



# LOGISTIC AND PROCUREMENT POLICIES AND PROCEDURES



**HEALTH, EDUCATION AND DEVELOPMENT SOCIETY  
“HEADS”**



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## Section 1

### 1.1 About HEADS

#### INTRODUCTION

Health Education Development Society (HEADS) is a Non-Governmental, Non-Profitable Organization registered under Societies Act 1860 (Reg. No. 8758/5/7411). The organization since its establishment in 2013, works **“To provide a peaceful environment to all human beings where they can utilize their potentials for sustainable development”**. This aim is achieved with the close collaboration of partner communities, humanitarian and development organizations through a participatory, demand responsive, gender and poverty sensitive integrated development approach in the Khyber Pakhtunkhwa Province & FATA, Pakistan. HEADS interventions mainly focus on achievements in domains/program areas including Protection, Livelihood, WASH, Education, Health & Nutrition and DRR.

### 1.2 Purpose of the Manual

The purposes of this manual are to: -

- 1 Explain the HEADS overall Logistic and Procurement processes in broad terms and the reasons for those processes;
- 2 Provide direction to the various departments and field offices such that detailed interdepartmental/field offices Logistic and Procurement Policy and procedures can be developed from a common and consistent base;
- 3 Provide common Logistic and Procurement policies that must be adhered to by all departments and field offices. The manual gives the reader a basic understanding of Logistic and Procurement management in the HEADS



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and, most importantly, an understanding of the purpose behind a particular policy.

### 1.3 Objectives of the Manual

There are three objectives inherent in the establishment of Logistic and Procurement Manual:

- **Accountability:** To ensure that responsibility for every activity is assigned to an individual, who will be held responsible for that activity to be performed according to the policies and manual of the HEADS;
- **Control:** To ensure that every activity is for a purpose specified by the legislature, is carried out, in its essential elements, in a manner that is consistent throughout the HEADS and reflects proper Logistic and Procurement procedures to ensure that proper authorities authorize and check the various stages of the activity;
- **Efficiency:** To ensure that funds are spent in a manner that maximizes the value received by the HEADS for that expenditure.

### 1.4 Amendment in the Manual

The issue and implementation, and when necessary, the revision, of this manual will be made with the approval of the Board of Directors of HEADS. This Logistic and Procurement Manual replace all Logistic and Procurement Policies and Procedures issued previously and shall come into effect from August 1, 2017.

### 1.5 General Policy Outline

A good Logistic and Procurement system makes it possible for an organization to be accountable to all its stakeholders. It must provide information, which is relevant, understandable, reliable, complete, up-to-date, consistent and acceptable to the external users. Linked to proper system for monitoring and



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evaluating the work of an organization, a good Logistic and Procurement management system makes it possible for the organization to be accountable, for what, when and where the money is spent on an activity and how cost-effective it is.

This Logistic and Procurement Policy is therefore, intended to help Health Education and Development Society (HEADS) to:

- Define clearly its Logistic and Procurement procedures;
- Ascertain that activities and transactions of the Organization are performed and recorded in accordance with generally accepted principles;
- Put in place a system that will provide adequate internal control over the resources of the organization so as to enhance the efficiency of the overall management of its operations; and
- Create a system that will enable HEADS meet effectively the reporting requirement to management, board of directors, donors, government counterparts and the public at large.

This manual is organized in eight sections after the introduction section, (A). Section one deals with Logistics by HEADS that should be adhered to while Conduct and Ethics are presented in section two. The third section deal with Environmental Issues, while section four discusses Procurements.

Ware House and Stores are covered in sections five; Section six relates to Asset Management while section seven deal with Vehicle Management. In the eighth; the manual discusses Reporting and Filing.

Samples of various proformas discussed in the manual are also attached as Annexures at end of the Manual.



## Section 2

### LOGISTICS

#### 2.1 Scope of HEADS Logistics

Logistics in HEADS covers the entire supply chain from the point when a potential need is identified until the goods are handed over to the beneficiaries or the internal HEADS user. The follow up of assets is normally a logistics responsibility until the assets have been disposed of. In addition, the logistics function is responsible for vehicle management, warehouse and stock management and various types of contracts/agreements. Further, the insurance of any equipment and premises used by HEADS is considered a logistics responsibility.

Logistics Managers must be included in any budget forecasting discussions taking place as they will have the most detailed knowledge of equipment purchase and running costs. It is essential to have logistics input to ensure an accurate program budget.

#### 2.2 HEADS Logistics Principles

These basic logistics principles must be followed during all HEADS operations:

**No corruption** – HEADS has a zero-tolerance policy on any form of corruption.

**Planning** - Any tasks must be well planned prior to action; insufficient planning results in wasted resources.

**Value for money** – HEADS always strives to get as much value for money as absolutely possible. Best quality, right quantity, right time and place of delivery, correct warranty. This is ensured through a competitive procurement process for all goods and services.

**Transparency and Accountability** – through effective and properly documented logistics processes, HEADS provide transparency and accountability to donors, internally, and to our beneficiaries.

**Control** – through proper oversight and signatories throughout the process, control is exercised and potential for corruption or non-adherence to policies is reduced.



**Asset Control and Accountability** – HEADS assets are properly documented, movements are monitored and recorded, and assets are maintained and correctly managed.

**Environmentally sustainable** – the most environmentally sustainable solution should be chosen where possible.

### 2.3 Compliance

This a reference tool for all logistic practitioners in the field and at the Head Office. The aim is to address most of the relevant logistic tasks and challenges faced in HEADS operations. **Regulations given in this manual are minimum standards and must be followed at all times.**

Deviation can occur due to other regulations and procedures set by the actual donor. If the regulations cannot be followed, the Chief Executive Officer is the only staff who may approve deviation from procedure, given their position to inform donors and other relevant parties in this regard. In each case where the minimum regulation is not followed, an explanation justifying the action must be prepared, signed by the Chief Executive Officer and filed. Any deviation from the minimum regulations would ordinarily be discussed in advance with the Logistics Department.

### 2.4 Segregation of Duties

Clear distribution of work ensures sufficient checks and balance of the tasks carried out. All staff members must have clear job descriptions (Terms of Reference) describing their tasks and responsibilities. All procurements are normally carried out by the logistics staff based on procurement requests raised by staff outside the logistics section.

There should be no “overlapping” of signature responsibility between the finance, administration, program and logistics staff. This is to ensure transparency and mitigate the possibilities for corruption.

### 2.5 Donor Specific Issues

Donor specific issues are stated in the agreement (MoU) between HEADS and the donor and in the donor’s manual and guidelines.

