



Thailand Burma Border Consortium

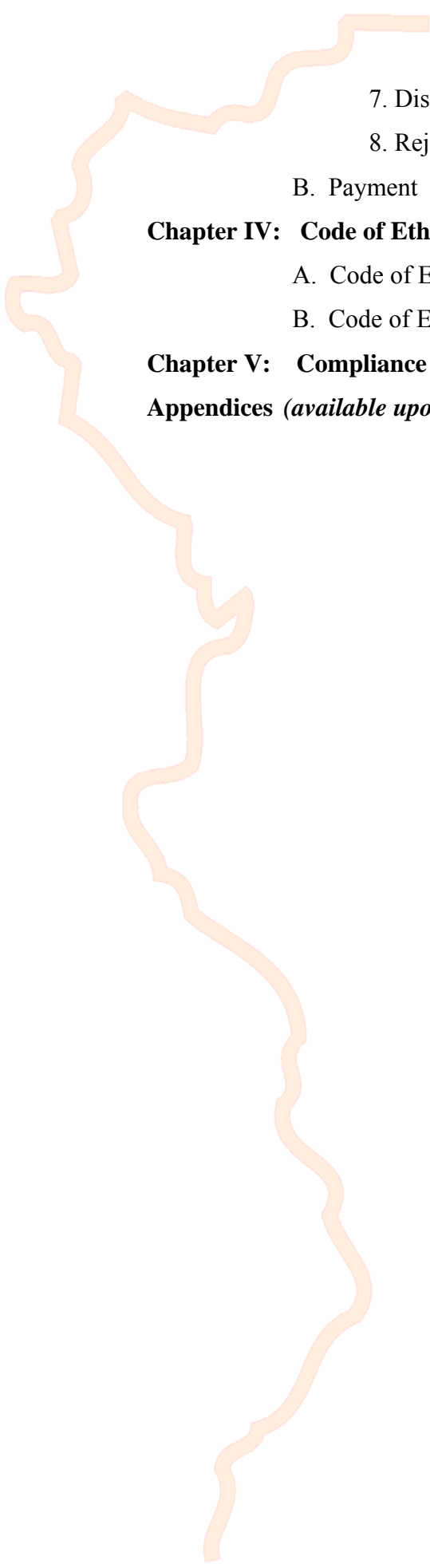


Procurement Manual

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Introduction

The procurement of supplies is an important functional area as providing food and relief assistance is one of TBBC's core activities. Most of the organisation's expenditures are incurred by purchasing. Once needs are identified, procurement is the beginning stage of the supply chain, which leads to further processes of delivery, receipt, monitoring, distribution to beneficiaries, and payment. Good procurement can smooth these subsequent processes down the supply chain and also ensure an effective use of donors' funds.

The primary role of the procurement department is to support TBBC's relief programme and the beneficiaries. In addition, TBBC has an obligation to its donors, Board of Directors, and all stakeholders in developing and implementing a procurement procedure that is transparent, traceable, and complies with donors' requirements and policies.

Purposes:

The objective of this manual is to explain TBBC's procurement procedures and to provide guidelines for procurement practices, specifically for those in relation to TBBC's tendering and quality control. This manual is also intended to ensure adequate internal control and TBBC's compliance with donors' requirements and policies.

TBBC aims to carry out all procurement activities within the framework of sound business practice, which is to ensure transparency of the processes and promote fair competition among suppliers.

The procurement programmes and procedures, at all scopes and financial sizes, must be developed and conducted in a way that efficiently serves TBBC's programmes and beneficiaries. The intent of the process is to ensure that the right suppliers are selected, the supplies meet quality standards, and the purchase decisions represent the best value for money. The process is also meant to assess the tenderers'/suppliers' abilities based upon financial and non-financial criteria and their overall capabilities. TBBC's existing monitoring tools control and evaluate suppliers based on quality of supplies, quantity of supplies, ability to deliver, service to TBBC, and satisfaction of beneficiaries.

TBBC must ensure that the use of all funding from the donors is used effectively and complies with the donors' requirements. The donors have the right to access TBBC's and the contractors' records and documentation. All procurement activities must be properly documented and be subject to scrutiny by donors, auditors and related parties.

TBBC's procurement must promote the highest ethical standard and social responsibility both among TBBC staff and external sources that TBBC deals with. The suppliers, contractors and candidates must be able to guarantee their ethical standards with respect to the exploitation of child labour, recognition of basic social rights and condition of their working environment. As for TBBC staff and contracting authorities, any actions and behaviours that may lead to the appearance of individual and organisational conflicts of interests and non-competitive practices must be avoided.

In addition, the procurement procedure has to guarantee that any action or engagement by suppliers, contractors, and candidates, in corruption, fraud, collusion, and coercive practice are prohibited. TBBC's contracting authorities shall reject any offers/proposals or terminate contracts of those suppliers who are engaged in such practices. The relevant donors must be informed if such wrongful and unacceptable cases are discovered.

Principles:

Within the scope of the above purposes, TBBC will adhere to the following principles for all procurement activities:

- Transparency in all procurement activities and processes.
- Proportionality between the procurement procedures applied and the value of the contracts.
- Impartiality or equal treatment to all potential suppliers and candidates.
- Highest ethical standard observed by TBBC staff, contracting authorities, contractors, and candidates.
- Non-discrimination among donors.

This manual is divided into 5 parts. Part I outlines TBBC's procurement procedure, which focuses on procurement methods that can be applied to different value purchases. In addition, this section also describes the TBBC's contracting authorities, known as Procurement Committees, including their roles in relation to the evaluation of suppliers and the awarding of purchases/contracts. Part II explains in detail TBBC's tendering procedure as it is the core procurement procedure accounting for over 70 percent of TBBC's total supply purchases. Part III describes the post-tendering procedure including delivery, quality control, receipt, and payment, which are the steps that lead to achieving the end of the supply chain. Finally the code of ethics and the compliance with donors' policies and requirements is explained in Part IV and Part V respectively.

Chapter I:

TBBC Procurement Procedure

A. Procurement Methods Applied:

TBBC aims to carry out all procurement practices in a sound business manner. This is to ensure transparency, equal treatment of suppliers, genuine competition, and the highest ethical standard. In addition, these practices ensure the compliance of donors' policy and requirements.

TBBC applies various procurement methods by taking into account the proportionality between the value of each contract or purchase order and the procurement method used. A more complex procurement procedure is normally adopted for purchases with high value and high risk. In contrast, low value purchases normally require a less complicated procedure.

Beside the value of the contract / purchase, procurement methods may vary according to the type or technical requirements of the supplies, the stage of the products (i.e. developing products or regular supplies with clearly-defined specification), the needs of the beneficiaries, the time frame, and the physical availability of the required supplies. In certain instances, highly complex procurement methods may be appropriate or required for the implementation of some funded activities.

TBBC's procurement can be categorised into four methods: 1) tendering, 2) competitive purchasing, 3) direct purchasing, and 4) single quote. Each of these methods has a different set of requirements depending upon the value of the purchases and other considerations. Table 1 on page 11 highlights the procurement methods, the value thresholds, the summary of required procedures, and the authorisation requirements. These methods and thresholds apply to both supply and service procurement.

1. Tendering:

TBBC's tendering means the open tender procedure, which is defined as the bidding process where all interested suppliers submit bids in response to a publication of a tender notice. TBBC's tender shall include, but not be limited to, the following requirements:

- **Publication of Tender Notice:** The scope of the publication shall be established, whether it be via web based, local publication, or other.
- **Distribution of Invitation to Tender:** The tender invitation notices will be in written form and specify the rules governing the tenders which will include, but not be limited to, the rules covering the criteria for excluding suppliers, the criteria for awarding business and the criteria for achieving the technical specifications.
- **Requirement for Sealed Bid:** The tender offers must be submitted in sealed envelopes prior to the submission deadline.

- **Evaluation of Suppliers:** The contracts shall be awarded on the basis of *the best value for the money*. In order to select the bids that represent the best value for money, an evaluation of suppliers is required by taking into account necessary factors, such as price, quality, experience of suppliers/tenderers, production capacity, etc.
- **Decisions/Recommendation by Procurement Committee:** The bid evaluation and the contract awarding process will be carried out by the Procurement Committee, which is comprised of a group of authorised staff from related and various functional areas. This ensures that all aspects of the tender offer are taken into consideration and that the process is transparent and impartial.
- **Quality Control Inspection:** To ensure quality and quantity of supplies delivered, quality control inspections are required and will be periodically carried out by independent inspection companies.
- **Information File:** Records of the above processes must be properly documented to audit standard.

The open tendering shall be the common practice applied for all contracts over 600,000 baht (USD 20,000). The contracts for tendered supplies have to be authorised by TBBC Executive Director, or nominated representative during his absence.

On an exception basis, some purchases over 600,000 baht may be exempted from the tendering procedure. This may include supplies in the development stage or supplies that fall under technical and logistical requirements/exceptions.

2. Competitive Purchase:

A competitive purchase is used for purchases over 600,000 baht (USD 20,000) where the above tender procedure is not practical. Such circumstances include but are not limited to:

- supplies to unusually remote border locations with unique logistical requirements.
- supplies during the development stage from the supplier's perspective, where the product specification is not clearly defined or a high degree of collaboration between TBBC and supply producers is required. This might also reflect the introductory or trial stage of a newly introduced product to the beneficiaries. Quality and acceptability evaluations are essential for a product at this stage.
- the needs or supply quantity to be purchased might vary at times, making it difficult for contract commitment.
- a tender process has failed to obtain a satisfactory bid.

