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Cambodian Center for Human Rights

CAMBODIAN CENTER FOR HUMAN RIGHTS PROCUREMENT POLICY



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CAMBODIAN CENTER FOR HUMAN RIGHTS

PROCUREMENT POLICY

PURPOSE	The purpose of this policy is to provide guidelines for buying goods and services, in order to ensure that commitments are lived up to when performing necessary procurement for the operations of the Cambodian Center for Human Rights (“CCHR”). Procurement is the acquisition of appropriate goods and/ or services at the best possible total cost to meet the needs of CCHR in terms of quality, quantity, time, and location. The Policy aims to promote fair and open competition while minimizing exposure to fraud and collusion in all transactions involving CCHR.
SCOPE	The policies and procedures stipulated here shall be read and implemented in the context of CCHR's mission and operations. This policy shall be applied when performing procurement for services, goods, or work.
EFFECT	The issuance and implementation, and when necessary the revision, of this policy will be made with the approval of the Board of Directors of CCHR. This Policy replaces all procurement policies and procedures issued previously and shall come into effect from 01 October, 2015 .
LANGUAGE	Within the context of this policy, references to “staff” and similar such terms encompass all full-time and part-time staff, volunteers, consultants, national and international interns, and members of the Board of Directors of CCHR.

I. PROCUREMENT PRINCIPLES

Procurement for all goods and services in CCHR shall follow good business and ethical practices. This policy should be read in conjunction with the CCHR Finance Policy and Disciplinary Policy.

1.1 Good business practice: To follow this, procurement within CCHR shall:

- Look for the best value for money. The cheapest alternative might not always be the best.
- Treat suppliers with objectivity: Remain free from all conflicts of interests, e.g. not dealing with companies owned by an employee, his/her family or other relatives.
- Comply with all applicable laws and regulations.
- Only use suppliers who comply with the conventions on child labor and forced labor and respect human rights

1.2 Good ethics within CCHR

- CCHR staff involved in procurement must comply in all respects with laws, ethics and CCHR standards of professional conduct, which apply to their purchasing activities.
- CCHR procurement must be free of corruption or suspicion thereof.
- If a supplier participates in developing or drafting specifications, these must be kept as generic as possible in order to avoid unfair advantage for the supplier who assisted in their preparation.

1.3 Good ethics of suppliers

Suppliers working with CCHR must:

- Have good service records
- Not be the subject of public reports alleging their responsibility for human rights violations.
- Be as environmentally friendly as possible

II- THRESHOLD VALUES AND PROCURMENT COMMITTEE

The Procurement Committee exists to ensure procurement is conducted as transparently as possible, in line with CCHR's conflict of interest policies. The committee examines all tenders and evaluates them according to the set up criteria based on the Terms of Reference. There are two forms of Procurement Committee, as outlined below. The threshold values of procurement of service, goods or work services are structured as following:

Type of Procurement/ Transactions	Procurement Committee Membership/Prepared by	Procurement Method	Goods	Work Service	Level of Approval Authority
Direct Procurement	<ul style="list-style-type: none"> No Committee Necessary Relevant staff is required. 	<ul style="list-style-type: none"> Standard Advance Request and Settlement procedures. 	< USD 300	< USD 500	<ul style="list-style-type: none"> Reviewed by Supervisor Verified by Director, Finance and Admin Approved by one of Management Committee
Standard Procurement	Standard Procurement Committee: <ul style="list-style-type: none"> One member of admin staff, One relevant staff member Their supervisor or line manager 	Simplified Tendering: At least three written quotations from three different suppliers/Vendors	From USD 300 to USD 5,000	From USD 500 to USD5,000	<ul style="list-style-type: none"> Reviewed by Supervisor Verified by Director, Finance and Admin Approved by Management Committee or Executive Director according to level of authority listed in Finance Policy
Major Procurement	Major Procurement Committee: <ul style="list-style-type: none"> One member of admin staff, One relevant staff member Their supervisor or line manager 	Selective Tendering: Bidding Proposal acquired from three different bidders	> USD5,000	> USD 5,000	<ul style="list-style-type: none"> Reviewed by Supervisor Verified by Director, Finance and Admin Approved by Executive Director