### 2.6 Responsibilities for Implementing the Logistics Manual



Implementation of these guidelines and the follow up of the logistic procedures is the responsibility of the Chief Executive Officer and in the field the Project Manager is responsible. Often this responsibility is delegated to the Program Manager position.

The logistic staff is responsible to implement the procedures detailed in this manual, within the scope of their job description. The Chief Executive Officer/Program Manager must ensure that all necessary responsibilities are allocated appropriately to staff, with clear responsibilities and deliverables as given in this manual. Duties and responsibilities of HEADS staff members will be outlined in the employee's JD / terms of reference (TOR).

Staff members at all other levels in HEADS have the responsibility to ensure that the regulations given in this manual are followed within their area of responsibility, particularly budget holders and supervisors who provide checks at points of control in these procedures.

### **2.7 Logistics Support and Control**

Logistics support and control are carried out on two levels:

- 1 The local level, where the local managers and logistics specialists handle the majority of day-to-day logistics issues specific to the requirements.
- 2 The HEADS Head Office logistics section will carry out support and control when there is the need for support from the logistics specialists.

### **2.8 HEADS Head Office Logistics Section**

The logistic functions in HEADS are centralized and mainly handled in the Head Office. The main tasks for the Logistic Section at the Head Office are to develop policies and procedures, train relevant staff members in logistics issues, provides guidance and to control the logistics activities to ensure that proper procedures are followed throughout the organization.

The Head Office Logistics Section specific tasks and responsibilities are;

- Develop HEADS specific logistics policies and procedures.
- Support and control visits to HEADS program areas to review logistics procedures and assist with implementing proper logistics routines.
- Handle clarifications, questions, queries regarding the logistics manual and procedures.



- Arrange for and/or conduct training of HEADS staff members in logistics issues when requested and/or required.
- Support with technical information and support regarding special and/or significant procurements.

### **2.9 Recruitment and Training of Staff**

The implementation of the procedures in this manual requires appropriately trained staff, with experience in logistics related activities. When recruiting staff, it is vital to consider the responsibilities and deliverables. The same are summarized at the end of this manual as criteria to be used in the recruitment, induction and training of staff.

HEADS staff should hold appropriate experience and relevant qualifications. The skills claimed in the experience and qualifications of applicants should be tested prior to interview stage with practical real tests of actual tasks required of the job. Given that much of logistics is practical, a practical test using HEADS documents will often reveal more than an oral interview.

It is essential that the job description of any position is clear, and its place within the structure of the organization is clear. This will allow easy identification of areas of responsibility, supervisory or management responsibilities and deliverables.

Once a staff member is recruited, they must be inducted and trained into HEADS procedures as detailed in this manual. The Chief Executive Officer is ultimately responsible to ensure that this induction and training conducted along with the delegated manager for the position.

### **2.10 References to Other Manual**

This document must have been seen in connection with various other HEADS manual and guidelines. The most relevant is:

- Financial Policy Manual
- HR Manual



## Section 3

### CONDUCT AND ETHICS

HEADS has a responsibility to promote fair and ethical business. These rules and regulations should be observed and followed by all HEADS employees whenever conducting procurement or entering into contracts and agreements on behalf of HEADS.

#### 3.1 Code of Conduct

All employees of the organization are governed by the standard Code of Conduct of HEADS which regulates the employee's behavior in general. Dealing with external organizations engaged in the procurement of goods and services is an activity that is potentially vulnerable to fraud. Procurement staff at all levels should therefore understand and observe the following additional logistics code of conduct:

- Business will be conducted honestly, total impartiality and preferential treatment for none.
- Maintaining the integrity and confidentiality of the procurement process is extremely important.
- Procurement staff should not generate any suspicion of conflict between duty and personal interests.
- HEADS staff member will not accept, directly or indirectly, any gift, favor, entertainment, loan or anything of monetary value from vendors or potential vendors. (The only exception to this rule is inexpensive public relations/promotional items such as business diaries, calendars or pens).
- Bids should not be solicited from, nor contract awarded to any company that is owned, controlled or actively influenced by any HEADS employee or immediate relative of that employee
- Fair and transparent processes must be used in the hiring of all staff, based on merit and suitability for the job. This particularly applies to casual staff that is particularly at risk of exploitation, especially in areas where paid work is scarce. Oversight from management staff is required to ensure that recruitment processes are fair and open.

All HEADS staff is required to read and sign a Code of Conduct on acceptance of their position within HEADS. In addition, HEADS is responsible for providing space and time for discussion and awareness of



issues covered in the Code of Conduct, and training as necessary. The Chief Executive Officer is responsible to arrange such workshops and trainings.

### **3.2 Conflict of Interest**

A conflict of interest can easily occur when doing business and operating on behalf of HEADS. Particularly in small communities, conflicting interests pose a significant challenge. It is therefore of utmost importance that the procedures detailed in this manual are adhered to at all times. If for some reason a HEADS employee is at risk of facing a conflict of interest when performing their assigned tasks, the case should immediately be reported to their superior, normally in writing, detailing the reason for the conflict. This document should be held on file, and further decisions documented and also filed. The superior should determine the most appropriate action in that specific case. If deemed necessary to avoid a conflict of interest, the task should be handed over to another staff member, or a decision made not to deal with the supplier in question.

Many conflicts of interests involve issues regarding family, friends and/or clan associations of a staff member. Additionally, a staff member's personal gain can lead to several conflict-of-interest problems. Some examples of conflict of interest are; staff members being offered gifts, loans and favors, taking advantage of inside knowledge to gain favor with a vendor or having close personal or family ties to a particular vendor.

To avoid a potential conflict of interest, as a minimum, all employees should adhere to the following guidelines when awarding contracts;

- Avoid fostering any suspicion of conflict between professional and personal interest.
- No employee, officer, or agent shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest can be involved. Such conflict may arise when the employee, officer or agent, or any member of the employee's immediate family is employed by or has a financial or other interest in the firm selected for an award.
- The officers, employees and agents of HEADS shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to sub agreements. However, HEADS may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.



- All officials involved in the procurement should declare any conflict of interest with bidders prior to the initiation of a bidding process and evaluation of tenders.
- Prior to any meeting held in respect of any evaluation, adjudication or award of a contract, all persons must be required to acknowledge in writing that they have no conflict of interest in respect of the tender being considered.

If an employee believes there may be a potential conflict of interest or they are unsure as to whether a specific case constitutes a conflict of interest, this must be brought to the attention of the Chief Executive Officer who will take a decision on the matter.