The competitive purchase aims to maintain fair competition and cost effectiveness while taking into account the complex nature of supply development. The competitive purchasing procedure shall include, but not be limited to, the following requirements:

- **Written Quotation:** To ensure a genuine competition, a minimum of three suppliers' written quotations is sought.

- **Evaluation of Suppliers:** The *value for money* concept shall be applied for the evaluation of suppliers. The main selection criteria shall include 1) price, 2) technical knowledge of products, 3) production capacity, 4) willingness and flexibility to work with TBBC through the product development stage.

In addition, where relevant, supplier's factory should have been visited by TBBC's staff to inform supplier evaluation. This enables TBBC to acquire inputs for assessing supplier's potential and capability.

- **Decisions/Recommendation by Procurement Committee:** The evaluation and selection of suppliers will be carried out by the Procurement Committee. This ensures that all aspects of the purchases are considered and that the process is transparent and impartial.
- **Quality Control Inspection:** A quality control check is required on regular basis to monitor the quality and quantity of supplies. Independent inspection companies shall be engaged to do those checks.
- **Information File:** Records of the above processes including information on product development and potential suppliers must be properly documented.

The contracts or purchase orders under the competitive purchasing category have to be authorised by the Executive Director.

3. Direct Purchase:

Direct purchase is applied for any purchase value under 600,000 baht (USD 20,000). It involves less complicated procedures in comparison to the tendering and the competitive purchasing methods. The key considerations for the direct purchasing include: 1) fair competition, 2) economic/reasonable prices possible, 3) selections of the best *value for the money*, 4) proportionality between the procedures applied and the purchase values, and 5) proper documentation.

TBBC has two main thresholds for direct purchasing based upon the values of purchases. The following thresholds involve different sets of document/procedural requirements.

3.1 Purchase value 60,000 to 600,000 Baht

All purchases from 60,000 to 600,000 Baht are subject to the following requirements:

- Minimum 3 bids. A summary of verbal quotations or catalogue comparison is acceptable if written quotes are not available.
- Purchase Request.
- Purchase Order

3.2 Purchase value less than 60,000 Baht

There are no formal requirements for purchases valuing 60,000 Baht or less. However, sound purchasing practices must be followed for any purchases under this category.

Wherever possible, some price comparisons (i.e. different supplier prices or market prices) should be acquired. Written supplier quotations and purchase orders are preferable but not required. If there are no written quotations available, any verbal offers be documented.

4. Single Quote:

Single quote means purchases of supplies from a single supplier at the quoted price. This is the least preferred method and shall only be used on exceptional basis and at TBBC discretion. The order may be placed on the basis of single quote in the following cases:

- a) There is a need to purchase supplies in response to primary emergency situation.
- b) Only one tenderer or no tenderers submitted a bid in response to TBBC's tender or competitive purchase procedures. This is under the condition that the original terms of the contract are not substantially altered, and that specific donor regulations allow.
- c) It is not possible to obtain two quotes under the direct purchasing procedure. This might be due to physical availability of required supplies and/or logistical hindrance to deliver supplies to a specific area.
- d) There is a technical reason connected with the protection of exclusive rights.
- e) The extension of contracts, which were awarded under the tendering procedure, and/or the repetitive orders of supplies/services procured under the direct purchasing procedure (with minimum 3 quotations acquired originally). This is under the conditions that the terms of the original contracts/purchases are not substantially altered. that the period from the award of the first contract or purchase shall not be longer than one year, and that specific donor regulations allow
- f) Purchase orders have a value below 60,000 baht.

In terms of procedure and documentation requirements, all purchases under the Single Quote category shall apply the same value thresholds as those applied for Competitive Purchasing and Direct Purchasing.

In addition, it is important to have some written note stated in Purchase Request (or Purchase Order if value under 60,000 baht) with the reasons why single quotation is applicable for a particular purchase.

B. Approval Authorities:

The previous sections describe the procurement methods applied by TBBC by outlining the procedure and documentation required according to the purchase value thresholds and other considerations. This section defines the levels of authorisation required to procurement of supplies and services for TBBC programme by separating into the authorisation of 1) Purchase Request, 2) Purchase Order, and 3) Purchase Contract.

1. Authorisation Schedules for Purchase Request (PR)

The authorisation of the Purchase Request is the key approval stage of supply procurement. It is the responsibility of the authorised personnel to ensure that:

- ✓ The information contained in the PR is completed, and the procedure taken meet TBBC's procurement policy.
- ✓ Funds are available to cover the cost of the requested purchase.

The TBBC's authorisation schedule is shown in Table 2 on the next page. The levels of required authorisation depend on the financial commitment of the purchase or contract. The signatory requirement is also separated into two categories by the type of the required supplies: 1) camp, other programme and office supplies, and 2) fixed assets and equipment.

Note that the above authorisation schedule is applicable for purchase approval only. See TBBC Financial Manual for required authorisation for payment.

2. Signing Authority for Purchase Order (PO)

The approved Purchase Request will be passed to the Bangkok Procurement Office or the Field Office(s) for processing the purchase. With the completed and signed PR, the Purchase Order can be signed by the Procurement Manager or the Field Coordinator(s).

3. Approval Authority of Purchase Contract

Any purchase contracts regardless of purchase value must be signed by the TBBC Executive Director, or in his absence by Deputy Executive Director or Financial Controller

Table 1: TBBC's Procurement Methods Applied

Thresholds (contract / purchase value in <i>Thai Baht</i>)	Procurement Methods Applied	Requirements:
Over 600,000	Tendering	<ul style="list-style-type: none"> ▪ Open Tender with International and/or Local Publication ▪ Written Invitation to Tender ▪ Sealed bid process ▪ Supplier evaluation ▪ Tendering Committees' decisions or recommendations ▪ Contract awarded
Over 600,000	Competitive Purchasing	<ul style="list-style-type: none"> ▪ Minimum 3 supplier written quotes (sealed bids if specific donor regulations require) ▪ Supplier evaluation required (i.e. factory visit, information files) ▪ Tendering Committees' decisions or recommendations ▪ Contract awarded
60,000 – 600,000	Direct Purchase	<ul style="list-style-type: none"> ▪ Minimum 3 bids – may be summary of Verbal Quotes or catalogue comparisons ▪ Purchase Request ▪ Purchase Order
Less than 60,000	Direct Purchase	<ul style="list-style-type: none"> ▪ No formal requirement. Sound purchasing practices must be followed.
Over 60,000	Single Quote	<ul style="list-style-type: none"> ▪ Single Quote only allowed for purchase of supplies with technical exceptions of the above categories ▪ Written Quotation and/or Purchase Request (PR) required depending upon value of purchases. ▪ written note (may state in PR) stating technical reasons that justify single quote. ▪ Purchase Order

Table 2: The Standard TBBC Authorisation Schedule

Authorised Personnel	Camp and Other Programme & Office Supplies	Fixed Assets & Equipment
Executive Director (DED or Fin Ctr during absence)	Over 600,000	Over 60,000
Deputy Executive Director or Financial Controller		20,000 - 60,000
Management	60,000 – 600,000	5,000 – 20,000
Field Coordinators and Specialists+	Under 60,000	Under 5,000

+ Specialists = Food Security Coordinator, Displacement Researcher, Programme Support Manager

Remarks:

1. Authorisation Schedule defines the level of authorisation required for the approval of Purchase Request (PR).

2. *With the PR approved by authorised personnel, the Purchase Order (PO) can be signed by the Procurement Manager or Field Coordinators.*
3. *All Approvals requiring a deposit payment to be made must be countersigned by Financial Controller.*
4. *No formal requirement for Purchase Request (PR) for any purchase value under 60,000 Baht. However, sound purchasing practice must be followed.*

C. Documentation:

All procurement activities must be properly and transparently documented. This section clarifies the three important purchasing documents mentioned earlier in this chapter. These consist of Purchase Request (PR), Purchase Order (PO), and Purchase Contract.

1. Purchase Request (PR)

The Purchase Request (PR) is an internal document used by TBBC. Any TBBC staff may initiate a request to purchase using the PR. The purpose of the PR is to:

- Indicate the required supplies and services.
- Document a summary or comparison of supplier offers.
- Provide an estimated maximum value of purchase.
- Document an approval to purchase.

Format:

PR should be filled in the TBBC standard form (see Appendix 1). However, an email correspondent can be used as PR providing that it contains the following information:

- ✓ The required supplies or services
- ✓ Reasons for purchase
- ✓ Comparison of supplier quotes obtained (and reasons if single quote is used)
- ✓ Maximum value for which approval is requested
- ✓ An approval signature or email response from an authorised manager.

The approved PR should be attached with PO and delivery/receipt documents (if any) and passed to Finance office, one copy is filed at the procurement office or field office(s) that carry out the purchase, and another copy is retained by the requesting officer for reference.

2. Purchase Order (PO)

The Purchase Order is the document confirming all details of a purchase. PO is issued by TBBC to a supplier. Once accepted and signed by the supplier, PO serves as a legal commitment between TBBC and the supplier.

PO should at least include name and address of TBBC and supplier, sequent number, details of the required product, quantity, unit price, total purchase value, delivery date, place of delivery, terms of payment, and TBBC's authorised signature. As for TBBC, the consumption/use month of supplies purchased (for camp supplies).

Format:

PO should be generated in TBBC's Quickbooks accounting system. The PO generated in Quickbooks will be in TBBC's standard computerised format with running serial numbers which enables tracking, further recording of receipt and payment, and report summarising.

