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UNIT 4
PUBLIC PROCUREMENT



Introduction

- One of the major functions of education managers is to facilitate effective procurement of goods, services and works.
- Procurement in public institutions is regulated by the Public procurement and Asset Disposal Act, 2015.
- Its important that education managers are aware of legal requirements before acquiring goods, works and services.
- In this unit, we shall look at the concept of public procurement. We shall look at methods of used in public procurement and how to develop a procurement plan.
- In addition, we shall learn about the administrative structures that should be in place to ensure that procurement of goods and services is done according to the law.
- We shall examine the regulations that govern public procurement and end the unit by examining how stores in education institutions should be managed.



Expected Learning Outcomes

Upon completion of this unit, you will be able to:

a) Define public procurement
b) Explain the methods of public procurement
c) Discuss the procurement plan
d) Describe the public procurement structures
e) Explain the regulations governing public procurement
f) Apply the kills required for effective management of stores

Introduction to public procurement

- Public Procurement is the acquisition by purchase of goods/services and works required for smooth operations of a public entity's planned activities.
- Procurement is the acquisition of goods, services and works; by the institution or an entity in return for a price.
- Procurement is the acquisition of goods, services and works by the school.





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Terms commonly used in public procurement

- ***Pre-qualification*** - means the procedure to identify and shortlist tenderers that are qualified, before the invitation for tenders.
- **Procuring entity -** means a public entity (public school) making a procurement or asset disposal to which this Act applies
- ***Supplier -*** means a person who enters into a procurement contract with a procuring entity to supply goods, works or services.
- ***Tender -*** means an offer in writing by a candidate to supply goods, services or works at a price; or to acquire or dispose stores, equipment or other assets at a price, under an invitation to tender, request for quotation or proposal by a procuring entity.
- ***User department*** - means the unit of a procuring entity that requisitions the goods, works or services being procured (various departments in public secondary/primary schools)

Legal provisions for public procurement

The procurement process in the public sector is guided by;

1. The Constitution of Kenya 2010 Article 227
2. Public Procurement & Asset Disposal Act 2015, .
3. Public procurement and Disposal Regulations 2020
4. The National Treasury and Ministry of Education Circulars issued from time to time
5. Public Procurement Manual for Schools and Colleges,2009

(Further guidelines are available the PPRA website, www.ppoa.go.ke and www. Kenya law.org)





Objectives of PPAD Act, 2015

- The main law guiding public procurement is the PPAD Act, 2015.
- By implementing the Act, public schools are expected to achieve the following;
  - Enhance transparency and accountability
  - Promote competition and fairness
  - Maximize effectiveness efficiency
  - Promote integrity and fairness of procurement procedures
  - Restore public confidence in the procurement process
  - Facilitate the promotion of local industries



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Importance of Public Procurement

- Procurement of goods, works and services in any institution contributes greatly to the success of the institution, depending on how well it is conducted.
- As public officers, you and your staff are involved in Public Procurement and are required to familiarize themselves with the Public Procurement Act and Regulations outlined in order to observe the Five Rights of Purchasing (the 5Rs).
  1. Right quantities,
  2. The right quality,
  3. At right place,
  4. From the right source is timely
  5. Right delivery period
- Thus procurement ensures acquisition of items is done in the most cost effective.



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Objectives of Public Procurement

- Guide procurement entities.
- Enhance economy through competition.
- Enhance efficiency by providing alternative methods.
- Enhance transparency through formal written procedures.
- Increase transparency , integrity and public confidence.
- Ensure full accountability through proper management, monitoring delivery receiving and recording of processes.

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Application of PPAD act, 2015

- As we have stated above, public institutions are expected to apply the Public Procurement and Asset Disposal Act, 2015 while undertaking procurement.
- Public education institutions are expected to apply the Act during:
  - Procurement activities
  - Contract management
  - Disposal of stores and equipment
  - Appointment of an individual to a committee, the task force (if they are payment other than for expense)
  - Renting of premises and acquiring real property



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Procurement Process

- This is the process of the acquiring goods, services and works which commences with procurement planning and ends with the disposal.
- The procurement process involves the following the steps:

i. Preparation of the annual budget: The budget outlines the identified needs of an institution and allocated funds the institutional activities to be undertaken in a particular financial year.

ii. Preparation of a procurement plan: The head of institution should ensure that a procurement plan is prepared and should be aligned to the budget in order to ensure that items captured have budgetary allocations.

iii. Receiving of requisitions from user departments

iv. Preparation and issuance of tender notice/quotation to prospective suppliers

vi. Receiving Quotations/Tenders: All quotations are deposited in the tender box which must be located in a secure place accessible to all bidders e.g. at the main reception area.

vii. Opening of the Tenders

viii. Evaluation of Tenders

ix. Award notification: Communicate the results of an award to the successful bidder and unsuccessful bidders.

x. Appeals window: Allow seven (14) days window for appeals before signing the contract with the successful bidders.

xi. The signing of the Procurement Contract: Sign a procurement contract if no appeals are submitted.

xii. Management of Procurement Contract

xiii. Receiving, Inspection and Acceptance

xiv. Asset disposal Process



Procurement planning

- According to PPAD Act (Sec 44 (2) (c), public institutions are expected to prepare a procurement plan in a format set out in the regulations.
- **Procurement planning is the process of deciding**;
  i. What and how much to buy
  ii. When and from what source
  iii. The procurement method to be used
  iv. The expectations to be fulfilled





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- The procurement plan is an instrument for implementation of the budget and should be prepared by the user departments in order to avoid or minimize urgent procurements that delay or frustrate efforts put in place to realize set objectives.
- The procurement plan must be integrated into the budgeting process.
- It should be based on the indicative or approved project budget.
- The plan shows the categories of items to be purchased, the procurement method, the estimated value, the vote to be charged, the schedule of supplies (time frames), preferences and reservations.
- It's important to note that according to Section 53 (11), the preparation of the procurement plan is mandatory for all public institution and any state or public officer who fails to prepare procurement and disposal plans shall be subject to internal disciplinary action .
- Any goods, services and works required in a project must be captured in the plan



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Importance of procurement planning

Procurement planning is deemed important for the following reasons:

i. Efficiency in utilization of resources
ii. Prevention poor performance….ad hoc procurement
iii. Prioritization of procurement initiatives
iv. Serves as document for future reference
v. Enhancement of transparency and accountability
vi. Prevention of poor performance in schools.