### **3.3 Business Ethics**

The following business ethics should be adhered to by all HEADS staff members at all times:

- Promote fair, ethical and legal trade practices.
- Accord prompt and polite business cooperation in an atmosphere of good faith and equal treatment devoid of any intentional misrepresentations.
- Treat all information received from vendors in the strictest confidence and guarantee the confidentiality of all specifications and price quotations received as detailed in these guidelines. This includes in the case of public tender openings, which may publicly announce bids that are received from companies, but not their value or specification.
- Decline to take advantage of vendor errors in bids and quotations.
- Avoid causing needless expenses or inconvenience when requesting offers/proposals by always providing complete and full specifications and ensuring that all bids are like for like.
- Remain absolutely free of any obligations to any vendor.
- Make every reasonable effort to negotiate an equitable and mutually agreeable settlement, free of any controversy, conflict or misunderstanding with a vendor.
- Any price negotiations with vendors to be conducted in a transparent manner with the approval and input of the HEADS selection committee.

### **3.4 Corruption**



HEADS Anti-Corruption Guidelines covers this issue in detail, including information on the causes and consequences of corruption, types of corruption, and ways to reduce risk of corruption.

HEADS has zero-tolerance against all kinds of corruption. Procedures are in place to avoid HEADS becoming involved in corruption.

Any suspected corruption should be reported through the management structure or directly to the Head Office Managers at all levels in HEADS who are responsible for supporting all HEADS staff members to follow procedures and avoid corruption and for making anti-corruption rules, tools and routines known by everyone, particularly support staff.

All HEADS staff is required to read the Anti-Corruption Guidelines and be clear where they should go to report corruption, particularly those who are more likely to be exposed to corruption risks, such as logistics and finance staff.

### **3.5 Suppliers Ethical Standards**

All suppliers doing business with HEADS should maintain high standards on ethical issues, apply basic human and social rights, and give fair working conditions to their staff. HEADS will not do business with producers of weapons, including anti-personnel mines, alcohol, tobacco or pornography.

Suppliers should be asked if there is a potential conflict of interest with any HEADS staff before any contract is placed with them, and written documentation of this should be placed on file and taken into consideration in any future procurement dealing with that supplier.

HEADS has the right to decide not to deal with any given supplier for ethical reasons, or conflict of interest reasons. For the sake of local relationships and transparency, it is good practice to inform supplier's if/when they are not being selected by HEADS, giving clear reasons, and therefore providing the supplier with the opportunity to resolve the problem.

Further information regarding selection of suppliers is given in the Procurement Section of this manual.



## Section 4

### ENVIRONMENTAL ISSUES

HEADS shall implement all projects in a manner that promotes sustainable development and ensures the protection of the environment to the greatest extent possible. HEADS operations should be environmentally sustainable whenever possible and the impact on the environment should always be considered when operating.

#### 4.1 Vehicle Related Considerations

Manage the vehicle fleet effectively to reduce unnecessary journeys, and only travel when absolutely necessary, using the most appropriate method of travel. In addition, vehicles will be maintained to a standard that reduces emissions, and makes the vehicle more fuel efficient. Where vehicle service is available from local dealers and mechanics consideration should be given to workshops that have in place a system for recycling and disposal of hazardous materials.

Ensure that the driver is properly trained to handle the vehicle correctly, and according to local conditions. This reduces fuel consumption, replacement of spare parts, and repair costs generally. When purchasing vehicles, HEADS will consider the CO<sub>2</sub> emissions of the vehicle as a factor.

More information on overall transport management can be found in Section 7, Vehicle Management.

##### 4.1.1 Fluids such as Expired Lubricant Petrol, Diesel etc.

Disposal of vehicle related fluids should be done in coordination with local authorities and in line with local laws. Ensure that used fluids do not come into contact with water sources when being disposed, and minimize the fluids generated by using in other ways. Used oil can be used to impregnate wood as long as you make sure the wood doesn't come in contact with ground water. Alternative is to incinerate but this will set free lead, mercury, dioxins, etc. but still better than just draining the oil into a hole in the ground.

To dispose of filters, engine & gearbox oil and other fluids you are left with few alternatives: burial, incineration or re-using the material. Waste oil etc. should be disposed of in a way very similar to hospital waste. Detailed guidelines can be found in "Engineering in Emergencies" from Red R published by ITDG, ISBN 1 85339 521 8.



Remember that 1 liter of "used vehicle fluid" contaminates up to 1000 liter of ground water. Forever!

### **4.1.2 Recycle Second Hand Parts**

Recycle second hand parts, and tyres, by disposing of these through sale in the local market. Many garbagers can make use of these parts, even if they are no longer useful to HEADS. In particular, retreating tyres prolongs the life of the tyre and reduces the environmental impact of disposing a lot of tyres. Filters often can be dismantled (separating metal from contaminated paper). Metal can be recycled (re-used) and paper can be buried or incinerated. Make sure that when you use the landfill method the tip is covered with mesh wire (to avoid animals digging up the rubbish when scavenging for food) and have at least 0.5 meter of soil on top.

### **4.2 Use of Energy and Water**

There is limited supply of energy and water in most of the areas where HEADS operates. Energy and water should not be wasted. All HEADS operations can take direct steps to reduce negative environmental impact. These include;

- Using water economically.
- Rainwater harvesting, particularly for use in cleaning vehicles and watering grounds.
- Using alternative power sources aside from generators, such as solar power, which can be more economical. Where generators are in use, implementing a timetable for generator use could reduce overall working hours and thus environmental impact.
- Purchasing the most environmentally friendly generators, and other equipment for offices and residences, as far as possible.
- Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

More guidance can be found in the programme manual on environmental sustainability in selecting products for use in programmes, such as using sustainable timber in shelter projects, or implementing activities that will reduce environmental impact, such as fuel-efficient stoves.



### 4.3 Hazardous Materials

Hazardous Material is in this manual considered to be all kind of materials that could influence negatively on the surroundings. All materials that could be considered hazardous must be handled with care and according to the manufacturer's description and regulations. Storage and disposal of hazardous substances must be in line with the manufacturer's specification and local laws and regulations. Hazardous materials must not be stored together with other goods, e.g. do not store fuel/oil/cement etc in the same room as food items.

#### 4.3.1 Printer Cartridges

Printer cartridges, when disposed of improperly, can be a significant environmental hazard both in terms of the volume of materials that are slow to break down and pollution from inks and toners. Wherever possible HEADS offices should procure cartridges from suppliers to whom they can return the used products and who will re-use or recycle the cartridge components.