The signed PO should be passed to the Finance Office for payment purpose; a copy is retained at the Bangkok Procurement office or Field Office(s) for reference.

3. Purchase Contract

The Purchase Contract is the document that contains all details of a purchase including the terms and conditions agreed by both parties. A purchase contract serves as a legal agreement between TBBC and the supplier.

A contract is used by TBBC for any purchase by the open tender and when a simple PO cannot include sufficient information or documentation required of the purchase agreement. A contract can be used instead of PO for a purchase with high value or with special requirements and conditions.

The purchase contract should state at least the following details:

- Parties involved
- Contract Date
- Quality specification
- Quantity
- Price
- Packing
- Delivery requirements
- Inspection (*if required*)
- Terms of Payment
- Penalty Clauses
- Other conditions/clarifications such as rules, warranty, special requirements, etc.
- Signatures by contract parties

Format:

A contract should be in printed letter format. To be legally valid, the contract must be signed by both parties. Two original contract documents are normally required; one sent to supplier and the other retained by TBBC Bangkok Procurement office.

Following the issuance of a purchase contract, Purchase Order(s) must be generated in TBBC's Quickbooks programme for computerised tracking purpose. The signed PO should be passed to the Finance Office for payment; a copy is retained at the Bangkok Procurement office or Field Office(s) for reference.

Other Related Documents:

In addition to the above three documents, TBBC employs other procurement documents and forms especially for those in relation to tendering procedure. The explanation and/or example of those documents and forms will be provided in Chapter 2: Tendering Procedure.

A purchase transaction is completed when goods are delivered and checked, and a payment is arranged to supplier accordingly. Therefore, in addition to PR, PO, and/or Contract, the full documentation of purchase shall also include documents on goods delivery and/or receipt, supplier invoices, and payment. Chapter 3 of this manual provides more explanation regarding delivery, receipt, and payment. The full details of the delivery, receipt, and

payment procedures are available in the TBBC Financial Procedure Manual and the TBBC Monitoring Manual.

Related Documents:

Appendix 1: Purchase Request (PR) - Form

Appendix 2: Purchase Order (PO) - Form

Appendix 3: Purchase Contract – Sample

D. TBBC Procurement Committee:

TBBC's Procurement Committee is comprised of TBBC staff from various functional areas who are responsible for, or are involved in the supply procurement, delivery and distribution, contract monitoring, and quality control. The committees include the representative staff from both Support and Programme units. The TBBC's Procurement Committee consists of:

- Programme Unit:
 - Deputy Executive Director
 - Programme Coordinator
 - Programme Support Manager
 - Field Coordinator responsible for the camps where supplies are tendered for
 - Food Security Coordinator or Nutritionist
- Support Unit:
 - Financial Controller
 - Procurement Manager
 - Procurement Administrator
 - Procurement Officer

The role of the committees is to fully represent TBBC and ensure a fair and transparent process of purchasing and tendering. This includes taking part in 1) TBBC's tendering process and competitive purchasing in relation to bid evaluation, vendor selection, and contract award.

The Procurement Committee (or so-called Tendering Committee) is responsible for:

1. The opening of the Bids
2. Evaluation of Bids and Recommendations

There must be at least three committee members in attendance for all processes/meetings to be valid. In the meeting to evaluate bids and discuss recommendations, there must be at least one representative from the Programme Team attending.

Chapter II: TBBC Tendering Procedure

This Procurement Manual focus on the TBBC’s tendering, as the core procurement method that accounts for above 70 percent of TBBC’s supply purchase value. This Part explains the tendering procedure applied by TBBC. Starting by listing the types of camp supplies which are tendered for and explaining TBBC’s tendering schedule, the tendering procedures are described in detail in the rest of the chapter including all necessary requirements and criteria. For all of these, TBBC takes into consideration the important procurement principles set out earlier and the compliance of the procedures applied to donors’ requirements and policies.

A. Supplies Tendered for:

Normally supplies are subject to open tender or competitive purchase as in Table 3 below:

Table 3: Items Tendered for vs. Competitive Purchase

Open Tender		Competitive Purchase
Regular Supplies (monthly or stockpile delivery)	Annual Supplies (delivery once a year)	
<p><u>Food:</u></p> <ul style="list-style-type: none"> - Rice - Mung Beans - Soya Beans Oil - Chillies - Iodised Salt - Fishpaste - Canned Sardines - Fortified flour - Sugar <p><u>Non-Food:</u></p> <ul style="list-style-type: none"> - Charcoal - Firewood - 	<p><u>Non-Food:</u></p> <ul style="list-style-type: none"> - Blankets - Bednets - Mats¹ - Pots² - Stoves - Eucalyptus Poles (building materials) - Plastic Sheets (building materials) 	<p><u>Food</u></p> <ul style="list-style-type: none"> - IDP camps <p><u>Non-Food:</u></p> <ul style="list-style-type: none"> - Other building materials (bamboo, roofing materials, etc.) - Children’s clothing - Thread (for longyes project) - Others (miscellaneous)

¹ Procured every other year.

² Procured every three years

B. Tendering Schedule:

The procurement unit in the TBBC Bangkok office is responsible for producing the TBBC's Tendering Schedule. In consultation with the programme team, the Tendering Schedule is planned and developed on a yearly basis and can be revised during the year if necessary. The Tendering Schedule provides the time line for each step of TBBC's tendering process and gives appropriate inputs regarding:

- Types of supplies tendered for
- Contract periods
- Deadlines for calling bids, closing bids, tendering committee meeting, and awarding contracts
- Delivery period and frequency

It should be noted that TBBC normally divides supply contracts into 2 contracts (meaning 2 tenders) per camp per year. The reasons for not having contracts for a year or longer are the market price fluctuation of major commodities, which makes it difficult for suppliers to maintain contract prices for a long period of time, and the consideration that the shorter time-period provides less risk to TBBC if a contract is awarded to a new supplier, or to a supplier who does not follow the contract.

In addition, the contract period for some camps, especially those requiring stockpiling of supplies for rainy season consumption, depends upon natural seasons. The camps that do rainy-season stockpiling normally have wet season contracts of 6 to 8 months and dry season contracts of 4 to 6 months.

Related Documents:

Appendix 4: TBBC's current year Tendering Schedule

Appendix 5: TBBC's next year Tendering Schedule

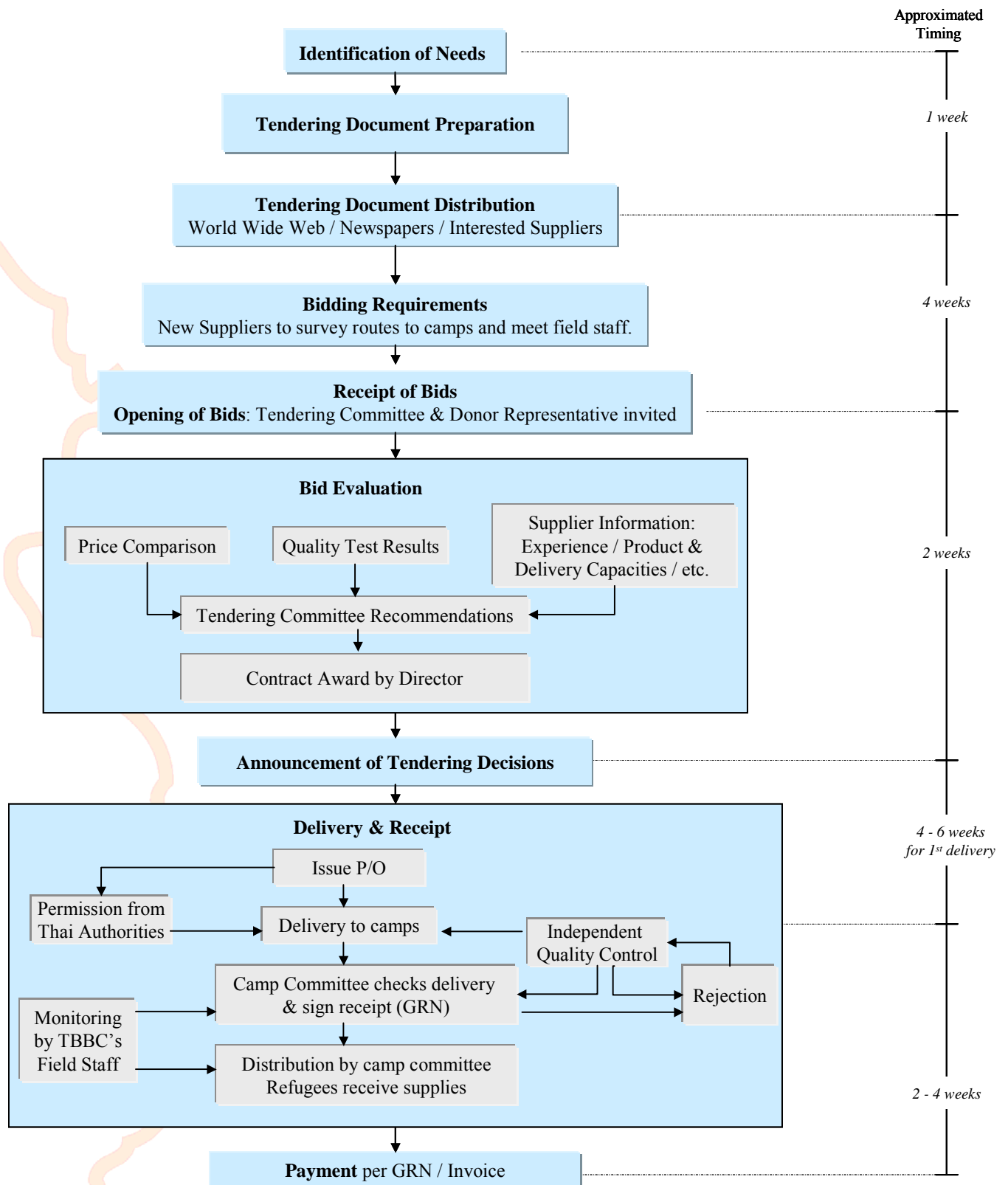
C. Tendering Procedure:

As mentioned earlier in Part I, TBBC's tendering means an open tender procedure where all interested suppliers submit bids in response to a publication of a tender notice. The chart on the next page outlines TBBC's Tendering and Quality Control Procedure by listing all of the key processes and the approximated time line. The explanation of each tendering procedure is provided in detail in the rest of this chapter. Subsequently, the next chapter describes the post-tendering/purchase procedures, which include delivery, quality control, receipt, and payment.