Preferred Supplier	Standard Procurement: <ul style="list-style-type: none"> One member of admin staff, One relevant staff member Their supervisor or line manager 	At least three written quotations from three different suppliers/Vendors [Winner assigned 1-year contract]	No Threshold	No Threshold	<ul style="list-style-type: none"> Reviewed by Supervisor Verified by Director, Finance and Admin Approved by Management Committee and Executive Director
Single Source	Standard Procurement Committee: <ul style="list-style-type: none"> One member of admin staff, One relevant staff member Their supervisor or line manager 	Justification : To use single source procurement must be in writing and signed the relevant project staff	No Threshold	No Threshold	<ul style="list-style-type: none"> Reviewed by Supervisor Verified by Director, Finance and Admin Approved by Management Committee or Executive Director according to level of authority listed in Finance Policy

III. DIRECT PROCUREMENT

3.1 Direct procurement may be used when procuring for a low value of goods or services. The maximum cost under this provision USD 500 for services and USD 300 for goods.

3.2 A procurement process starts with assessing what is needed/ planned (quality, model, brand, and other specifications), and how much of it (quantity of item) must be sourced. In addition, it is necessary to consider costs resulting from transportation or other procurement related costs (insurance, fees, duties, taxes, etc.).

IV. PREFERRED SUPPLIERS

4.1. In order to speed up the regular procurement process, CCHR adopts the preferred suppliers system. Preferred suppliers are approved vendors with which we form an agreement (after a competitive process) to purchase specific goods/services for a 1-year period, and so do not require competitive procurement processes during the period of the agreement. A preferred supplier, once selected, is to be used for all services/purchases falling under the type of service/products it provides.

4.2. A request must be submitted by the Procurement Committee to the Management Committee to have preferred suppliers for a particular good. There should be three preferred suppliers for each item regularly purchased and agreements should be made for 1-year intervals. The CCHR Preferred Supplier Agreement will be used to conclude the agreement with the supplier. The following procedures shall be used to select a preferred supplier through a competitive quotation process:

4.2.1 The Procurement Committee identifies needs and prepares terms of reference. The Procurement Committee will submit a request to recruit a preferred supplier to the Management Committee who approves the request.

- 4.2.2** The Procurement Committee shall invite for submissions of quotations.
- 4.2.3** The quotations should be received in a sealed envelope by a member of admin staff and kept sealed. Admin staff shall stamp the letter with the date received and keep them until delivery to The Procurement Committee on the date of the opening of submissions.
- 4.2.4** The Procurement Committee will open the submissions at a meeting and record the quotations. A quotations summary will be prepared and the vendor committee will determine the preferred supplier/s, clearly noting the reasons of their selection (price, reliability, quality, etc). Minutes of this meeting should be taken and filed with the quotations.
- 4.2.5** The Procurement Committee will recommend preferred suppliers to MC. If MC approves, The Procurement Committee will prepare 1-year contracts with successful suppliers.

4.3. Quotation analysis: Upon receiving open or sealed quotes from suppliers or the Procurement Committee:

- 4.3.1** Admin Staff will complete the Quotations Summary Form (QSF). S/he must list all quotes received on the QSF with an analysis clearly indicating why a particular vendor should be chosen. Quotations should be evaluated on the same basis and criteria (e.g. if some quotes are VAT inclusive while other are VAT exclusive, the comparison should be on a basis excluding VAT). Individual items on the same PRF can be ordered from different suppliers who offer best quality for best price; however, additional transaction costs of making the purchases separately must first be evaluated to make sure the overall cost for splitting the orders is better than purchasing from one vendor.
- 4.3.2** The Quotations Summary Form should be returned to the person approving the Purchase Request Form at which time they should review the recommendation of the Admin Staff and advise which quote is to be successful, clearly stating their reasons for selection and signing their approval. The summary is then returned to Admin/Finance for purchasing.
- 4.3.3** In instances where there is only one supplier of a particular item in the country, a Single Source Justification must be put in writing and signed by the Finance Director, expressly stating how it was determined that there were not other suppliers and this must be approved by the Executive Director or MC.

4.4. Anti-Terrorism Checking

- 4.4.1** CCHR is subject to laws and regulations designed to combat terrorism. Specific requirements by certain donors also require CCHR to certify compliance with antiterrorism laws as a prerequisite to receiving grants and contracts.
- 4.4.2** CCHR will comply with all relevant anti-terrorism laws and donor requirements.

4.5 Simplified Tendering

- 4.5.1** Simplified Tendering is a procedure where prospective tenderers are invited by direct invitation in writing (**1.2**) and the formal requirements of the procurement process are less strictly set compared to procedures for Selective Tendering. It may be used when the value range is USD 300 - USD 5,000 for goods and USD 500 – USD 5,000 for work services.
- 4.5.2 Procedures for Simplified Tendering**
 - a) **Prepare a procurement request:** The Standard Procurement Committee shall prepare a purchase requisition form and the process goes as stipulated in the procurement without quotation. However, the purchase does not take place yet.