When purchasing printer cartridges, it is important to take into account the environmental impact of the type of cartridge. Many types of re-used or recycled cartridges are now available with varying degrees of environmental impact. In the order of least impact these are; Refilled cartridges – used cartridges simply refilled with ink/toner, Refurbished/Remanufactured/Reused – cartridges that have had some parts replaced and refilled, Recycled Cartridges – Cartridges manufactured from reworked waste material.

Consideration should be given to the types of cartridges available and the possibility for reuse and recycling when evaluating bids from suppliers for printer cartridges.

See also chapter 5 warehousing & Storage for further information.

### 4.4 Pest and Disease Control

Pests & diseases can have negative consequences for plants, crops and eco systems if they are introduced to countries where those particular organisms are not otherwise present. Try to avoid spreading diseases, while travelling and sending goods and materials between countries. Pests and diseases could be carried by people, by animals, in animal products such as meat, in plants or in plant products such as timber, or in soil on machinery.



## Section 5

### PROCUREMENT

(Goods/Works and Non-Consulting Services)

#### 5.1 Aim of Procurement

This procurement policy aims to ensure proper standards of confidentiality, integrity, accountability, transparency, and control. These policies also ensure that HEADS satisfies donors' requirements by providing adequate internal controls. These manual outlines minimum regulations for all procurement.

Procurement in this respect covers procurement of both goods and services and the same regulations apply for each. All documents within the procurement process should have at least two signatures according to authority.

#### 5.2 Procurement Strategies

Prior to commencing any procurement, the HEADS should give consideration to the various strategic aspects of procurement and adopt a position that they believe will best serve both the organization and the local community. Deciding a policy on the strategic issues Procurement Committee will assist the logistics staff to evaluate bids by providing additional criteria outside the basic time, cost & quality considerations.

##### 5.2.1 Life Cycle Cost Analysis

Life cycle cost analysis is the evaluation of all costs of an item or system over its expected lifespan. Usually this comprises the following elements;

- Acquisition/Purchase Cost
- Operating costs (maintenance, repairs, cost of failure, loss of productivity)
- Disposal Costs
- Replacement Costs

By estimating the operating and disposal costs of an item a more realistic figure for the total cost and value to HEADS can be produced. This is particularly useful when evaluating complex items like vehicles and generators that require fuel, on-going maintenance, disposal at the end of their lifespan and have a negative effect on other HEADS operations should they break down. Other items like computers and communication equipment and any other equipment that will have either on-going costs or serious



implications for HEADS if it fails should be subjected to a life cycle cost analysis prior to purchasing.

The actual expected lifespan of an item is also an important consideration as a product with a longer usable life will need to be replaced less frequently thus reducing recurring replacement costs.

Conducting a life cycle cost analysis is very simple and can be done simply by listing the costs for the different elements as described above, multiplying by the number of years of expected life where appropriate and adding to come up with a total.

By evaluating different items in this way logistics staff can select and recommend equipment that will provide much greater value to HEADS and potentially produce significant cost savings over the item's lifespan.

### **5.3 Procurement Responsibilities**

One staff member or team of staff members is usually allocated responsibility/authority for the procurement process within each office, whether this is at field or head office level. For the purposes of this manual, this person will be referred to as the Procurement Officer. This person is responsible for coordinating the procurement process detailed herein, ensuring that all relevant documentation is used, and for tracking and reporting on procurement. Procurement is under the logistics area of responsibility. Ordinarily, the Procurement Officer reports to the Logistics Manager on all procurement issues.

The Chief Executive Officer is ultimately responsible to ensure that responsibilities are clearly delegated and that relevant staff are equipped with the necessary knowledge, skills, and equipment to carry out these responsibilities. Roles and responsibilities will be clearly defined to avoid overlap and inefficiency, to ensure separation of responsibilities and necessary control.

In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids, and/or requests for proposals shall be excluded from competing for such procurements.



### 5.3.1 Payments

Logistics personnel, including the procurement officer should normally not handle cash or other payments to suppliers. All payments to the suppliers should be handled by the finance department. This is to ensure relevant checks and balances, and to allow appropriate record keeping by both finance and logistics to satisfy donor and audit requirements.

### 5.3.2 Funding and Budgeting

Before any procurement procedures are initiated, sufficient funding must be ensured to cover the goods/services concerned. To serve the various projects in the best manner, the Program manager / Logistic Officer should be involved in the planning of budgets for all projects together with programme staff. This will ensure that logistics related costs are considered and included

in budgets, as well as provide all staff with the capacity to prepare and plan all aspects of their work. It is also essential that logistics staff have an awareness of donors funding projects to include specific donor requirements in their procedures to meet donor requirements.

## 5.4 Procurement Planning

An annual procurement plan must be prepared by the logistics section (See Annex-1). Program and finance staff must participate in the preparation of the plan and this should be reviewed quarterly at a minimum by all staff involved in its preparation and more frequently if required to ensure any new needs are captured and incorporated in the plan.

Increasingly, donors are requesting a procurement plan as part of a project proposal and this also provides an opportunity for HEADS to ensure procurement processes are transparent and properly planned for. Regardless of donor, in the case of projects with a lot of procurement, this provides an excellent opportunity to properly prepare and organize the logistics team and workload.

Procurement planning includes:

- Understanding local, regional, and international supply options.
- Obtaining and understanding donor requirements for different projects.
- Incorporating all major purchases into the plan, through discussion with the program staff.



- Development of a plan and timetable for all major purchases.
- Implementation and on-going review of the plan.

The detailed procurement activities can also be planned out for each project and linked into the overall implementation of the project. The aim of this is to define key procurement activities relating to goods, services or works that will affect the delivery of the programme.

Items included in the procurement plan will normally have priority, however due to the nature of HEADS's work there will sometimes be emergencies or extenuating circumstance which require unplanned items to be procured at short notice. In this event it is ultimately the Chief Executive Officer's responsibility to determine procurement priorities but this may be delegated (in writing) to the Program Manager.

### 5.5 Procurement Process

All procurement must follow the procedure detailed in below given flowchart and HEADS Procurement Process, with all relevant paperwork. All paperwork must be authorized.