1. Identification of Needs

As stated previously, TBBC has a pre-determined tendering schedule with the exact contract and consumption/use periods, the timeline for each procedure, and the type of supplies to be tendered. The need identification process, for TBBC, involves the calculation of the supply consumption or use quantity expected for the contract period that TBBC will tender for.

TBBC Tendering and Quality Control Procedure



The Tender Request - Quantity Authorisation Form is used as a tool for calculating the quantity of supplies to be tendered for each contract period as stated in the Tendering Schedule. The procurement unit in Bangkok is responsible for filling out the form, which will be subsequently verified by the the Field Coordinator who is responsible for each particular camp or another Programme member of the Tender Committee. Also, the Financial Controller checks and approves these forms.

Table 4 below provides the list of inputs for calculating needs including the sources from where those inputs are acquired.

Table 4: Inputs for Need Identification and the Sources of Inputs

Inputs	Sources
A. Updated monthly population figures for each camp	Camp committees (<i>information available on TBBC Map/reports on monthly basis</i>)
B. Trend (%) on population increase/decrease, if necessary (<i>e.g. to project the middle of contract needs</i>) or Forecast from Financial Controller	Past population records, the recent border and camp situation, etc. Budget, Resettlement estimates
C. Multipliers (or rations) for each commodity	TBBC Programme Guidelines
D. Reserved quantity for emergencies, if required	To be pre-determined or updated by Programme Unit/ Financial Controller
E. Consumption period (<i>number of months</i>)	TBBC Tendering Schedule
F. Delivery period/frequency (<i>length of delivery: the number of months needed for deliveries</i>)	TBBC Tendering Schedule

How to calculate the needs:

Formula:

Needs per month (N):
$$N = [(A * B\%) * C] + D$$

Estimated total contract quantity (Q):
$$Q = N * E$$

Estimated quantity delivered per delivery month (R)
$$R = Q / F$$

For food and cooking fuel, which are sent to camps on a regular basis, the quantity outputs from the calculations of needs normally becomes the contract quantity. However, these quantities are identified in TBBC's tendering documents as estimated numbers only. TBBC usually awards contracts for these commodities based on the estimated need quantities. Both tendering and contract documents for these commodities specify the condition that the exact quantity and delivery period will be confirmed to suppliers in the form of an Official Purchase Order, which will be sent to suppliers at least 10 days prior to the required delivery dates. In addition, to securing the contract prices, there is a condition in the documents that requires suppliers to maintain the same price for any additional quantity of up to 10% more than the original contracted quantity.

Related Documents:

Appendix 6: Tendering Request - Quantity Authorisation - Form

Appendix 7: TBBC Map (*produced monthly with information on camp population*) - Sample

Appendix 8: Standard Rations & Multipliers of TBBC's Major Commodities (*summarised from TBBC's Programme Guidelines*)

2. Tendering Document Preparation

After the tendering timetable is set and needs identified, the next step is to prepare the tendering documents. The Procurement unit in Bangkok is responsible for preparing the tendering documents.

For regular supplies tendering (food items and cooking fuel), the tendering documents comprise of a set of 4 documents as follows:

1. Invitation to Tender (*one document per commodity*)
2. Delivery Schedule (*one document per commodity*)
3. TBBC Official Bidding Form (Form 001) (*one document per commodity*)
4. Attachment to the Invitation to Tender (*one document for all commodities and tenders with the same tendering timetable*)

Each tendering document has an attached Thai translation.

An Invitation to Tender, Delivery Schedule, and Bidding Form 001 contain specific information and requirements for each particular product. TBBC therefore generates a set of these documents for each commodity; copies of this set are then sent to perspective suppliers. The Attachment to the Invitation to Tender describes general information on the bidding procedure, delivery requirements, payment, selection criteria, etc. For a given tender, the Attachment to the Invitation also specifies a specific time schedule. Table 5 provides a list of information that TBBC's tendering documents contain or shall contain:

Table 5: Tendering Documents and Details included

Documents:	1. Invitation to Tender	2. Delivery Schedule	3. Bidding Form 001	4. Attachment to Invitation to Tender
Details Included:	<ul style="list-style-type: none">- Tender Number- Supply tendered for- Camps/delivery place- Contract period- Product specification- Quantity- Packing requirement- Quote terms / units- Samples required	<ul style="list-style-type: none">- Consumption period- Delivery period- Delivery frequency- Destination location- Quantity per each delivery- Total quantity	<ul style="list-style-type: none">- Company name- Contact details- Contact person- Quoted Price- Total cost- Quote validity- Terms of payment- Time needed to prepare delivery- Vendor signature- Quotation date	<ul style="list-style-type: none">- Tender numbers, camps and products covered- Field office responsible- Bidding procedure- Bid closing date- Delivery conditions- Inspection conditions- Terms of payment- General background, rules, and warranty- Criteria for bid evaluation and awarding contracts- Ineligibility criteria- TBBC contact information

Tendering for annual supplies (bednets, blankets, etc.) for which delivery frequency and requirement, and bidding procedure are less complicated, the number of tendering documents can be reduced but should have at least the Invitation to Tender and the Bidding Form and should contain all necessary details, terms, and conditions set out in Table 5.

With respect to the principle of transparency, it is important that the criteria for selection and awarding contracts as well as the exclusion criteria of ineligible tenderers are announced in advance by including these in tender documents (*See 7.1 Eligibility Criteria and 7.2 Awarding Criteria*).

Related Documents:

Appendix 9: Invitation to Tender - Sample

Appendix 10: Delivery Schedule - Sample

Appendix 11: TBBC Bidding Form (001) - Form

Appendix 12: Attachment to Invitation to Tender - Sample

3. Tendering Document Distribution

TBBC distributes tendering documents by three channels as follows:

3.1 Website

3.2 National Newspapers

3.3 Interested suppliers

The announcements for tendering are normally posted on the TBBC websites and placed in newspapers. These ads state key information about the tenders such as commodities tendered for, quantity, camps or delivery places, delivery period, contact information, and deadline. As for the newspaper channel, TBBC normally places tendering announcements on two reputable newspapers, one in English and one in Thai. Interested suppliers are required to contact TBBC's procurement unit in Bangkok to get more information and receive tendering documents. The tendering documents are normally sent out by either express post or email.

Interested suppliers include current suppliers who are having business with TBBC, previous suppliers who used to have business with TBBC, and new suppliers who have never had business with TBBC but have shown their interest. After preparation, the tendering documents are normally sent to those interested suppliers based upon the type of supplies and the camp areas that they are interested in.

Related Documents:

Appendix 13: Tendering advertisement on website - Sample

Appendix 14: Newspaper advertisement - Sample

4. Bidding Requirements

In order to acquire inputs necessary for making contract decisions, TBBC requires suppliers to provide documents, information, and samples with their bids, and in some cases, to do some prior survey prior to bid submission. TBBC's bidding requirement takes into account the "best value for money" concepts, the selection criteria, and the eligibility criteria which will be specified subsequently in this manual (*See 7 Bid Evaluation.*)

For all tenders, since price and product quality are two of the key selection criteria, TBBC requires suppliers to submit in their bids at least 1) their quotations and the validity of the quote by filling in the TBBC's standard bidding form, and 2) product samples or in some cases packaging samples to show the quality of supplies and packaging that suppliers plan to deliver if they win a contract. In some cases (e.g. new suppliers or new tendered for commodities), suppliers are required to fill in and submit the Supplier Profile Form to provide information necessary for the judgement of their technical and production capacity.

TBBC requires tenderers to submit references to prove their legal status and conformity with national law. These documents include the true copy of company's registration and VAT registration documents (if the types of supplies tendered for are under the VAT categories by Thai law). A letter of authorisation is also required if the name of the persons who sign their names in the TBBC bidding form are different from the name of the persons specified in company registration documents (*started in mid 2005*).

To ensure the conformity to the rules regarding the eligibility criteria set out in this guideline (*see 7.1 Eligibility Criteria*), TBBC will require all suppliers and tenderers to sign a Declaration Statement to guarantee that they comply to these rules. The Declaration Statement will be a standard form drafted by TBBC. This statement will include the eligibility criteria especially those in relation to the exploitation of child labour, the respect to basic social rights, the safe working conditions of workers, and the non-involvement in any corrupt, fraudulent, collusive or coercive practices.