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How do you develop a procurement plan

- A bottom up approach is recommended for the procurement planning process with each department preparing and submitting their plans to the Head of the Planning Unit.
- The Head of the Planning Unit in turn prepares a consolidated annual procurement plan (APP) for approval by the Accounting Officer and the Board of the Procuring Entity.
- Heads of Department are required to submit signed Annual Procurement Plan to their Accounting Officer at least thirty (30) days before the close the fiscal year.
- Procurement plans for projects may be prepared on a multi-year basis, in which case they should be integrated into the medium-term budgetary expenditure framework.



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Components of a procurement plan

The procurement plan should include but not be limited to the following information:

- Detailed breakdown of the goods, works, consultancies and services required;
- A schedule of the planned delivery, implementation or completion dates for all goods, works, consultancies and services required;
- Estimate of the value of each procurement package of goods, works, consultancies and services and the source of funding, if different from other packages;
- Indication of items or sections of the services, consultancies or works that can be aggregated for procurement as a single package;
- Procurement method; and
- The time when the goods/items are expected to be delivered to the school

Procurement Plan Template

The following template is used to guide the head of an institution in preparing a procurement plan.

No	Lot Name	Items in Lot	Unit	Quantity	Rate	Amount	Tender Method	Time frames
1,	cereals	maize	70 kg bags	400	2000	800,000	Restricted tendering	2 days before start of the term
		beans	70 kg bags	200	3500	700,000		
		ndengu	70 kg bags	200	4000	800,000		
2.	Building materials	cement	bags	100	750	75,000	Request for quotation	To be aligned to the project plan
		sand	Tonnes	14	2500	35,000	Request for quotation	



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Methods of public procurement

- Education institutions are expected to follow the methods stipulated in the PPAD Act, 2015.
- However, we need to note that development partners and funding agencies may stipulate how they expect procurement to be conducted.
- Institutions should follow such stipulations carefully as this may determine whether they will be continued funding and support of education projects from the funding agency.
- Ministry of education may also issue circulars on how procurement for infrastructure or development projects should be conducted.



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- In the absence of such conditions, education institutions are expected to apply the PPAD Act, 2015.
- Procurement of goods, works or services in public schools is the responsibility of the accounting officer (head teacher/principal) who is expected to appoint committees and to oversee how they perform their functions.
- According to Sec 93 (1), an accounting officer may conduct a pre-qualification procedure where applicable as a basic procedure before adopting an alternative procurement method other than open tendering.
- Pre-qualification is carried out to identify a few best qualified firms/contractors/suppliers for the subject procurement.
- Pre-qualification is mainly done for complex and specialized goods, work and services.
- Public procuring entities are classified into three categories A, B, and C. Public schools fall under category C.

The table below indicates the threshold matrix for different procurement methods: (*Public Procurement and disposal regulations, 2020*)

Value of package (Ksh.)	Procurement method	Comments
1- 5000	Low value procurement	Purchase without competitive bidding
5001-500,000	Request for quotations	3-10 applications without a need for national advertisement
500,000- 3,000,000	Restricted tendering	-3-10 quotations -prequalification -No national advertisement
Over 3,000,000	Open tendering	Government portal Institution website
No limit (but conditions to be met)	Direct procurement	Monopoly -existing projects -Emergencies -Special reason accepted by BoM

i) Low value Procurements

- According to Sec 107 of the Act, Low value procurement method is used when an entity is procuring low value items that are not procured on a regular or frequent basis and are not covered in the framework agreement.

ii) Request for quotations

- Section 105 of PPAD Act states that, a procuring entity may request for quotations from the register of suppliers.
- The method is used for goods, works, and services that are readily available in the market, and whose costs are within the prescribed threshold.
- Before awarding can be done 3-10 quotations should have been received.



iii) Restricted Tendering

- According to Sec 102 of the Act, restricted tendering involves invitation of only a limited number of prequalified suppliers. No national advertisement is needed e.g. insurance services are offered by a few insurance companies
- Procuring entity may use restricted tendering if any of the following conditions are satisfied:
  i. Competition for a contract is limited, because of the complex or specialized nature of the goods, works or services is restricted to prequalified tenderers.
  ii. The time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured; or
  iii. If there is evidence to the effect that there are only a few known suppliers of the whole market of the goods, works or services;