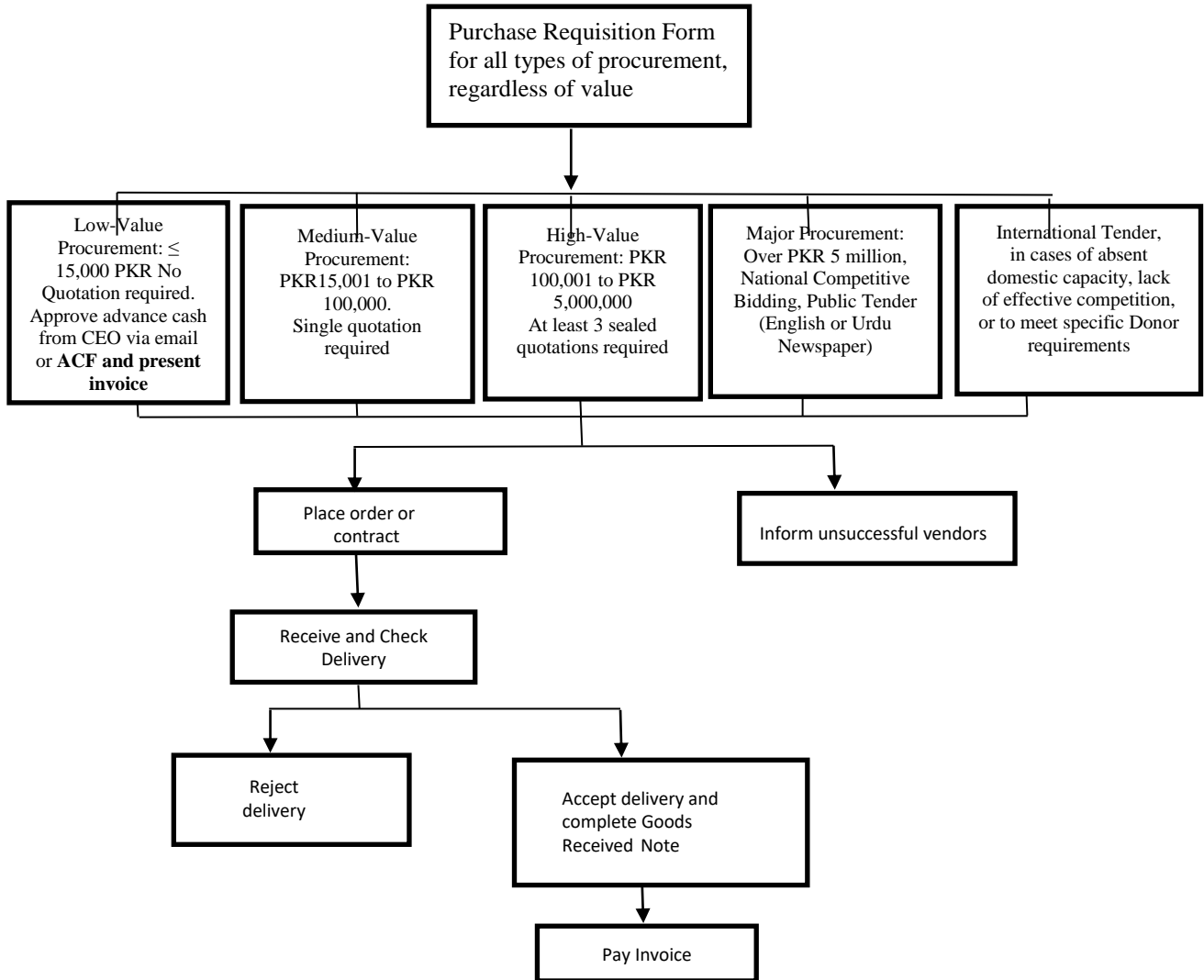
#### HEADS PROCUREMENT PROCESS - STEPS

Planning of requirements must be at the forefront of all sourcing of goods or services. Other options such as transferring assets between projects should be considered before purchasing new items. When a requisition is prepared, the first step is always to check existing stock before proceeding to purchase.

Any variation from the guidelines included in this section must have a written authorization from the Chief Executive Officer and a memorandum added to the requisition file. Depending on the donor there may be slightly different requirements relating to procurement procedures. Procurement Officers should familiarize themselves with the specific requirements of the donor for each particular project.

**Any variation from these guidelines must have a written authorization from the Chief Executive Officer and a memorandum added to the requisition file.** Depending on the donor there may be slightly different requirements relating to procurement procedures. Procurement Officers should familiarize themselves with the specific requirements of the donor for each particular project.

**HEADS PROCUREMENT PROCESS - FLOWCHART**



**PROCUREMENT PROCESS – STEPS**

Goods/ Works/ Services	≤ 15,000 PKR	PKR 15,001 to PKR 100, 000	PKR 100,001 – 5,000,000	Over PKR 5,000,000 National Tender	In cases of absent domestic capacity, lack of effective competition, or to meet specific Donor requirements International Tender Process
<b>Step 1</b>	Fill out requisition	Fill out requisition	Fill out requisition	Fill out requisition	Fill out requisition
<b>Step 2</b>	Obtain Approval from Project Manager	Sign by requester, verify by finance and obtain approval from CEO	Sign by requester, verify by finance and obtain approval from CEO	Sign by requester, verify by finance and obtain approval from CEO	Sign by requester, verify by finance and obtain approval from Chairperson
<b>Step 3</b>	Obtain advance from Petty Cash and Purchase	Single quotation is required	Seek at least 3 <b>sealed</b> quotations	Open tendering. Prepare bid documents, publish tender in national publications (English or Urdu Newspaper)	Open tendering. Announce requests for tender in international publications e.g website
<b>Step 4</b>	Attach approved PRF, receipt / Invoice	Attach receipt / Invoice, PO and GRN	Bid Comparison Form filled out by Logistic/procurement committee	Sealed bids opened in the presence of procurement committee and bidders	Sealed bids opened in the presence of procurement committee and bidders
<b>Step 5</b>	Submission to Finance for Voucher and payment / adjustment of advance from petty cash.	Submission to Finance for Voucher and payment.	Procurement committee select supplier/Vendor, Bid Comparison Form signed by procurement committee	Bid Comparison Form filled out by procurement committee and all to sign	Bid Comparison Form filled out by procurement committee and all to sign
<b>Step 6</b>	Record entry in System software and file.	Record entry in System software and file.	Prepare Purchase Order or contract agreement and validate selected vendor. Sign according to authorization table. Send Letter of Regret to unsuccessful candidates in the bidding process	Procurement committee select supplier/Vendor Signed by Committee / CEO	Procurement committee select supplier/Vendor Signed by Committee / Chairperson
<b>Step 7</b>			Vendor signs and sends delivery schedule	Prepare Purchase Order or contract agreement and validate selected vendor. Sign according to authorization table. Send Letter of Regret to unsuccessful candidates in the bidding process	Write Purchase Order and validate selected vendor. Sign according to authorization table. Letter of Regret to unsuccessful candidates in the bidding process <b>through Email</b>
<b>Step 8</b>			Receipt of goods by authorized staff. Check according to order. Signed by PM on delivery form or Waybill	Vendor signs and sends delivery schedule.	Vendor signs and sends delivery schedule.
<b>Step 9</b>			Check invoice according to order/contract by authorized staff and sign accordingly	Receipt of goods by authorized staff. Check according to order. Sign by authorized person	Receipt of goods by authorized staff. Check according to order. Sign by authorized person
<b>Step 10</b>			Voucher and payment by Finance. Check all documents through procurement process are attached and signed as according to Manual	Check invoice according to order/contract by authorized staff and signed accordingly	Check invoice according to order/contract by authorized staff and signed accordingly
<b>Step 11</b>			Record entry in System software and file.	Voucher and payment by Finance, check all documents through procurement are attached and signed according to Manual	Voucher and payment by Finance, check all documents through procurement are attached and signed according to Manual
<b>Step 12</b>				Record entry in System software and file.	Record entry in System software and file.