4.1 Specific Bidding requirements for regular supplies:

Regular supplies include mainly food items and cooking fuel, which are sent to camps on a monthly basis or for stockpile consumption/use. For the regular supplies, TBBC usually requires its contractors to arrange delivery directly to camp warehouses. Due to the distance and the difficult camp locations for most of the refugee camps, it is imperative that new bidders obtain adequate understanding and information on the delivery factors in order to quote their bidding prices. In addition, the perishable nature of food supplies and the monthly frequency of delivery mean that product quality, experience, and service factors must be taken into account besides price. TBBC therefore includes the requirement for all bidders for regular supplies to see the road conditions and meet with related TBBC field staff prior to submitting bids.

Table 6: TBBC’s Bidding Requirements for Suppliers

Current / Previous Suppliers / Bidders who have been to camps & met field staff before	New Suppliers
<p><u>Bid Submission:</u></p> <ol style="list-style-type: none"> 1) Quotation to be filled in on TBBC Bidding Form 001 only. Bids to be submitted in sealed envelopes. 2) Copy of company’s registration and VAT registration documents. Letter of Authorisation, if necessary. 3) Required product samples. 4) Declaration Statement 	<p><u>Prior to Bid Submission:</u></p> <ol style="list-style-type: none"> a) New suppliers must survey the routes to camp entrances prior to submitting bids. b) New suppliers must meet TBBC field staff in the area responsible prior to submitting bids. <p><u>Bid Submission:</u></p> <ol style="list-style-type: none"> 1) Quotation to be filled in on TBBC Bidding Form 001 only. Bids to be submitted in sealed envelopes. 2) Copy of company’s registration and VAT registration documents. Letter of Authorisation, if necessary. 3) Required product samples 4) Declaration Statement

4.2 Bidding requirements for annual supplies:

Tendering for annual supplies is normally less complicated than for regular supply tendering because it requires delivery only once a year. These supplies such as blankets and mosquito nets are normally purchased in large quantities. Most of the interested suppliers are manufacturers who do not have experience in delivering goods to difficult locations. For TBBC it is more economical to make the transporting factor a lower priority by requiring suppliers to deliver supplies directly to the camps only where the road conditions are not too difficult. For camps with difficult access, suppliers are required to deliver supplies to warehouses in the towns close to camps and TBBC handles transportation for the rest of the way. Bidding requirements for interested bidders for annual supplies are therefore only sealed quotation, samples, and a copy of their registration documents to be submitted within the bid closing deadline.

4.3 Tender Leadtime:

The tender leadtime should provide interested bidders with enough response time to prepare quotations, samples and fulfill the bidding requirements described above. The closing date and time of TBBC’s tender is normally scheduled for approximately one month after the tender announcement. For regular supply tendering, this will give new or interested bidders two weeks to respond or contact TBBC and another two weeks to survey the routes and other logistical aspects to camps, and to prepare for the offers. The leadtime should be at least 3 weeks for annual supply tendering. Where market prices are unstable, or where a re-bid is necessary the tender leadtime can be reduced.

5. Reception of Bids

A formal practice must be applied by related TBBC staff when receiving bid offers. Some of the guidelines are as follows:

- Bid offers must be received at the designated place and time. Bids received after the closing deadline are not considered valid.
- Bids must be immediately sent or brought to the staff assigned to receive bids.
- Bid quotations are required to be submitted in sealed envelopes.
- For bid samples, it is acceptable for bidders to submit without seals. However, if samples are submitted by post or in sealed packages, staff must not unpack the packages prior to the official opening of bids.
- After bids are received, some information such as receiving dates, the names of suppliers, bid submission method, and the name of the staff receiving bids shall be recorded. At the opening of the bids one of the Financial Controller or in his absence another member of the Tender committee must sign that all bids were sealed prior to the official opening.
- Both bid quotations and samples must be kept safely until the official opening.

Related Documents:

Appendix 15: Records of Bid Received - Sample

6. Opening of Bids

Immediately after the bid closure deadline, an official opening of the bids shall be arranged, preferably within the same day or on the next business day after the bid closure. To ensure that the bid opening process is handled transparently and that bidding information is handled properly by related staff, this section describes the list of people attending, including their roles in the official opening and the rules regarding bid information:

6.1 Opening of Bids: Attendees

a) TBBC Tendering Committee

There must be at least 3 members of the tendering committee present at the opening of the bids, for this opening process to be considered valid. The responsibilities of the tendering committee at the bid opening consist of:

- Unseal bid envelopes
- Check if bid forms have been filled out correctly and are valid
- Record bids on the Opening of Bids Form
- Decide what action to take if anything is unclear about the bids received
- Check if samples are submitted according to bidding requirements
- After all bids are recorded, check and sign as witnesses on the Opening of the Bids document.
- Provide a copy of the Opening of Bids to any donor representatives (if any came to witness this opening process)

b) Representative from Donor Organisations

If the supplies tendered are funded by particular donors who have offices in Bangkok, TBBC will invite the representatives from those organisations to come and witness the opening of the bids. The representatives attending observe the process. After all bids are recorded, the donor representatives are normally requested to sign as a witness on the Opening of Bids and a copy of this document is given to the representatives at the end of the process. The representatives who are regularly invited to the opening of the bids include those from European Commission Humanitarian Organisation (ECHO), and International Rescue Committee (IRC).

6.2 After bid-closing rules:

- Bidders are not allowed to change the quotations/offers after the closing.
- Any bidder may inform or may be requested to clarify some aspects or information about an offer. For example, suppliers may be requested to provide additional information about product sources, capacities, or their plans for delivery logistics. This is under a strict condition that no change in substance or price of the offer shall be sought, offered or allowed.
- Prior to contract award, no information relating to bid offers such as names of bidders, relative standing, etc. can be revealed to other bidders nor anyone who is not directly related to the evaluation process.
- After the contract has been awarded, the name of the successful bidder may be given. However, under no circumstances will any bidder's confidential information be disclosed to another vendor.

Related Documents:

Appendix 16: Opening of the Bids - Sample

7. Bid Evaluation & Contract Award

The next process after the opening of bids is bid comparison and evaluation. The purpose of this process is to collect, compare, and evaluate all necessary information in order to determine the best acceptable offer. The starting point of this evaluation process takes place immediately after the opening of bids. The output from the evaluation is the recommendation from the tendering committee to be passed to TBBC Executive Director for the final step, which is contract award.

It is important that the bid evaluation process is taken in compliance with the principle of transparency and equal treatment to all tenderers and candidates. In addition, care should be taken to avoid any conflict of interests.

7.1 Eligibility Criteria

The first stage of the bid evaluation procedure is to determine whether or not bidding participants are eligible to be TBBC's suppliers. With respects to some donors' regulations, TBBC takes into consideration the two important rules regarding: a) Ineligibility criteria and grounds for excluding candidates, and b) The rule on nationality and origin.

a) Ineligibility criteria and grounds for excluding candidates:

- TBBC will reject any proposal put forward by tenderers, or terminate their contract, if they have engaged in corrupt, fraudulent, collusive or coercive practices.
- Tenderers and Contractors must not be involved in the exploitation of child labour and must respect the basic social rights and working conditions of their staff.
- TBBC will exclude tenderers from participation in the procurement procedure if:
 - They are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
 - They have been convicted of an offence concerning their professional conduct by a judgement which has the force of *res judicata*;
 - They have been guilty of grave professional misconduct proven by any means which TBBC can justify;
 - They have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;
 - They have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Donor's financial interests;
 - Following another procurement procedure or grant award procedure financed by the Donor's budget, they have been declared to be in serious breach of contract for failure to comply with their contractual obligations. Candidates or tenderers must certify by any relevant means that they are not in one of the situations listed above
- Contracts will not be awarded to tenderers who, during the procurement procedure:
 - Are subject to a conflict of interest;
 - Are guilty of misrepresentation in supplying the information required by TBBC as a condition of participation in the contract procedure or fail to supply this information.

b) The rule on nationality and origin:

Because TBBC receives funding from various organizations, TBBC is required to abide by the rules and regulations set forth by these organizations. Some of these organizations have set conditions for the origin of products and services being tendered and the nationality of those individuals/organizations involved in the tendering process. These conditions must be met; failure to meet these conditions may render a tender offer ineligible and/or a contract invalid.

7.2 Selection / Awarding Criteria

Contracts are awarded to suppliers by TBBC on the basis of **Best Value for Money**. This means that, in an evaluation of bids, TBBC takes into consideration quality factors as well as price in order to determine the offers that represent best value for money. When evaluating bids, the criteria that will be taken into account, will include, but will not necessarily be limited to:

- Price
- Product Quality
- Production Capacity
- Reputation and proven ability to meet delivery schedules
- Experience especially in delivering humanitarian assistance
- Knowledge of local working conditions
- Proximity of operational base to the area
- Compliance with international norms

To provide a clear information to suppliers on how bids will be considered, it is important that the bid evaluation criteria are stated in the tendering documents which are sent to suppliers (See page 4 of Appendix 10).

7.3 Inputs for bid evaluation

The Value for Money concept means that price information alone is not enough for TBBC to make a sound decision. The evaluation criteria, as stated in 7.2 have led to the determination of inputs that TBBC requires for bid evaluation and contract award.

After the opening of bids, the following action is normally taken in order to provide the necessary evaluation inputs to the tendering committee.