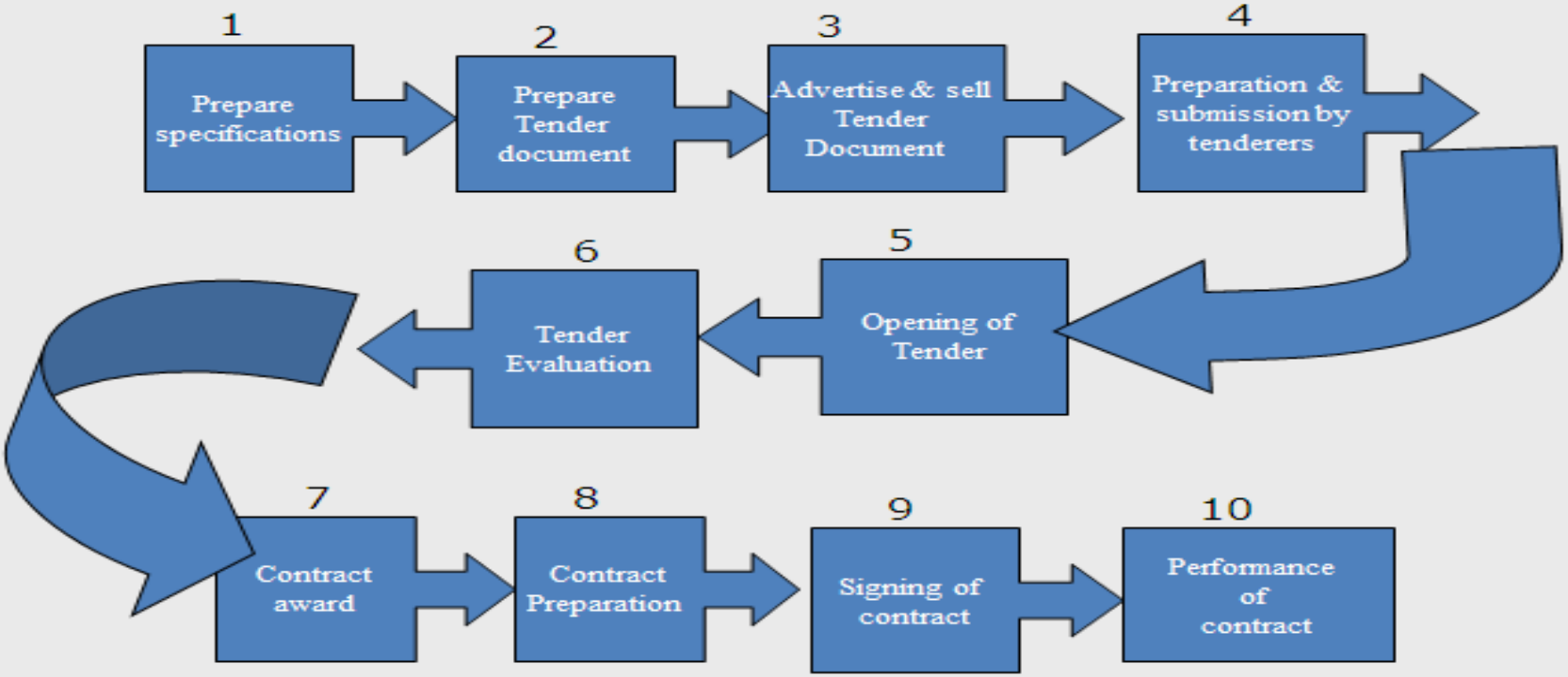
iv) Open Tender

- According to Sec 96 of the Act, the Open Tender method is the preferred method of procurement because of its competitive nature.
- This is a competitive procurement method that is open to all eligible suppliers of goods, works or services.
- It can be done through Government Tenders' Portals or on its website, or a notice in at least two daily newspapers of nationwide circulation.
- It helps the procuring entity to get the benefits of competition.



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STAGES IN OPEN TENDER PROCESS



v) Direct Procurement

- According Sec 103 of the Act, direct procurement is a non-competitive method whereby only one supplier is invited to supply goods, works or services.
- A procuring entity may use direct procurement if any of the following are satisfied:
  - Monopoly; e.g. supply of electricity by Kenya power
  - Emergencies
  - Special reason accepted by BoM or the funding agency

Vi) Request for Proposals

- According to Sec 115 of the Act, request for proposals can be used for the procurement of services or a combination of goods and services which are advisory or otherwise of predominately intellectual nature e.g. architectural, physical planning and any other design scheme, engineering, or graphic.
- According to Sec 116 (2) Subject to any prescribed restrictions, a procuring entity may use a request for proposals in combination with other methods prescribed in the procurement act.



vii) Framework Agreement

- According to Sec 114 of the Act, Framework Agreement means a pact between a procuring entity (school) and a selected supplier (or suppliers) or contractor (or contractors) identified for a definite term to supply goods works or service whose quantities and delivery schedules are not definable or determinable at the beginning with a commitment to order a minimum quantity of the required goods, works, or services;
- A school may enter into a Framework Agreement through open tender if—
  - The procurement value is within the thresholds prescribed under Regulations to this Act;
  - The required quantity of goods, works or non-consultancy services cannot be determined at the time of entering into an agreement e.g. general maintenance, laboratory maintenance, a supply of stationaries, etc.





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- A minimum of seven alternative vendors is included for each category.
- The maximum term for the framework agreement shall be three years and, for agreements exceeding one year, value for money assessment undertaken annually to determine whether the terms designated in the framework agreement remain competitive.
- When implementing a framework agreement, a school may;
  - Procure through call-offs order when necessary; or
  - Invite mini-competition among persons that have entered into the framework agreement in the respective category



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vii) Design competition:

- **This refers to** a procurement procedure for obtaining competitive bids for services which are creative in nature and which require that part of the services be carried as part of the bid to facilitate evaluation of the bids.
- Such services include architecture, landscaping, engineering, urban design projects, urban and regional planning and fine arts.

viii) Request for Proposals (RFP)

- Sec 115, provides that this method shall be used for procurement of services which are predominately intellectual or advisory in nature.
- It is therefore suitable for procurement of consultancy services.
- The institution should obtain a minimum of six (6) proposals shall be shortlisted, but where less than six proposals have been received, a minimum of three (3) RFPs shall be shortlisted through expression of interest procedure.



