and Risk Management: *to provide guidance on matters relating to risks as far as the procurement at hand is concerned.*
 - ii) Requisitioning Department: *to provide technical guidance regarding the procurement at hand. To ensure objectivity of the evaluation process, the requisitioning department shall at least provide two members of staff to be part of the Evaluation Team*
 - iii) Accounting and Finance: *to provide guidance on availability of budgets on the procurement at hand and assess if the bidders have the financial capacity to execute the contract.*
 - iv) Procurement and Stores: *to provide guidance on procurement matters and act as secretariat of the Evaluation Team.*
 - v) Legal Affairs: *to provide guidance on legal matters regarding the procurement at hand. However, Legal Affairs Department shall not be part of the actual evaluation process unless the procurement of external legal services. On procurement of legal services, Legal Affairs Department shall be part of the evaluation team as requisitioning department.*
- f) Members of the team shall equally participate in the discussions. As such, no single member of the team should dominate the discussions.

5) **THRESHOLDS FOR SOURCING OF QUOTATIONS**

The Executive Management shall revise the thresholds from time to time, taking into consideration prevailing economic and operational circumstances.

6) **SOURCING OF QUOTATIONS**

The following monetary limits shall apply when sourcing quotations:

MK100,000.00 and below	One (1) quotation
Above MK100,000.00 and below MK200,000.00	Two (2) quotations
MK200,000.00 and above	Three (3) quotations

Monetary limits and number of quotations as stipulated above shall not apply in cases of emergency. IPDC shall be required to approve all cases of single sourcing.

8) **RENEWAL OF APPROVED LIST OF LOCAL SUPPLIERS
AND FOREIGN PROCUREMENT AGENTS**

Procurement and Stores Department shall quarterly, carry out due diligence visits to suppliers who have shown interest to deal with the Bank or are

currently dealing with the Bank. This is to ensure that the Bank is dealing with credible suppliers. All suppliers whose standards are low and fail to meet set assessment criteria shall not be considered. The assessment criteria shall include:

- a) Business registration
- b) Physical presence
- c) PPDA registration
- d) Tax compliance
- e) Past performance / references
- f) NCIC registration (for contractors) and
- g) Capacity to perform (financial and human resources).

9) **ISSUING OF PURCHASE ORDER**

A Purchase Order (PO) shall be issued within the following stipulated periods:

PO FOR	PERIOD
Routine Services (such as travel, accommodation)	Within one day
Goods and Services (below MK10,000,000.00)	Within five (5) working days
Minor works (below MK10,000,000.00)	Within ten (10) working days

10) **SELLING OF BIDDING DOCUMENTS**

Bidding documents shall be sold at a cost that will reflect printing costs and the following prices shall act as guideline:

BIDDING DOCUMENTS	COST (MK)
Small Works	5,000.00
Major Works	5,000.00
Non-consultancy Services	5,000.00
Consultancy Services	5,000.00

Interested bidders shall pay for the bidding documents through depositing of the required selling prices with a teller. No officer apart from the tellers shall be allowed to collect money from bidders. No bidding documents shall be sold outside stipulated period.

Executive Management shall revise the thresholds from time to time taking into consideration prevailing economic and operational circumstances.

11) **THE MINIMUM BIDDING PERIODS FOR THE VARIOUS PROCUREMENTS**

The minimum bidding periods for various procurement shall be as follow:

No	Tender Method	Period
1	International Competitive Bidding (ICB)	Forty-five (45) calendar days
2	National Competitive Bidding (NCB)	Thirty (30) calendar days
3	Restricted	Twenty - one calendar days

4	Request for proposals (RFP)	Twenty - one calendar days after completion of shortlisting of bidders through EoI
5	Request for Quotation (RFQ)	Five (5) calendar days
6	Single Sourcing	Five (5) calendar days.
7	Single Sourcing in an Emergency	Twenty-four (24) hours

12) **PETTY CASH**

Procurement and Stores Department shall keep cash for petty cash transactions and shall be governed by relevant Policy on Petty Cash.

13) **OTHER PROVISIONS**

The Bank shall review and amend these guidelines from time to time as may be deemed necessary. Such amendments shall be communicated in relevant notices and instructions.

Dr. W.T. Banda

GOVERNOR