The Standard Procurement Committee shall specify the item/ service specifications and requirement (in detail) to avoid procuring the wrong items/ services.

- b) **Collect quotations:** There shall be at least two people assigned to collect three quotations. If a supplier will not provide a written quotation but will provide a verbal quotation, a staff member should complete an internal quotation form with a note explaining why this form is being used.
- c) **Evaluate quotation and select supplier:** The selection decision is made by The Standard Procurement Committee and approved by the MC. Once a minimum of three quotations is received, a quotation analysis should be prepared to analyze the best value for the money. The decision criteria should be (but not limited to):
 - o **Price:** This is often the most important factor because all CCHR's expenditures are restricted within the approved budget. However, decision should be based on purchasing what is needed for efficient operation rather than the least -cost item available.
 - o **Quality:** Another important factor that can be checked by comparing to the specifications of the goods or the expectations of the services to be purchased.
 - o Reliability and Reputation of Quoted Suppliers
 - o After sale services (support and maintenance)
 - o Duration of quoted price validation
 - o **Other factors,** such as favorable consideration with regard to social enterprise status of supplier, or additional promotions provided with the purchase.
- d) **Purchase Order:** Purchase order form is created by Admin staff based on the approved quotation by MC and sent to selected supplier to precede the purchase process.
- e) **Good Received:** A Goods Received Note shall be raised by Admin staff to acknowledge the receipt of goods or supplies as mentioned in the purchase order. Equipment or goods shall be immediately inspected by staff upon delivery, before actually accepting the goods to ensure that the quantities and specifications of the order are met according to the order, and that there are no damaged items. Return must be made immediately for damaged or wrong items.
- f) **Invoice Received:** Signed Goods Received Note shall be filed and matched to a copy of invoice (stapled). Admin and concerned staff must compare items in invoice to purchase order. In addition, invoice calculations shall also be checked.
- g) **Issue of Payment:** please refer to policies and procedures regarding making payment.

4.6 Selective Tendering

4.6.1 Selective tendering is a formal procedure, including the preparation of a complete set of tender documents and the use of a formal opening procedure. The tenderers may be preselected suppliers and may be invited in writing by direct invitation. Public advertisements may also be used. A tender from a supplier who is not preselected shall be treated the same as a tender from an invited supplier. The Selective Tendering Method shall be used in procurements for major procurements only (to the value of \$5,000 and above). The formal requirements are:

- Minimum of 3 tenders
- Use of formal invitation letter
- ToR shall include evaluation criteria, focusing on qualitative aspects and methodology.

- Formal procedure is required, including assessment of tenderers qualification, time frame for preparation, and submission of tender as well as for CCHR to evaluate and decide – normally a timeframe of 30 days in total.
- All tender applicants shall be informed in writing of the tender decision.
- All tenders must be kept confidential and opened at the same time and place. At least 2 members of the Major Procurement Committee shall open the tenders together.

V. SINGLE SOURCE PROCUREMENT

5.1 The following situations are justifiable for single source procurement:

- A product or service can only be provided by a single source because of exclusive capabilities, exceptional worth for the assignment, or proprietary rights.
- Extension of an existing contract awarded in accordance with Selective Tendering.
- For goods or work services of a similar nature when it is clearly economic and efficient, and where no advantage would be obtained by further competition.

5.2 The following procedures shall be adhered to when making single source procurement:

- Suppliers must meet CCHR's Principles of procurement.
- Terms of Reference are needed to specify what products or services to purchase.
- The Procurement committee evaluates and recommends a selection of tender.

5.3 The motivation to use Single source procurement must be documented in a written Procurement decision document and signed by the Finance Director and must be approved by the MC/ED.

VI. EXEMPTIONS TO PROCUREMENT RULES: Exemption from rule of minimum 3 tenders

- 6.1** In emergency situations, an exemption to the rule of having tenders from a minimum of three suppliers may be permitted, and such decisions should be documented.
- 6.2** In situations where it is impossible to find 3 suppliers carrying a needed product, it is still necessary always important in such a situation to try to find as many suppliers as possible.
- 6.3** Donors Requirements: CCHR receives funds from many donors for its operations.
- First, CCHR staff must at all times follow applicable CCHR-internal procurement policies.
 - Second, CCHR staff must comply with the various restrictions that may be imposed on specific procurement transactions by donors.