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ix) Two-Stage Tendering

- A procuring entity may engage in procurement by means of two-stage tendering when, due to complexity and inadequate knowledge on its part or advancements in technology, it is not feasible for the procuring entity to formulate detailed specifications for the goods or works or non-consultancy services in order to obtain the most satisfactory solution to its procurement needs.
- In the first stage of the two-stage tendering proceedings, tenderers are called upon to submit initial tenders containing their proposals without a tender price.
- In the second stage, the procuring entity shall invite tenderers whose tenders were retained to submit final tenders with prices with respect to a single set of specifications and in formulating those specifications, the procuring entity may modify any aspect, originally set forth in the tendering document.
- The final tenders shall be evaluated and compared in order to ascertain the successful tenderer. When developing the specifications, the procuring entity may engage experts.



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Electronic Reverse Auction

- The Authority (PPRA) may in exceptional circumstances approve a system of electronic reverse auction method of procurement for goods, works or non-consultancy services by a procuring entity.
- However there are conditions for one to use Reverse Auctions.
- For an accounting officer of a procuring entity to be qualified to use the reverse auction method it shall possess the following;
  - Procurement portal
  - Appropriate secure software with electronic procurement capabilities and functionalities approved by the Authority.
- The prices of bidders within the prescribed time shall be visible to other bidders without revealing the bidder's identity and the pre-qualified supplier shall not revise its bid upwards within the prescribed time.
- Subject to the reserve price set by the procuring entity, the successful bid shall be the bid with lowest price at the bid submission deadline.

Public procurement structures

- Public procurement and Asset disposal is regulated by three main bodies which have been formed according to the PPAD Act, 2015.
- These bodies are:
  - National Treasury
  - Public Procurement Regulatory Authority
  - Public Procurement Review Board





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The National Treasury

- The National Treasury established under section 11 of the Public Finance Management Act, 2012, is responsible for policy formulation on the public procurement and asset disposal.
- In the performance of this role, the National Treasury does the following:
  a) Provides technical assistance on procurement and assists in the implementation and operation of the public procurement and asset disposal system.
  b) Carries out review of procurement and supply chain management system to assist procuring entities
  c) Facilitates affirmative action for disadvantaged groups in accordance with the Constitution and advances their participation in the procurement process
  d) Issues guidelines to public entities with respect to procurement matters
  e) Performs such other functions as prescribed by this Act or any other legislation

Public Procurement Regulatory Authority (PPRA)

- This body replaced the Public Procurement Oversight Authority (PPOA) that was provided for in the Procurement Act of 2013.
- It was established under section 8 of the act as a corporate body.
- The Authority is headed by a Director General who is the Chief Executive Officer responsible for its direction and management as well as being a secretary to the Board.
- The Function of the PPRA includes:
  a) Monitoring, assessing and reviewing the public procurement and asset disposal system to ensure that they respect the national values and other provisions of the Constitution.



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b) Assisting in the implementation and operation of public procurement system by:
   - Preparing and distributing manuals and standard documents to be used in connection with procurement by public entities.
   - Providing advice and assistance to procuring entities upon request
   - Developing, promoting and support the training and professional development and support the training and professional development of persons involved in procurement.
   - Issuing written directions to procuring entities with respect to procurement such as; the conduct of procurement proceeding and the dissemination of information on procurement.

- Ensuring that procuring entities engage procurement professionals in their procurement units
- Advising the Cabinet Secretary on the setting of standards such as international public procurement and asset disposal standards
- Developing a code of ethics to guide procuring entities and winning bidders when undertaking public procurement and disposal with state organs and public entities





The Public Procurement Review Board

The functions of the Review Board include;

- Reviewing
- Hearing
- Determining tendering and asset disposal disputes

Public procurement Structures at the institutional level

- structures that should be established at the institutional level as stipulated in the PPAD Act and the responsibilities of officers involved in public procurement and structures that should be established to ensure that public procurement is conducted according to the law,



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The Accounting Officer

- The Accounting officer refers to a person with authority to incur expenditure.
- In the case of education institutions, the principal or head teacher is responsible for ensuring that the institution complies with the Act, Regulations and any other direction of the authority with respect to each of its procurement.
- The responsibilities of the principal include the following:
  i. Ensuring that the procurement of goods, works and services of the public entity are within approved budget.
  ii. Constituting all procurement and asset disposal committees within a procuring entity in accordance with the Act.
  iii. Ensuring that procurement plans are prepared and implemented effectively.

v. Signing contracts for the procurement and disposal activities on behalf of institution and is responsible for contracts entered in.

vi. Ensuring that procuring entity properly documents procurement proceedings and manages records.

vii. Ensuring that staff, Board members and procurement committee members as well as contractors and suppliers comply with the provisions of the Act.



Responsibilities of User Department

- User department refers to the department or division that requires the goods, services or works in order for it to undertake its operational duties.
- Its responsibilities are:

i. Initiating procurement and disposal requirements and forwarding them to the procurement unit.

ii. Preparation technical specification for goods and services required and submitting the same to the procurement unit.

iii. Participating in the evaluation of tenders, proposals and quotations.

iv. Forwarding details of any required variation of contract to the procurement unit for consideration and actions. Maintaining and archiving records of contract management



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Functions of a Procuring Unit/Department in public educational institutions

- The procurement unit/ department refers to the unit or department within the institution that is charged with the responsibility of managing procurement.
- Its charged with the following responsibilities"

i. Preparing, publishing and distributing procurement and disposal opportunities including; invitation to tender, pre-qualification documents and invitations for expressions of interests.

ii. Coordinating the receiving and opening of tender documents.

iii. Maintaining and safeguarding procurement and disposal documents and records



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v. Preparing any reports required for submission to the procurement unit, procurement committee, tender committee or accounting officer.