### 5.5.1 Purchase Requisition

A Purchase Requisition (See Annex-2) is an internal document, completed by the person requiring the goods (the Requester) and is a means to communicate their needs in writing. The requester must complete the form in full, and obtain the necessary approvals on the PR before forwarding the form to the Procurement Officer.

A requisition form should be used for all procurements where the purchase of goods or services is necessary, including long term contractual agreements. The Requisition provides financial boundaries for purchases, ensures budget holder approval prior to any actions, and documents the start of the procurement process so that the process can be monitored and managed. Low value purchases may be handled through the cash advance system, or as detailed in Section 5.5.10.

Upon receipt of the Requisition, the staff member undertaking the procurement must be in a position to identify:

- Detailed specification to avoid misunderstandings and wrong supply. This may require checking of samples or clarification of the specification with the requester throughout the process.
- Items those are commonly used or available in the local marketplace with regard to the specification given.
- Intended use of goods/material/services.
- The quality and quantity of goods/services required.
- Delivery expectations/deadlines.
- Donor information in order to ensure that policies and procedures of the donor are met.
- HEADS policies and procedures regarding procurement.

The requester may include several items on a single requisition provided that the relevant project number for each is listed. Where the items being requested are for a project funded by a donor with procurement guidelines that differ from HEADS's standard procedures, a separate requisition should be used.



### 5.5.2 Competitive Bidding

The principle of competitive bidding should be employed in all procurements with a value of more than PKR **100,000**. It is not permitted to split purchases over this threshold into smaller packages to remove the requirement for competitive bids.

Competitive bidding is a system to ensure that the deal is always as good as absolutely possible. Three or more qualified vendors should be contacted for purchases with a value from PKR **100,001 to PKR 5,000,000** (See Sample RFQs Annex-4). For procurement having value over **5 million**, **National Tender** Process should be followed. The vendors being approached in a competitive bidding process should be requested to provide written offers/proposals as described in this document. **5,000,001** PKR, **National Tender** Process should be followed. In cases of absent domestic capacity, lack of effective competition, or to meet specific Donor requirements, International bidding process will be followed accordingly and should be uploaded through over website.

When purchasing goods, works or services of a value  $\leq$  PKR. **100,000**, a competitive process can be arranged, but there is no requirement for collecting formal written quotes from vendors.

### 5.5.3 Exceptions to Competitive Bidding

The Chief Executive Officer in the Head office may make exceptions to the competitive bidding procedures laid out in this document only in the following cases:

- In emergency operations, the exceptions to the competitive bidding process can be made to avoid delays. The decision for exemption must be made in close cooperation between the Chief Executive Officer, Finance Manager and the Procurement Officer / Program manager. An emergency is defined as an unexpected situation that is so compelling that, if not corrected immediately would endanger life, property or adversely affect essential operations. Additionally, the situation is so severe that it precludes procurement through the methods described in this document. Examples would include the sudden influx of large numbers of refugees to an area without the infrastructure to support them due to fire, flood or other natural disasters.
- Where prices or rates are fixed by national legislation or by regulatory bodies (may be the case for fuel in some areas).
- Standardization of supplies, equipment or spare parts renders competition impractical.
- If the situation is such that using these procedures is not possible i.e. – Emergency situation.
- The proposed contract relates to procurement from a sole source of supply or services (e.g. sole authorized vendor/supplier of parts/services for a specific type of vehicle).
- Where the procedures would not be in the interest of HEADS e.g.



where a contract is already in place and changing contractors would be detrimental to the functioning of an existing project.

- Where a limited number of local suppliers are available but due to the local economic situation it is more beneficial in terms of local development to avoid seeking bids from elsewhere.
- Or in case of urgency.
- When the procurement value is below the threshold of competitive bidding.

Exceptions should be kept to an absolute minimum and a lack of prior planning or a delay by those responsible does not qualify as an exception. The Chief Executive Officer should record in writing, all exceptions to the procedures for competitive bidding laid out in this document. When entering into contract under any of the above exceptions the contract should be kept flexible and the Chief Executive Officer should constantly assess the situation for a change of conditions that would allow a reversion to the principles of competitive bidding.

### **5.5.4 Budget Responsibility Delegation**

The Chief Executive Officer has the final responsibility for the purchase of any goods or services. For purchases of any value the purchasing authority can be delegated to other staff members till limit of PKR. 5,000,000. For purchases with a value above 5,000,000, the Chief Executive Officer is the only person who may authorize the purchases.

### **5.5.5 Estimated Vs Actual Prices**

The Requisition requires completion of an estimated price. This is to provide financial limits to the Requisition to ensure that the Procurement Officer is guided in budget availability, and understands the expected cost for the item. After obtaining quotations, should the actual value be different from the estimated value by more than 10% (lower or higher) of the total estimated budget, direction must be sought from the person authorizing the requisition as to whether to proceed with the purchase, re-tender or take another course of action as appropriate before proceeding further with the procurement.



### 5.5.6 Identify Suppliers & Obtain Quotations

Once the final Requisition is received, the Logistic / Procurement Officer should proceed to obtain quotations in line with the purchasing levels in that location

### 5.5.7 Vendor Database

Each organization should hold a database of potential suppliers suited to the projects and activities being undertaken by that organization. This Vendor Database (See Annex-3) may then be used to identify potential suppliers together with local research.