- Price: Quotation tabulated and Bid Comparison sent to tendering committee members.
- Product Quality: Product samples may be sent to inspection companies to determine whether they meet the specification or not. This is not necessary for suppliers with current contracts, for re-bids, or where a contract award needs to be made urgently. However the Contract supplies will be subject to quality inspections.
- Experience, products and delivery capabilities, knowledge of working conditions, etc: Information normally recorded on Supplier Profile distributed to tendering committee members after the Opening of Bids or prior to the committee meeting. The information on the above aspects may derive from:
 - Suppliers: by talking or asking them questions
 - TBBC staff by getting opinions/feedbacks from staff who handled contracts with particular suppliers.
 - TBBC staff visits to suppliers' facilities

Related Documents:

Appendix 17: Bid Comparison - Sample

Appendix 18: Test Results of Tendering Samples - Sample

Appendix 19: Supplier Profile - Sample

7.4 Evaluation of Bids

Based on the evaluation inputs and criteria described above, the Tendering Committees will meet, discuss, and evaluate the bids offered. The purpose of the meeting is to determine which offers/quotation represent the best value for money. The output from the tendering committee meeting is the recommendation, which will be passed to TBBC Executive Director for awarding the contract.

The committee recommendations include the name of the suppliers recommended, the types of commodities, the camp destination, and prices which contracts will be awarded for. In addition, the results from the committee meeting should also provide a clear justification for the selection of particular suppliers. Especially if the recommended bid is not the lowest bid, the reasons should be clear on what basis a particular supplier is recommended.

There must be at least three members of the Tendering Committee attending for this meeting to be considered valid. This should include key staff who will be responsible for handling and monitoring purchase contracts after award, i.e. at least one representative from Programme team and another from the Procurement unit.

All members taking part in the meeting are required to sign a declaration of impartiality, objectivity and confidentiality. (Appendix 31).

7.6 Contract Award

After the tendering committee meeting, a representative from the committee, usually the Financial Controller, will arrange a meeting with the TBBC Executive Director to present the recommendation finalised by the committee. The Executive Director then awards the contracts normally in accordance with the committee recommendation. If there are any questionable issues, or if the output from the committee meeting does not represent a unanimous recommendation, the Director will make the final decision based on consideration of important factors.

The evaluation team should prepare an evaluation report that shows the comparison and evaluation of all bids. This should also explain the important factors that lead to the final recommendation for awarding contracts. If the lowest bid is not recommended, some clear and specific reasons should be noted for the selection of a higher offer. The evaluation report comprises of Evaluation of Tenderers and Evaluation of Tender/Contract Award. The form is required to be signed by all members at the meeting.

7.7 Issuance of Purchase Contract

After contract award, the Procurement office in Bangkok is responsible for issuing purchase contract to suppliers. The purchase contract must be in a written document and shall include all necessary purchasing details, elements, and conditions that make the agreement legally enforceable. See more details about Purchase Contract in Chapter 1.

Related Documents:

Appendix 20: Evaluation of Tenderer - Sample

Appendix 21: Evaluation of Tender/Contract Award - Sample

8. Announcement of Tendering Decisions

After contract award, all Tendering Committee members, other related TBBC staff, and suppliers should immediately be informed of the decisions. The Procurement unit in Bangkok is responsible for informing/announcing the tendering decisions to all people/parties involved.

8.1 Inform Tendering Committees and related staff

The final decision of the contract award should be informed to all members of the tendering committee and related TBBC staff. To inform the awarding decision, the procurement unit in Bangkok has been using the document called Tendering Results and Prices, which contains information such as winning supplier, price, type of commodities, contract period, etc.

In addition, the new contract information including prices and supplier information will be entered into TBBC Quickbook Accounting System by the Bangkok procurement team. The database will be used by various functional teams to develop purchase order, accounting, and financial report documents.

8.2 Inform suppliers

Both successful and unsuccessful bidders shall be informed after the bid has been awarded. Some general reasons can be explained to unsuccessful suppliers as to why their offers were not selected. However, the exact awarding price shall not be revealed. In addition, it is not necessary to disclose the name of the winning bidder. TBBC normally notifies all bidders by phone immediately after contract award, and will despatch formal written notification

8.3 Public Announcement

Public announcement of the awarding notice is another important final process of the tendering. The results of TBBC tenders shall be published on the TBBC website.

Related Documents:

Appendix 22: Tendering Results & Prices (*sent to Tendering Committee and related TBBC staff*)

Chapter III:

Delivery, Receipt, and Payment

This chapter explains the procedures, which usually take place after a contract is awarded. These procedures include delivery of supplies to camps, quality control inspections, monitoring by field staff, distribution and receipt of supplies by beneficiaries, and finally payment. Some of these procedures are related more to other functional areas of TBBC and are already explained in other manuals (i.e. TBBC Financial Procedure Manual and TBBC Monitoring Guideline Manual). Therefore, only a brief explanation will be provided for those topics.

A. Delivery & Receipt:

Once needs are identified and supplies are procured, delivery and receipt are the important stages which lead to the completion of the supply chain. It is crucial to ensure that the delivery and receipt are handled properly and efficiently, and that TBBC and the beneficiaries receive the correct quality and quantity of supplies. From the procurement perspective, the completion of supply delivery in the correct quality, quantity, and timing means that a supplier fulfils its contractual agreements with TBBC and is therefore justified to receive payment. The effective procurement, delivery, and receipt also mean an effective use of donors' funds.

This section will start with the post-tendering processes which include the issuance of Purchase Orders and the acquirement of permission from Thai Authorities to deliver supplies to camps. Subsequently, the procedures that TBBC applies in relation to delivery and receipt are explained. This also includes the control systems in place, such as quality and quantity control inspection, and monitoring checks by field staff. In addition, some guidelines for rejection and penalties are also explained.

1. Issuance of Purchase Order

For the supplies that are tendered for, a condition is stated in both tendering documents and contracts about an Official Purchase Order, which will be issued to suppliers after contract award. The Purchase Order is the document that provides a confirmation on the exact delivery period and supply quantity required for each delivery. A brief guideline can be explained as follows:

- Purchase Order for regular supplies (mainly food and cooking fuel) will be issued by TBBC field office responsible for a particular camp. TBBC Field Administrator is responsible for issuing and sending purchase orders to suppliers.
- Purchase Order for supplies tendered for annually (i.e. blankets, bednets, and mats) will be issued by the Procurement Office at TBBC Bangkok.
- Purchase Order should be created in TBBC Quickbooks Accounting System.
- Purchase Order should be sent to suppliers at least 10 days prior to the required delivery dates.

- Purchase Order should be checked and signed by TBBC Field Coordinators, Programme Coordinator, Procurement Manager, or Financial Controller for the document to be legally valid.

(See more detail about Purchase Order in Chapter I, C. Documentation)

Related Documents:

Appendix 23: Purchase Order - Sample

2. Permission from Thai Authorities

According to the policy and requirement by Ministry of Interior (MOI), TBBC has to acquire the MOI permission for all supplies that will be sent to camps.

- TBBC Field Administrator is responsible for preparing the Request for Supply Delivery Permission. The document must state the type of supplies, quantity, camp destination, and delivery dates. The request submitted should be per one-month delivery basis.
- The Request for Supply Delivery Permission must be passed to TBBC Bangkok. The CCSDPT Administrator in TBBC Bangkok will check and assign a tracking number. The document must be signed by TBBC Executive Director or Deputy Director before submitting for approval.
- This request document must be sent to the District Office and the Provincial Office where refugee camp is located by TBBC Bangkok Administration Department. The District Office and The Provincial Office will check the request and confirm to MOI in Bangkok. The final Permission Letter will be grant from MOI.
- To provide enough time for this approval process, the Request for Supply Delivery Permission should be sent at least 45 days in advance prior to the proposed delivery dates.
- The MOI permission letter will be sent from MOI to TBBC Bangkok. The CCSDPT Administrator is responsible for passing the permission letter to related field office or notifying them if the request is denied or if there is any problem encountered.
- The Field Administrator is responsible for informing suppliers about the permission so the delivery can be started.

Related Documents:

Appendix 24: Request for Supply Delivery Permission - Sample

3. Independent Quality Control

The purpose of independent quality control is to ascertain that TBBC receives supplies according to the specification, quality, and quantity as ordered. TBBC engages independent inspection companies to conduct quality control checks on major commodities including rice, beans, cooking oil, charcoal, chillies, fishpaste, salt, sugar, and blended food. In coordination with the Programme team, Procurement office in Bangkok is responsible for planning and arranging for quality control inspection.

3.1 Criteria for Independent Inspections

To decide whether the independent quality control should be engaged depends upon the basic questions of *what, when, where, how often, and how*. The following part outlines the ideas to these basic questions:

What:

What type of commodities should be checked?

- Products with quality specifications that refer to international, market, or industry standards. A check by professional might be required to see if the quality of a particular product meets minimum standard or not.
- The quality of products cannot be checked only by visual examination. For example, chemical tests might be required for charcoal (heating value), salt (iodine), rice (pesticide residues), and chillies (aflatoxin and ash), and biological tests are required for blended food and fishpaste (micro-organism), etc.
- Products that are perishable or need to be kept for a long consumption period.
- A product, or the raw materials or the production process of a product that has a high risk of contaminations, which are hazardous to human consumption/use.

When / Where:

When & where the quality control inspection can take place?

- Before/during on-loading (at sources/factories/ricemills)
- During re-loading (at middleman's warehouse)
- During/after off-loading (at camp godowns)

Most of TBBC contract terms are for suppliers to arrange delivery to camp destinations. The ideal is to do checks upon arrival of supplies at the camp destination. However, there are some factors that limit this possibility, such as distance and accessibility to some camps, leadtime required by Thai authorities to grant access permission to inspectors, and the availability of TBBC field staff, who have to accompany the inspectors, etc.