vi. Participating the inspection of goods, services or works in order to determine conformity with the specifications or requirements outlined in the contract.

vii. Reporting any departure from the terms and conditions of the contract to the procurement unit/department

viii. Making clarification on tender requirements for quotations and any other as it is required.

ix. Ensuring the issuance of goods, works& services received notes

x. Assisting in the preparation of procurement and disposal plans



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xi. Submitting shortlists and lists of pre-qualified tenderers for approval.

xii. Issuance of procurement and disposal documents to candidates,

xiii. Proposing the membership of the evaluation committee to accounting officer for approval.

xiv. Coordinating the evaluation of tenders, quotations and proposals.

xv. Preparing and publishing notices of award and notices of tender acceptance.

xvi. Preparing contract documents in line with award decision

xvii. Preparing and issuance of rejection and debriefing letters

xviii. Preparing contract variations and modifications to documents.



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xix. Recommending a negotiating team for appointment by accounting officer where negotiations are allowed and participating in such negotiations.

xx. Maintaining and archiving document and records of the procurement and disposal activities for the required period of time (usually 6years).

xxi. Providing information as required for any petition or investigation under the review procedures.

xxii. Implementing the decision of the tender and disposal committees including coordinating all activities of these committees.

xxiii. Acting as a secretariat to the tender and disposal committee.

xxiv. Monitoring contract management by the user departments to ensure implementation of contracts in accordance to terms and conditions of the contract.



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xxv. Reporting any significant departures from the terms and conditions of the contract to the accounting officer.

xxvi. Preparing consolidated procurement plans

xxvii. Coordinating internal monitoring and evaluation of the supply chain function

xxviii. Carrying out periodic market surveys to inform the placing of orders or decisions made by the award committees.

xxix. Approving the extension of the tenders' validity period

xxx. Verifying stock levels before the initiation of the procurement process.



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Procurement Committees under PPAD Act, 2015

a) The Tender Opening committee

- Sec 78(1) of the Act provides that the accounting officer (institution head) shall appoint a tender opening committee specifically for the procurement in accordance with the following requirements:
- The committee shall have at least three members; and
- At least one member shall not be directly involved in the evaluation of tenders.

Functions of the Tender Opening Committee

i. Conducting a preliminary check of the received quotations to ensure that they comply with conditions pre-set in the quotation request form.

ii. Preparing a list of all tender applications received and opened

iii. Preparing a list of all qualified applications

iv. Preparing a list of all disqualified applications

b) Tender Evaluation committee

- According to Section 46 and 47 of PPAD Act, the accounting officer shall appoint an ad hoc evaluation committee established in accordance with the Act and regulations and from within the members of staff, with relevant expertise.
- The committee shall comprise of 3-5 members appointed by the accounting officer on rotational basis comprising of user department and two other departments or their representatives.
- The functions of the Tender Evaluation Committee are;

i. Assess the technical and financial aspects of bids
ii. Negotiations on the quoted prices with the bidder
iii. Assess proposals for prequalification, registration lists and expression of interest
iv. Any other role assigned to it.



c) Inspection and Acceptance Committee

- This Inspection and acceptance Committee is formed under Section 38 of the PPAD ACT, 2015. Its membership comprises of:
- Chairperson
- At least two others appointed by the principal upon recommendation by Procurement Unit

Functions of the Committee

i. Inspection & where necessary testing of the goods and services received to ensure compliance with the terms and specifications of the contract.

ii. Acceptance or rejection of delivered goods or works on behalf of the institution

iii. Determination of value for money. (Quality, Quantity, Timeliness, Proper documentation/manuals.



d) Asset Disposal Committee

- Established under Section 163-167 of the PPAD Act. The accounting officer is expected to establish a disposal committee in writing comprised of five members as follows:
  - Chairman- a member appointed by the principal
  - Two heads of departments
  - Officer in charge of stores
  - Accountant/finance officer



The functions of the disposal committee are:

i. Disposal of unserviceable asset
ii. Disposal of obsolete asset
iii. Disposal of obsolescent assets
iv. Disposal of surplus stores
v. Verification of all disposal recommendations by the employee in charge of the assets requiring disposal in liaison with the head of procurement function
vi. Recommend the best disposal method to the accounting officer



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Regulations governing public procurement

i. **Split tenders:** No procuring entity may structure procurement as two or more procurements for the purpose of avoiding the use of a procurement procedure.

ii. **Inflated tenders**: Standard goods, services and works with known market prices shall be procured at the prevailing real market price.

iii. **Qualifications to be awarded contract**: A person is qualified to be awarded contract for procurement only if the person satisfies the criteria in the procurement Act and the regulations.

iv. **Pre-qualification procedures**: To identify qualified persons a procuring entity may use a pre-qualification procedure or may use the results of a pre-qualification procedure used by another public entity.

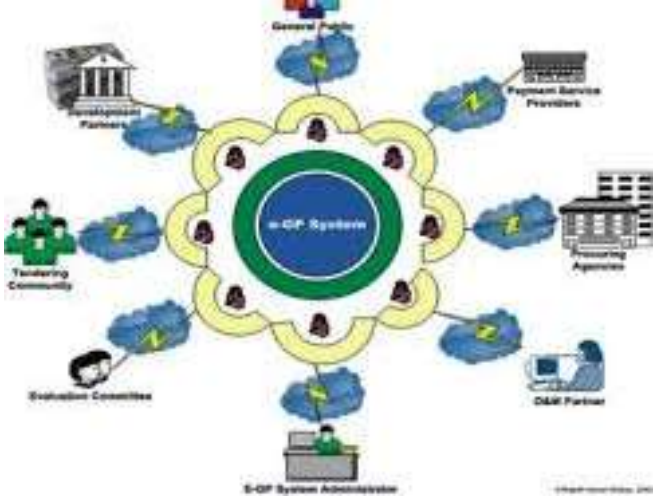


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v. **Limitation on contracts with employees**: Except as expressly allowed under the procurement regulations, a procuring entity shall not enter into a contract for procurement with an employee of the procuring entity or a member of a board or committee of the procuring entity; or a public servant.