Ordinarily, the Vendor Database is set up by issuing a public call for interest/prequalification in categories required by HEADS (e.g. stationary, furniture, educational books, provision of transport services, etc). A call for interest would normally include a standardized questionnaire where suppliers are required to give key information about their company such as;

- Company registration and legal documents (including registration for tax)
- Financial position (turnover, bank statements)
- Categories and types of goods provided
- Locations of stores/outlets/supplies
- Origin/manufacture of supplies
- Customer lists and references
- Technical skills and capacity of staff
- Equipment and assets of the company
- Stocks and capacity to supply
- Ethical standards to comply with HEADS's

More detailed technical information may be required for certain categories of goods, and this will also need to be included on a case-by-case basis.

The evaluation process is handled by a committee, which includes logistics, finance and program representatives. The committee establishes the criteria for applicants, develops the questionnaire, and assesses the applications against the agreed criteria. Information and application documents from successful vendors are held for future use. Unsuccessful vendors are informed with clear feedback to allow them to improve in future bids.

In addition to this initial exercise, the database must then be updated as new vendors are found, and with details on the performance of the vendors listed. This could be in the form of notes, or using colors to indicate best suppliers on the spreadsheet based on performance and evaluation.

Indicating the best ones in Green, the middle ones in Yellow and the one to be avoided in Red. Green vendors can easily be transferred to Yellow or even Red, if they do not meet HEADS's requirements as agreed on. The spread sheet should be monitored regularly whenever asking for quotes.



**The database is a tool for keeping information about vendors, but it is not exclusive, and it may be necessary to look for suppliers outside the database when conducting procurement, particularly for new items.**

### **5.5.8 Request for Quotations/Invitation to Bid**

When sourcing material, equipment or services of any value, the Logistic / Procurement Officer should obtain quotations to compare price, quality, service, time of delivery, follow up, etc.

The Procurement committee should make sure that the prices given in quotations are equal to prices offered to local organizations. In many cases there are one set of prices for locals and one set of prices for NGOs. Ensuring that HEADS receives “local prices” may help to minimize kickbacks.

For this a Request for Quotation (RFQ, see Annex-4) may be used. This detail the information required in the quotation in a format that suppliers can complete and return. It avoids the need for suppliers to have their own paperwork, and eases the comparison of quotations received. It also helps to ensure that all suppliers receive the same information from HEADS, and that communication is consistent across suppliers.

In the case of more complex purchases, or tenders, the Request for Quotation may not contain sufficient detail. In this case an Invitation to Bid/RFP can be used, and this can be developed to incorporate all relevant information that the supplier would need to provide in their bid. In the case of an ITB, responses must be assured confidentiality, and therefore where a fax or email address is being used it should comply with this need. Ideally, bids should be submitted to a locked box established for this purpose in the HEADS office, to ensure confidentiality.

The request for quotation or invitation to bid should provide all of the information that the supplier will need, and all criteria to be used in the analysis of quotations should be included. It is essential that RFQ or ITB provide a clear timetable and deadlines for all aspects of the process.

When calling for quotations Procurement committee should ensure that they provide a clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description should not contain features which unduly restrict competition. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards should also be included.

The Procurement Officer should also clearly state on the RFQ or ITB the length of time quotations should be valid for (e.g. 30 days, 60 days etc). Should a requisition be made for the same item a second time within the



validity of the quotations received, this may be procured from the same supplier without the need for a new bid. If the validity of the quotation has expired a new bid must be carried out. Alternatively, it is preferable to set up framework agreements (refer to section 5.7.7 of this manual) where possible for any items that HEADS is likely to procure several times in the course of a year.

In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that assist in developing or drafting specifications, requirements, statements of work, invitations for bids, and/or requests for proposals should be excluded from competing for such procurements.

### **5.5.9 Tender Process**

When conducting a tender or bid process, it is essential to follow specific procedures to ensure fairness and transparency. The procurement committee must decide whether the tender will be open (advertised in local or international newspapers, etc.) or limited to prequalified organizations based on relevant criteria. The timeframe for a national tender is 15 days, while for an international tender, it is 30 days. In either case, it is important to observe the following rules: All bidding organizations must receive exactly the same information in the request for quotation or Invitation to Bid (refer to section 4.4.7 above). If one of the bidders asks for clarification on any point during the bid period, the reply must be in writing and a copy sent to all bidders.

1. In the case of procurement of complex items, it is often useful to have a pre-bid meeting where the bidding & evaluation process can be explained. All of the organizations interested in submitting a bid must be invited to attend.
2. Instructions for submitting the tender must be clear. It must be specified whether it is permissible to submit the tender electronically or whether hard copies only will be accepted. Where possible it is preferable to accept by hard copy only but in some cases it may be necessary to allow electronic submission because of location of suppliers etc. In this case the relevant fax number and email address should be provided and access to these should be limited to the procurement committee only. In the case of hard copy tenders, it is good practice to have a locked tender box located at the office which should be opened only after the deadline for submitting tenders has passed.
3. The tender should have a firm closing date and time, no tenders submitted after this time should be considered.
4. The Procurement committee should decide whether to have either a public or private bid opening. In the case of a public opening all parties that have submitted a conforming bid within the tender deadline should be invited.



5. In the case of a public bid opening, usually the key figures such as contract sum, delivery time etc are read out for all parties. It should be made clear however that further tender evaluation will take place and the lowest bidder may not be selected.
6. Tenders should only be opened in the presence of procurement committee; this should be comprised of the procurement officer, Logistic officer, Finance Officer and a representative from Program side of HEADS. This is to ensure that the process is transparent and include advice / opinion of all senior officers of HEADS.
7. After the tender has been awarded, unsuccessful bidders should be informed in line with section 4.6.2

### **5.5.10 Low-Value Procurement: ≤ PKR 15,000**

This is the lowest level of procurement, and requires the following documents;

- Purchase Requisition Form
- Advance Cash Form or approval on cash payment via email.
- Invoice
- Approved Payment check list

### **5.5.11 Medium-Value Procurement: PKR 15,001 to PKR 100,000**

The documents required for a purchase at this level are;

- Purchase Requisition Form
- Proforma Invoice or Quotation on letter head or RFQ form
- Purchase Order/Contract Agreement
- Goods Received Note
- Invoice
- Approved Payment check list

### **5.5.12 High-Value Procurement: PKR 100,001 to PKR 5,000,000**

The documents required for a purchase at this level are;

- Purchase Requisition Form
- Procurement Plan
- Procurement Committee Meeting Minutes
- At least 3 sealed quotations/RFQs
- Bid Analysis form
- Bid Evaluation Report
- Letters to successful and unsuccessful bidders
- Purchase Order / Contract
- Goods Received Note
- Invoice
- Approved Payment check list.