VII. CONFLICT OF INTEREST AND STAFF PERSONAL INTEGRITY

- 7.1** CCHR defines conflict of interest as the conflict occurring when a CCHR staff member, or a family member or close associate of a staff member, has a pecuniary interest in any transaction conducted by CCHR. A pecuniary interest encompasses situations where a staff member or their family member or associate stands to make financial gain, and also situations where they can influence the denial of financial gain to a particular party for improper reasons.
- 7.2** All staff members have a duty to disclose the existence of any conflict of interest (possible, apparent or potential) and the nature of that conflict of interest, whenever s/he becomes aware that a conflict actually exists or that it is reasonably likely to occur. Staff should talk to their direct supervisor if there is a conflict of interest. If the supervisor is her/himself part of the conflict of interest, the affected staff member should talk to MC.
- 7.3** The supervisor will decide how to deal with the conflict of interest in the particular circumstance of the conflict. When a conflict of interest exists, the affected staff member will not participate in the matter that has given rise to the conflict.

7.4 In order to fulfill the principles of good practice in regard to conflict of interests, all staff of CCHR, when conducting activities and transactions that directly or indirectly affect CCHR will provide honest, loyal and faithful services in a professional manner and consistent with the organization's mission and core values. When making any decisions, judgment or actions in their daily work, they will put the overall interests of CCHR and all its stakeholders above their own personal interests or those of any family member or close associate, and not make decisions that would harm CCHR.

7.5 Staff will follow the letter and spirit of CCHR's employment policies, and other policies and procedures, all of which give guidance about what is, or is not, appropriate and acceptable. Staff will not seek to gain financially from any CCHR transactions. Examples of this kind of conflict include (but not limited to):

- Staff or his/her relative owns a building that CCHR is considering renting
- Staff or his/her relative provides translation or publication service to CCHR

7.6 In performing duties, CCHR staff may face situations where suppliers or contractors offer commissions, gift or bribes as a result of their position in CCHR. Acceptance of such additional payment is not permitted, nor allows any family member or close associate to receive any such gain, nor knowingly do business with family members of staff.

a) **Commission:** is a percentage of a sale or contract price paid by the suppliers or contractors to a person facilitating the transaction. It might also involve the improper changing of price on receipts or invoice to an amount higher than what actually paid. There are two ways to address this issue:

- Refuse or promptly returned with the explanation that CCHR's policy does not permit acceptance of such gift.
- Ask the suppliers to discount the commission amount off the total price of the goods or services. Staff shall make a note of this case on the receipt or invoice.

b) **Gifts:** is a gesture of friendship or appreciation toward CCHR or its employee. However, gifts or gratuity given to influence CCHR employee's decision may be considered as a bribe. Hence, asking or acceptance of such gift or money is not permitted. It is very important to understand the reason of the gift. Personal gift with insignificant monetary value (for example, cheap handicraft and products) is permitted to accept.

c) **Bribes:** is to pay or receive money or gifts in exchange for favors or special treatment or consideration. Bribes are given to influence an employee's decision in favor of the giver of the bribe. All CCHR employees are strictly prohibited from receiving bribes. Asking or accepting gratuity commissions or bribes for personal gain shall result in disciplinary action.

7.7 Staff will not seek to gain financial benefits personally through family, romantic or other relationships. Examples of this kind of conflict include (but not limited to):

- Staff on a selection panel has a personal relationship with an applicant for the position.
- A consultant is asked to be on a committee to review bids, but is related to one of the bidders.
- CCHR employee convinces the beneficiary to commit fraud and share the benefits

7.8 Management Committee and supervisors shall keep information and solution confidential. For example:

- Management Committee must not mention name of a staff member who has reported management misconduct. They must find appropriate corrective action accordingly.
- Solutions at all levels must be kept secret unless necessarily required.
- Staff confessions shall be kept confidential.

- Staff shall not bring up into discussion grievances that has been solved and agreed.

7.9 Reporting Violations of the Above Policies

Each employee has an obligation to report losses, illegal acts, and other violations of the above policies if they believe that these have occurred, if they have observed such conduct, or received any information about such conduct. Violations must be reported to a supervisor, management committee or the Executive Director. The report may be verbal or in writing, and should provide details of what happened, including date, location and the names of any witnesses.

Phnom Penh, Date 21 September 2015