How often:

More checks should be arranged if:

- Contracts are awarded to new suppliers
- Supplies from a particular supplier have problems (i.e. problems on quality, weight, quantity) in previous shipment
- There are some complaints about quality from beneficiaries (refugees, camp committees or godown staff)
- Market price of a given commodity fluctuates widely (suppliers might be tempted to send a poorer quality if their profit margin reduces due to market price increase)
- There is shortage of supplies / raw materials in the market, or if the supplies are seasonal.
- Requirements from donors

How:

Table 7 below outlines how a commodity should be checked with some considerations:

Table 7: Quality Control Check List

Check List:	Considerations:
Random sampling percentage	<ul style="list-style-type: none"> ▪ Should be statistically enough to represent the whole shipment. ▪ Should be practical; target sampling quantity should be achievable considering limited time and resources.
Quality	<ul style="list-style-type: none"> ▪ Should check according to product specification. ▪ Bad quality supplies should be replaced. If fail test results derive after supply delivery/distribution, suppliers should be warned or penalised for the problem.
Quantity, weight, volume	<ul style="list-style-type: none"> ▪ The aim is to find average net weight or volume per packaging, in order to calculate the total quantity delivered by suppliers. ▪ Net weight is a result of gross weight after deduction of tare (packaging) weight. ▪ Weighing scales/equipment should be regularly calibrated to ensure accuracy. ▪ Suppliers should be required to compensate for quantity shortage, or be warned/penalised for the problem.
Packing conditions	<ul style="list-style-type: none"> ▪ Packaging should be according to TBBC's requirements and in a sound condition (clean and strong enough to protect the product inside, seal/opening not broken, etc.)
Loading supervision	<ul style="list-style-type: none"> ▪ Should ensure that supplies are loaded properly. Arrangement on trucks can prevent product damages from transportation.

3.2 Additional Guideline for Independent Quality Control

- An Inspection Order must be sent to the inspection company at least two days prior to the inspection appointment. The document should specify the details such as the type of commodities, quality specification, quantity, packing and weight, required scope of intervention, and date and place of the inspection.
- After the completion of each inspection attendance, a certificate must be issued by the inspection company and send to TBBC within 5 business days. The inspection certificate should provide report according to the requirement and checking scopes specified in the Inspection Order.
- If there is any problem of supplies found during the inspection, it's the inspector's responsibility to notify TBBC immediately.
- Actions or responses to the problems found from the independent inspection include, but are not limited to, warning or demanding suppliers for immediate corrective actions, holding deliveries or distribution, penalising suppliers, and withholding payment.
- The results or a summary of the independent quality control should be shared among all related staff.

Related Documents:

Appendix 25: Inspection Order - Sample

Appendix 26: Inspection Certificate - Sample

Appendix 27: Inspection Summary Report - Sample

4. Delivery to Camps

Most of TBBC contracts have the requirement that suppliers must deliver supplies directly to camp godowns. While supply delivery is handled by suppliers, TBBC staff has the responsibility of monitoring to make sure that the delivery is completed according to purchase order and contractual agreements.

Prior to the arrival of supplies at camps, the responsibility of monitoring the delivery of supply falls onto the support unit at the field level. Supervised by the Field Coordinator, the Field Administrator has these responsibilities including:

- Explain to the suppliers about the delivery requirements, expectations, and conditions particularly on the area and camp levels.
- Follow up and expedite supply delivery.
- Ensure that the necessary delivery permission(s) is granted by Thai Authorities prior delivery.
- Provide support, communicate and coordinate, with the field staff on delivery status and any problem encountered.

Suppliers should be required to use the Delivery Receipt form as their own record and evidence of delivery. TBBC has a standard format of Delivery Receipt for suppliers to use, with comprehensive contents and languages, which can be understood for all involved parties including suppliers/drivers, TBBC staff, and camp recipients.

Related Documents:

Appendix 28: Supplier's Delivery Receipt - Form

5. Monitoring by TBBC field staff

At or after the arrival of supplies at camp destinations, the monitoring responsibility falls under the TBBC programme unit. Supervised by the Field Coordinator, the Field staff have the field monitoring responsibilities which can be briefly outlined as follows:

- Contact with beneficiaries, mainly through Camp Committees and godown staff about supplies and delivery status.
- Oversee the arrival and the receipt of supplies delivered at camp destination. Participate in checking activities, collect and compile Good Receipt Notices, make a summary report and pass to related TBBC staff for further processes (check, reconciliation, and payment) or actions (contact suppliers, request for additional quantity or replacement in case of shortage or rejection, or penalise suppliers).
- Receive feedback from the beneficiaries regarding the delivery, quantity and quality of supplies and notify if there is any problem encountered.
- Observe the distribution of supplies to the refugees.

(See TBBC Monitoring Guideline Manual)

6. Check and Receipt by Camp Committee

Upon the arrival of the commodities, Camp Committee's representative (mainly godown staff) will do checks on supplies. Since the tasks are related to the roles and responsibilities of the Programme unit (See Monitoring Guideline Manual), this section will only outline the parts that lead to the completion of the purchase agreement and payment.

On the arrival of supplies, the Camp Committee representatives, mainly godown staff, will unload supplies from delivery trucks into camp godowns and check whether supplies are delivered in the correct quantity and quality. The godown staff will fill out the Goods Receipt Notice (GRN), which is the document that represents the camp/TBBC on the receipt of supplies. The GRN specifies the details such as the types of supplies and quantity delivered, quality comments, record on random weight checking, quantity rejected (if any), receiving date and time, and delivery truck numbers. Each godown staff will sign his/her name on the GRN. The camp committees are responsible for collecting and passing to TBBC field staff.

TBBC Field Assistant will collate all GRN documents per each commodity and per camp. The total delivery quantity will be calculated by using the records on random weight checking (the target check is 10 percent of the shipment). The Field Assistant will pass the GRN with a summary report to the Field support unit, who will then check and reconcile the delivery with the Purchase Orders. Any weight/quantity shortage and quality problem will require suppliers to add on, replace, or compensate. Any problems that require further actions will be passed to the Support team in Bangkok for further handling and/or penalising suppliers.

The Field Administrator enters receipt data on the Quickbooks System after reconciling Delivery Receipts from the supplier. Once any problems are resolved the GRNs and a summary report will be used by the Field Coordinator to approve payment to the supplier by the Finance Unit at TBBC Bangkok.

Once the supply delivery is completed or after a problem is solved, the GRN with a summary report will then be attached to the supplier's invoice and passed to the Finance office at TBBC Bangkok. The Field Administrator will enter the receipt data on the Quickbooks system and the Field Coordinator is responsible for confirming the completion of each delivery, meaning the payment can be processed.

Related Documents:

Appendix 29: Good Receipt Notice - Form

7. Distribution to Beneficiaries

(See Monitoring Guideline Manual)

The distribution to the refugees is considered the final stage of the supply chain when the end recipients receive supplies. The distribution is handled at the section levels of the camps and

overseen by Camp Committee. TBBC staff normally plays the observation and monitoring roles to make sure that refugees receive what they are entitled to.

The supply distribution is another important monitoring stage in that all supplies will be unpacked and the quality revealed. The quality check is also done at this stage. If there is any problem with supply quality, the refugee representatives will set aside the supplies with bad quality and report to TBBC for further actions. If the supply quality is considered minor, or if the distribution need to be carried out, the camp representatives are encouraged to pass feedback and complains to TBBC. The feedback from camps is considered a useful input for TBBC for a possible warning to suppliers, contract monitoring, supplier evaluation, and more future checks/attentions, which might be necessary.

8. Rejection/Penalties

In case of any problem on supplies, delivery, and/or supplier’s service/performance, it is important to keep in mind the following basic concerns:

- TBBC should not and will not accept any non-conforming supplies and services.
- Suppliers should be kept well informed about any problems, unless confidentiality is necessary for further investigation.
- A satisfactory relationship and goodwill between TBBC and suppliers should be maintained.
- Negotiation and peaceful settlement is preferable to conflict or legal actions which should be considered the last priority.

The following table lists some basic problems which can be found on supply deliveries including some guidelines re action toward these problems.

Table 8: Basic Problems and Guidelines for Actions

Problems	Actions
Quality substandard / damages	<ul style="list-style-type: none"> ▪ Reject delivery or part of it and request for replacement or repair free of extra charges ▪ Penalise (i.e. send a warning letter, deduct payment, etc)
Quantity/weight shortages or losses	<ul style="list-style-type: none"> ▪ Request for additional quantity to cover for shortage. ▪ Not pay for the shortage ▪ Penalise (i.e. send a warning letter, deduct payment, etc)
Delay delivery	<ul style="list-style-type: none"> ▪ Expedite and require immediate shipment ▪ Warn for the problem ▪ Penalise (i.e. send a warning letter, deduct payment, etc)
Ignore/violate contract agreement, engage in fraud actions	<ul style="list-style-type: none"> ▪ Warn and demand for corrective actions ▪ Terminate contract and/or disqualify the supplier

The penalty standard that TBBC has been applying on problem cases with suppliers can be outlined by the degrees of seriousness as follows:

- Verbal warning
- Written/official warning
- Hold payment

- Request for additional supplies
- Monetary penalty (e.g. deduct payment)
- Temporary disqualify for future contract
- Cancellation of contract
- Disqualify the supplier (blacklist)

A penalty clause must be specified in all TBBC contracts ([see page 4 of Appendix 3](#)).