vi. **Specific requirements**: The procuring entity shall prepare specific requirements relating to the goods, works or services being procured that are clear, that give a correct and complete description of what is to be procured and that allow for fair and open competition among those who interested in trading with the institution.

vii. **Verification that one is not debarred**: A tender, proposal or quotation submitted by a person shall include a statement verifying that the person is not debarred from participating in procurement proceedings under Part IX and a declaration that the person will not engage in any corrupt practice



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viii. **Termination of procurement proceedings:** A procuring entity may, at any time, terminate procurement proceedings without entering into a contract.

ix. **Written communication**: If the procurement procedure used is open or restricted tendering or a request for proposals, communications between the procuring entity and a person seeking a contract for the procurement shall be in writing.

x. **Participation in procurement**: Candidates shall participate in procurement proceedings without discrimination except where participation is limited in accordance with this Act and the regulations.

xi. **Corrupt/fraud**: No person, agent or employee shall be involved in any corrupt practice or fraudulent practice in any procurement proceeding.



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xii. **Procurement Records**: A procuring entity shall keep records for each procurement activity for at least six years after the resulting contract was entered into or, if no contract resulted, after the procurement proceedings were terminated.

xiii. **Contracts**: The Authority shall publish notices of the contracts awarded by procuring entities together with such other information as may be prescribed.

xiv. **Amendments to contracts:** An amendment to a contract resulting from the use of open tendering or an alternative procurement procedure under Part VI is effective only if the amendment has been approved in writing by the tender committee of the procuring entity; and (b) any contract variations are based on the prescribed price or quantity variations for goods, works and services.

xv. **Interest on overdue amounts:** Unless the contract provides otherwise, the procuring entity shall pay interest on the overdue amounts in accordance with prevailing commercial bank rates

xvi. **Inspections and audits relating to contracts:** Records and accounts of the procuring entity and contractor may be inspected by the Director-General, or audited by the Controller and Auditor-General.



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Stores Management

What are stores?

These are all movable property purchased from public funds (funds given to institutions or raised by the institutions) or otherwise acquired by the institutions or provided for the use of the institutions or any of its officers.

What is storekeeping?

This refers to physical storage of materials carried into the store-room in a scientific and systematic manner with a view of safeguarding them from damages or losses.



Types of stores:

There are different types of stores which include:

a) **Consumable stores:** These are stores that whose nature changes in use or are consumed and are therefore issued only once and they are not to be entered into any inventory. Such items shall include stationery, foodstuff, drugs, fuel etc.

b) **Permanent stores:** These are items which have a long life span and also are expensive. When in use they are expected to be maintained and when they become unserviceable they are also expected to have salvage value and they should be disposed of in accordance with the provisions of the Act and the Regulations. For our purpose, permanent items will refer to items with a value of Ksh. 5,000 and an expected life of 2 years.

iii. **Expendable stores:** All other items which are procured and cannot be classified as permanent or consumable shall be placed in a class of their own i.e. expendable items. The management of expendable items is similar to that of permanent items. Such items include tools, cutlery, bulbs, tube lights, rulers, staplers, lamps etc. This category of stores does not need to be controlled from the stores and therefore there is no permanent record for them in the stores.



Separate categories of stores

(a). Administrative and stationery supplies: This includes office and computer supplies such as paper, pens, toner, printer cartridges, notebooks, and CDs. Such stores may be kept in locked facilities within the offices and do not require separate warehouse facilities.

(b). Shelf life store items: These are characterized by an expiry date less than five years beyond which the item cannot be used. These would include such items as drugs and medical supplies and chemicals. In the case of Shelf Life Store Items specialized storage facilities must be used and the Shelf Life Stores Register should include item identification code, location code, quantity, expiry date, date of acquisition, special storage instructions, if any, and cost value. Issuance of Shelf Life Items should be strictly on a first in first out basis.



(c). Durable store items: These items do not have expiry dates such as spare parts and equipment consumables. In the case of Ordinary Store Items separate ware-house facilities should be utilized and the Ordinary Stores Register should include item identification code, location code, quantity, date of acquisition, special storage instructions, if any, and cost value.

(d). Foodstuff and other sensitive perishables: These items should be stored in a separate facility which are clean and do not permit contamination from chemicals and other toxic pollutants.





(e). Fuel and lubricants: These items should only be stored in special storage facilities approved specifically for fuel and lubricants and should be subject to the highest standards of safety and protection against environmental damage.

(f). Assets such as stores of a capital nature: These include items such as plant, machinery, vehicles, office and house furniture and equipment, books etc., excluding consumable stores, should be properly tagged, recorded in appropriate Asset Inventory Registers indicating the location and the Asset holder.

Store managers

- As an education manager, you should be familiar with the roles of various stores managers in your institution.
- This will help you to supervise them effectively.
- We shall discuss the roles of the head of procurement unit, head of stores and the storekeeper.





Role of the head of procurement unit:

The head of procurement unit shall ensure:

i. An officer is appointed to be in charge of stores.

ii. All stores purchased are actually received and taken on charge, and should arrange for occasional visits of inspection to the stores, at least twice in each calendar year, by himself or by a representative in order to ensure that Storekeepers carry out their duties as laid down in this Chapter.

iii. That stores are not allowed to suffer deterioration from any preventable cause,

iv. That overstocking of any particular item is avoided,

v. That adequate fire-fighting appliances as approved by the relevant fire authority are installed in the store premises, are maintained in good working order and are readily available for emergencies, and that watchmen and staff are instructed in their use.