Related Documents:

Appendix 30: Warning Letter - Sample

B. Payment:

After delivery is complete, suppliers are required to submit an invoice and the Delivery Receipts to TBBC, which are the evidence of delivery and that the purchase agreement has been fulfilled. The payment will be released to the suppliers when:

- The Good Receipt Notices (GRN) and Delivery Receipts (DR Form) are checked and reconciled against Purchase Order(s) by the TBBC Field Assistant and Field Administrator respectively.
- The Field Coordinator has confirmed the completion of the delivery, and the Field Administrator entered receipt on the Quickbooks accounting program.
- Invoice examined and verified by the Finance unit at TBBC Bangkok.

See TBBC Financial Procedure Manual.

Chapter IV:

Code of Ethics

This section provides some guidelines on the ethical behaviour, which should be promoted in all procurement activities. For TBBC, the code of conduct for procurement concerns two major aspects. One is internal which relates to TBBC staff whose responsibilities are related to purchasing. The other is external including any of TBBC's suppliers and service providers.

A. Code of Ethics for TBBC staff

Conflict of Interests:

At times, dealing with external sources may put TBBC staff in a vulnerable position or in an apparent conflict of interest. "*Conflict of interests*" would include but not be limited to any activities or behaviours taken by the TBBC staff or contracting authorities that may influence an objective and impartial professional opinion or cause any compromises for reasons involving family, political, economic or any shared interests. Conflict of interests for the TBBC staff, as such, should be avoided

To protect TBBC and its staff members, it is important that the staff who engage in procurement activities understand and adopt the Code of Ethics as follows:

- General Consideration: Staff should consider TBBC, the donors, and the beneficiaries as the first interest. Any procurement activities should conform to TBBC's objectives, policies, and the Code of Ethics outlined in this manual.
- Business Practices: Fair, honest, ethical and legal practices should be promoted. Staff should treat all suppliers equally and conduct business in a way that promotes the atmosphere of trust and mutual understanding. A fair consideration should be given to all competitive suppliers within the TBBC's framework and criteria of evaluation, and not by personal bias or interest.
- Gifts: Staff must not accept gifts, money or any valuable offers from suppliers. If unavoidable, the gifts of inexpensive value (less than 1,000 baht or US\$ 25) or seasonal nature (business diaries, calendars, etc.) may be allowed. This is under the condition that 1) staff cannot use or take home those gifts as their personal belongings, 2) those gifts should be donated to TBBC's beneficiaries or disadvantaged communities if possible or kept for use centrally in a TBBC office, and 3) suppliers who submit gifts should be informed of this gift policy, and 4) all gifts received should be recorded and approval from supervisors/managers should be sought for any questionable gift offerings.
- Travel & Accommodation: Staff should not accept free travel and accommodation from suppliers, even in the case of visiting suppliers' facilities. If necessary or

unavoidable, some exceptional cases might be acceptable, but prior approval by TBBC staff at supervisor/manager levels should be obtained.

- Confidentiality: Some supplier and purchase information is considered confidential. For example, as a part of mutual trust building, some particular information about a supplier should not be disclosed to other suppliers. In addition, prior to contract award, any information that could affect the tendering decisions or lead one supplier to attempt to influence other bidders or TBBC's decision, should be kept confidential from all but the Tendering Committee. Selection Committee members are required to sign a declaration of impartiality, objectivity and confidentiality. (Appendix 31)

B. Code of Ethics for Suppliers/Service Providers

Highest Ethical Standards:

TBBC requires all suppliers, contractors and participating tenderers to observe the highest ethical standards during the procurement process and its business activities. TBBC staff should ensure that suppliers are informed and aware of this code of ethics.

Suppliers must not engage in any corrupt, fraudulent, collusive or coercive practices. TBBC shall reject any proposals or terminate contracts, if it is determined that any suppliers or candidates have engaged in such practices. It is TBBC's responsibility to immediately inform the relevant donors and provide relevant information, if such misconduct cases by suppliers are discovered.

Suppliers, candidates and tenderers must not be involved in the exploitation of child labour, must respect basic social rights and must provide safe working conditions for their staff. TBBC shall recognise and satisfy itself in all procurement activities by not purchasing any goods or services from suppliers that do not meet these requirements.

Other Consideration:

Suppliers should take into consideration the nature of humanitarian work, and the interest of TBBC, as a humanitarian agency, and also the beneficiaries. Any of their business activities should conform to TBBC's objectives, policies, and the Code of Ethics outlined in this manual. The suppliers and their subcontractors shall treat TBBC's beneficiaries with respect for their rights and dignity.

Suppliers should do business with fair, honest, ethical and legal practices. Any actions that lead to create malpractices or unfair barriers to other competing bidders/suppliers are not acceptable. The performance of suppliers in carrying out the contract obligations with TBBC must not be in breach of any laws, rules, and regulations of any governmental or other authorities having jurisdiction.

Control Mechanisms:

To ensure and enforce suppliers to abide by the rules regarding highest ethical standard mentioned above, TBBC includes in the Contract documents and requires all contractors to conform to TBBC Contractors/ Sub Contractors Code of Conduct.

Chapter V:

Compliance to Donor's Requirements/Policies

TBBC has over 30 donors and all have different requirements and policies. Presently three of these donors, ECHO, ECAUP and IRC/USG insist TBBC tenders for the purchase of the items allocated to them.

The donor requirements to which TBBC must conform are:

ECHO: The 2008 FPA Annex IV – Rules and Procedures applicable to property, supply, works, and service contracts awarded within the framework of humanitarian actions financed by the European communities.

ECAUP: Annex IV – Procurement by grant Beneficiaries in the context of European external actions.

IRC: from Grant Agreement:

6.0 PROCUREMENT

6.1 The Sub-recipient shall adhere to procurement standards as set forth in 22 CFR 145.40-48. The Sub-recipient is prohibited from use of materials and supplies obtained or originating from sources in Iran, North Korea, Cuba, Sudan, or Libya.

6.1.1 All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.

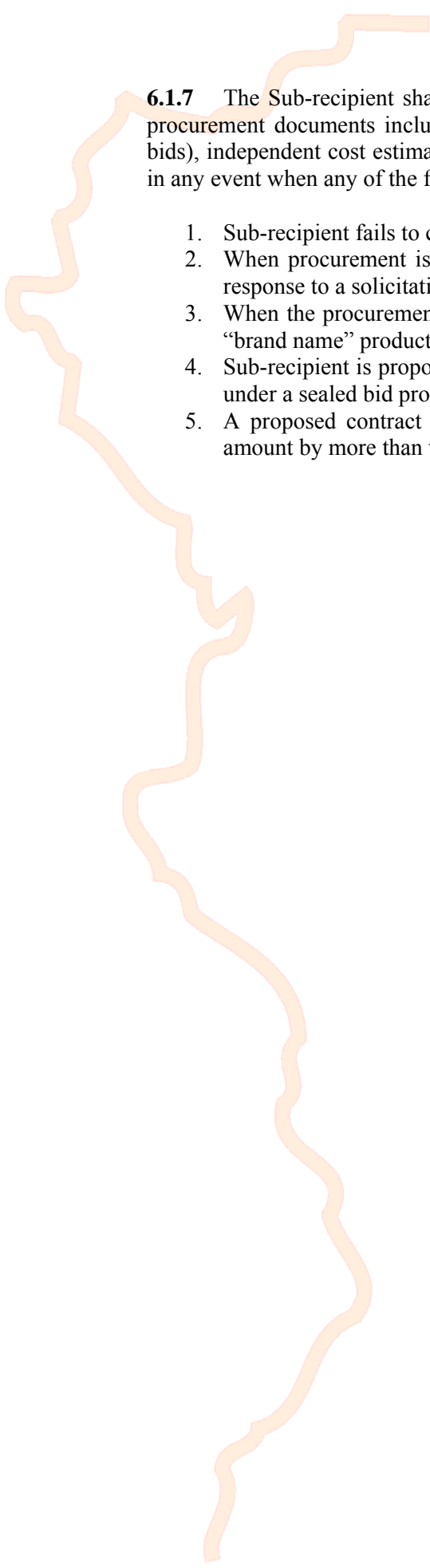
6.1.2 The recipient shall be alert to organizational conflict of interest as well as non-competitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade.

6.1.3 In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that participate significantly in the development or drafting of specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurement without separate, written consent from IRC and the donor.

6.1.4 Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered. Solicitations shall clearly establish all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient.

6.1.5 Any or all bids or offers may be rejected when it is in IRC's or the donors best interests to do so. All procurement over the \$2,500 threshold must be subject to formal competitive bid process. All procurement greater than \$20,000, must be obtained through a sealed bid tender process.

6.1.6 The Sub-recipient shall obtain IRC written consent to enter into any sub-contract that is other than fixed-price, is for the acquisition of motor vehicles, pharmaceuticals or equipment (exceeding \$5,000), and is not separately identified and included in the Sub-recipient budget.



6.1.7 The Sub-recipient shall at the request of IRC make available to IRC pre-award review and procurement documents including: solicitation documents (requests for proposals or invitations for bids), independent cost estimates, determinations of responsibility and evaluation summaries, etc., or in any event when any of the following conditions apply:

1. Sub-recipient fails to comply with required procurement standards;
2. When procurement is awarded without competition or only one bid or offer is received in response to a solicitation;
3. When the procurement which is expected to exceed the small purchase threshold specifies a “brand name” product
4. Sub-recipient is proposing an award exceeding \$20,000 to other than the apparent low bidder under a sealed bid procurement;
5. A proposed contract modification changes the scope of contract or increases the contract amount by more than the amount of the small purchase threshold.



Appendices

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