Role of head of stores:

The head of stores shall ensure:

i. All stores purchased are actually received and taken on charge
ii. Occasional visits of inspection to the stores
iii. Stores are not allowed to suffer deterioration from any preventable cause
iv. Overstocking is avoided,
v. Adequate fire-fighting appliances
vi. Security arranged
vii. Separate explosive and inflammable stores
viii. Ensure FIFO (First In First Out) is applied when issuing stores
ix. Keep tally cards
x. Ensure security signs and non-smoking are in place





Inventory Management

Now that you understand the roles of store officers, it is helpful to understand how inventory management is undertaken.

(a). Re-order level

- Managing inventory involves ensuring that stock levels are sufficient to allow institution operations to run normally.
- When dealing with consumable stores for example, the storekeeper must not wait for complete stock-outs to start re-order process.
- There are established models that are available to manage inventories.
- One of the models that are easy to use is the re-order level (ROL) system.



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- Under this system, the decision to re-order will be triggered when the level of physical stock plus inventory already on order fall below an established re-order level.
- The re-order level is calculated by adding the best estimate of demand to cover the lead time duration to safety stock quantity. Reorder Level System calculation is achieved by: ROL = (Rd X L) + S
- Where:
  - Rd = Rate of demand/usage (per day/per week) – this refers to for example how many kilograms of beans are used per week
  - L= lead time (in days/week) – This is the time it takes between the time an order is made to when the goods are received
  - S = safety level of stock – this refers to the minimum amount of items that stock must not fall below.

- Other models that are used are include; Economic Order Quantity (EOQ) and Periodic Review Systems.



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Effective stock control

For the purpose of effective stock control, the following must be carefully considered.

a) **Stock Control:** This is maintenance of stocks at the appropriate levels to satisfy customer requirements at the minimum costs.

b) **Lead Time:** This is the length of time from the notification of non-availability of an item to the time the item is purchased and is in the store.

c) **Reserve (Buffer Stock):** Extra stocks for critical items to take care of increased demand or lengthened lead time. It is calculated and specially approved.

d) **Dues-in:** These are orders which have been placed but the deliveries have not been made.



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d) **Dues-out:** These are items which have been requisitioned for but cannot be issued because there are no stocks in the store or any other reason. Re-order level: This is the quantity of stock for a particular item when action to place a new order is taken.

e) **Minimum stock level:** This is the quantity of stock below which stocks should not be allowed to fall before a new delivery is received to replenish the stocks.

f) **Maximum stock level:** This is the highest quantity of stock which is expected to be achieved when a new delivery for replenishment of stocks is received.

g) **Provisioning period:** This is the duration to be considered to be covered by the new order to be placed. It shall be arrived at taking into considering the average monthly issue rate (MIR) and lead time.

h) **Contingency reserves:** These are special extra stocks which may be authorized from time to time to meet such unexpected calamities as epidemics, draughts, floods and other natural disasters and specific situations of the procuring entity. These must always be maintained as approval and no issues should be made from them with-out a written approval by the head of the procuring entity.

Deletion of Stock

- Stocks of slow-moving items which are not otherwise determined to be eligible for stocking should be eliminated through normal attrition and should not be replenished.
- The successive actions indicated should be taken, as necessary to remove stocks of inactive items from inventory through:
  a) Transfer stock to other users where needed within the public entity.
  b) Normal disposal as surplus stocks.





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Annual Stock taking and verification of stocks

- A procuring entity should carry out annual stocktaking of the stores, equipment and property; and should submit the annual stocktaking reports to the PPOA upon request.
- Stock taking shall be conducted by independent staff and not the stores officers.
- A procuring entity should carry out stock verification, as a continuous exercise.
- Stock taking will be undertaken annually by appointed independent stock takers.
- The duty of the Stock takers will be to make a physical check of the stores and to compare them with the ledger balances and record to the position.
- The Stock takers will prepare the Report, and any surpluses or deficiencies should be documented.
- The storekeeper concerned will sign the form indicating his acceptance of the surpluses or deficiencies.
- The Stock taking Report will be forwarded to the Head of Procuring Entity.
- The Head of Procuring Entity should reply to the observations of the Stock taker the soonest possible.

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Stock taking proforma template

NAME OF THE EDUCATION INSTITUTION_____

100% ANNUAL PHYSICAL STORES CHECK CONSUMABLE STORES SECTION_____AS AT_____20___

Item	Description	Physical Stores Folio	Stores Ledger Folio	Discrepancy		Consumption Per Year	Remarks
				Surplus	Shortage		

We certify that a 100% stores check was carried out by us in the section _____ on_____ as detailed in the list

Signature of Checking officer (Member of BOM)_____ Date_____
Signature of Checking officer (Member of BOM)_____ Date_____
Signature of officer in charge of store_____ Designation_____ Date____



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Stores records

- It is not possible to manage stores without records. Any officer receiving store items should have access to relevant sores documents such as a copy of the Local Purchase Order, Delivery note, Invoice or purchase receipts.
- The aim of this process is to ensure that the institution receives stores of the right quantity and quality as was expected.
- Once the storekeeper is satisfied with everything he/she should stamp the documents that the store items have been received in good order and condition.

BIN CARD

Bin No.....
Article.....

Minimum Quantity.....
Ordering Level.....
Maximum Quantity.....

Date	Quantity Received	Quantity Issued	Balance	Date	Quantity Received	Quantity Issued	Balance

Checked
Initials.....

Checked
Initials.....

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- Once the officer has verified the quality and the quantity he/she must record the store items in a stores ledger
- A Stores Ledger is used for recording receipts and issuance of store items.
- The ledgers will be opened according to the nature of store items - permanent, expendable or consumable.
- Each department charged with receiving and storage must have stores ledger for accountability.
- Once the store items have been received and recorded, they should be issued to users when the need arises.
- Each user requesting to be issued with items must have written authority from the relevant section head.
- Such authority could be in form of requisition form which should be retained and filled by the stores in charge.

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NAME OF EDUCATION INSTITUTION: _____

STORES LEDGER

Item Code: _____ Item description: _____

Date of Receipt	Receiving / Delivery Note No.	Quantity Received	Unit Cost	Total Cost	Date of Issue	To whom issued	Quantity Issued	Balance	Comments



The following instructions for keeping stores records should be observed:

i. The headings or descriptions of articles will be arranged alphabetically or numerically as appropriate. Except where self indexing ledger cards or loose-leaf sheets are used the ledger will be indexed so as to permit ready reference to any particular article in the store.

ii. At the top of each column of the ledger, or folio if there will be a separate one for each article, the unit of quantity will be shown as well as the maximum and minimum permissible stock, and the stores will be taken on charge and issued in that unit, or recognizable fractions of that unit.

iii. Receipts and issues should be recorded in the ledger on the day of their receipt or issue.

iv. When not in use the ledgers should be kept under lock and key in a safe place.

v. The Stores Ledgers must be closed and balanced on the last day of each fiscal year and whenever a survey or handing over takes place.

vi. Electronic records shall be managed in a similar manner.



Safeguarding stores

- Safeguarding stores is the best insurance for any organization that wants to ensure that wants to ensure that its success levels are sustained.
- This is applies to education institutions. In this section, we focus on the management and care of Government vehicles and machinery, temporary removal and missing property and safety and security of stores.

(a). Management and care of motor vehicles and equipment:

Government vehicles and machinery should be:

(i). Properly maintained and repaired,

(ii). Driven only by authorized employees,

(iii). Used only for authorized trips and

(iv). Parked in safe places and protected against theft and loss; and

(v). Properly licensed and insured at all times if required.

(vi). Not be used for private use, waste, abuse and neglect



The following documents should be maintained for Government vehicles and machinery:

i. Work ticket recording the route of each vehicle or a machinery recording book

ii. Monthly cost sheet that records the fuel, lubricants and maintenance costs; and

iii. Log book which shall include catalogue of tools, spare parts and movable equipment.





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Temporary removal and missing property

- Public property may be temporarily removed from the public entity‘s premises with written permission from the appropriate
- Department Head, when it is integral to a person‘s role for which they have been hired or aids them in accomplishing their primary mission.
- When there is a unique or special task or circumstance, outside of a person‘s regular duties, and it is determined that the temporary removal of property will advance official programs or activities, written permission may be granted by the appropriate Head of the User Department.
- Permission should include a description of the equipment, condition, any serial number, and the property tag number with a copy kept on file by the department.
- The person or official representative of the entity to which the property is temporarily assigned must utilize the property for Government- related business or activities, and agree to assume responsibility for the property during the time it is removed.



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- Furthermore, the person or entity to which property is assigned, specifically for a task, or peripherally in their role, may be liable for any losses, damage or destruction, or impairment of function or useful life of the equipment that may result due to negligence or carelessness.
- If property is discovered missing, an immediate request should be made of the Internal Auditor to have the loss investigated.
- A check must be made to see if there is insurance coverage for the loss.
- A note that the property is missing should be inserted into the asset register and a copy of the police report kept on file.
- Appropriate action should then be taken in accordance with the procedure for handling losses in Public Financial Management.



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Safety and Security of Stores:

- The Head of the Procuring Entity should ensure that all the necessary safety, precautions and security is provided during storage and transportation of goods.
- Such precautions should include but not be limited to:

i. Ordering periodic fumigation where and when necessary;

ii. Ordering periodic firefighting drills;

iii. Ensuring that water is stored exclusively for the use of firefighting;

iv. Ensuring the availability and regular servicing of firefighting equipment.

v. Ensuring that all windows and doors are securely locked when the Stores are not being manned

vi. Ensuring availability of protective gear for staff.

Layout and organization of stores facilities

- Stores facilities should be organized for easy access to the storage and retrieval of items.
- The layout should facilitate the implementation of a simple item location system to properly record the identification, description and location of all stored items.
- The Stores facilities should accommodate bin card holders next to each item bin.
- The Stores facilities should be ventilated, well lit and free of all obstructions.
- The following should also be noted on storage facilities.

a) Some items do not need to be stocked and in such circumstances, they are operated under Just in Time procedures (JIT).

b) The citing of the store must be convenient and not prone to flooding





c) The design of the stores should be prepared taking into consideration he type of stores, quantities and handling equipment to be used in the stores.. Preferably, the stores facilities should be considered when a building is being designed.

d) The facilities should be well lit and ventilated.

e) The doors and windows should be preferably be burglar proof and lockable for security.

f) Large stores facilities should be secured with a perimeter wall or fence. And guarded

g) Appropriate stores handling equipment should be provided

h) Offices should also be made available for the stores staff with the facilities.

i) Cleanliness of the facilities should be observed.



- In this unit, we have looked at public procurement and how it ought to be conducted in schools.
- We have seen the importance of procurement planning and methods of procurement.
- In addition we have looked at how public procurement is regulated through various bodies and committees.
- We have also looked at how stores are managed once received by a store.
- It is our hope that with the knowledge and skills you have acquired, you can ensure that procurement of goods, services and works in your school is done in a transparent and accountable manner and that stores are managed well in order to ensure effective use of resources.