If for any reason deviation from the guidelines of expected value of goods/services is required a request must be sent in writing to head office, for approval Chief Executive Officer, prior to any procurement.

### **5.5.13 Major Procurement: Over PKR 5,000,000 (National Tender)**

**A tender process** must be used for all purchases in this price range.

This requires public advertisement of the tender through newspapers and electronics media, with clear timetable given for the whole process. The documents required for a purchase at this level are;

- Purchase Requisition Form
- Copy of public advertisement (Newspaper and Electronics media)
- All received Invitations to Bid signed by committee members on opening
- Bid Analysis form and minutes of Procurement Committee, Evaluation & Selection
- Certificate of Non-Disclosure and Personal Interest
- Purchase Order / Contract
- Goods Received Note
- Invoice
- Payment check list

Unsuccessful bidders should be informed with clear feedback allowing them to improve their quotations in future.

### **5.5.14 International Competitive Bidding process:**

This requires public advertisement of the tender through newspapers and electronics media, nationally and internationally with clear timetable given for the whole process. Conditions for adopting International Competitive bidding are, when there is absence in domestic capacity or lack of effective competition, or to meet specific Donor requirements. The documents required for a purchase at this level are;

- Public advertisement in National and International print media (Electronics media Website)
- Formation of Procurement and GRCs.
- Along with all above requirement exhibited in para 5.5.13

### **5.5.15 Bid Analysis**

When the value of the goods or service being procured is above PKR 100,000 or there is more than one quotation, or when only one bid is received despite proper publication, the bids must be reviewed and analyzed by procurement committee in order to select the most suitable supplier. The Procurement Officer is responsible for taking minutes of discussions by the Procurement Committee and completing the Bid Analysis form (see Annex-5). All of the committee participants are then required to sign the Bid Analysis form, and any minutes produced, to confirm that they are a true



record of the discussion and decision.

### **5.5.16 Procurement Committee**

The Procurement Committee shall consist of an odd number of members, a minimum of three. All the proceeding of the procurement committee must be recorded detail and mention in the form of “minutes of the committee” these minutes must be maintaining for a period not less than 5 years. The minutes will form part of the bedding document and all document of procurement must be placed in separate file for purpose of audit and inspection by all stakeholders.

### **5.5.17 Terms of Reference (TORs) for the HEADS Procurement Committee**

#### **I. Introduction**

The Procurement Committee of the Health Education and Development Society (HEADS) is established to oversee and manage the procurement process in a transparent, efficient, and accountable manner. The Committee ensures that all procurement activities comply with organizational policies, donor requirements, and relevant regulations.

#### **II. Purpose**

The purpose of the Procurement Committee is to:

- Ensure fair, transparent, and efficient procurement processes.
- Achieve the best value for money in procurement activities.
- Mitigate risks associated with procurement.
- Maintain high standards of integrity and accountability in all procurement activities.

#### **III. Scope of Work**

The Procurement Committee will be responsible for:

- Overseeing the procurement process, including planning, solicitation, evaluation, and awarding of contracts.
- Ensuring compliance with HEADS' procurement policies and procedures, donor requirements, and applicable laws.
- Reviewing and approving procurement plans and budgets.
- Evaluating procurement requests and making decisions based on value for money, quality, and fairness.
- Monitoring and assessing the performance of suppliers and contractors.
- Addressing and resolving procurement-related disputes and issues.
- Ensuring proper documentation and record-keeping of all procurement activities.

#### **IV. Composition**

The Procurement Committee will consist of odd numbers of members, minimum 3 numbers and up to five members. In case of 3 members, Procurement officer will be the chairperson and other two members of the bid



committee preferably from Program, operation and technical units. In case of complex procurement or international competition the composition of procurement committee will be as follows.

- Chairperson: Director Finance
- Secretary: Admin & Supply chain officer
- Member: Programme Manager
- Member: Procurement and Logistic officer
- Member: Field Coordinator

### **V. Roles and Responsibilities**

Chairperson:

- Lead and facilitate Committee meetings.
- Ensure the Committee operates in accordance with its TORs.
- Represent the Committee in organizational and external meetings as needed.
- Oversee the implementation of procurement decisions.

Secretary:

- Prepare and circulate meeting agendas and minutes.
- Maintain records of all procurement activities and decisions.
- Support the Chairperson in facilitating Committee meetings.

Members:

- Participate actively in Committee meetings.
- Review and evaluate procurement requests, proposals, and bids.
- Provide expert advice and input on procurement matters.
- Ensure compliance with procurement policies and procedures.

### **VI. Meetings**

The Procurement Committee will hold regular meetings as follows:

- Meetings of the committee will be conducted as required for the procurement procedure.
- Special Meetings: As needed, at the request of the Chairperson or any member.
- Quorum: 60% percentage of members required for a quorum.

### **VII. Decision-Making**

Decisions of the Procurement Committee will be made by consensus or, if necessary, by a majority vote. In the event of a tie, the Chairperson will have the casting vote.

### **VIII. Reporting**

The Procurement Committee will report to the Chief Executive Officer of HEADS. The Committee will provide regular updates on procurement activities, decisions, and any issues that require attention.

### **IX. Confidentiality**

All members of the Procurement Committee must maintain the confidentiality of sensitive procurement information and decisions. Breach of



confidentiality may result in disciplinary action.

### **X. Conflict of Interest**

Members of the Procurement Committee must disclose any potential conflicts of interest. Members with a conflict of interest will recuse themselves from discussions and decisions related to the matter.

### **XI. Review and Amendments**

The TORs of the Procurement Committee will be reviewed annually or as needed. Amendments to the TORs require approval by the Chief Executive Officer.

\*These Terms of Reference establish the framework for the effective functioning of the HEADS Procurement Committee, ensuring transparency, accountability, and efficiency in all procurement activities.

#### **5.5.18 Bid Analysis Form**

The purpose of the evaluation process is to identify the offer that is best, according to the important factors for that particular item or service. Factors that could be considered when evaluating offers include;

- Initial purchase price
- Price over the lifetime of the item (maintenance, operating cost etc)
- Quality/Technical Specifications
- Delivery timeframe/contract completion date
- Payment terms
- Guarantees/Warranties, availability of spare parts/servicing etc)
- Capability/experience level of the bidder and quality of past experience with bidder.

A Bid Analysis Form (Annex-5) is used to record consideration of the relevant factors, to document the decision-making process, and to provide justification for the choice made. This form is then checked and approved as per the authorization table, with all supporting documentation provided. The Bid Analysis Form is an internal document.

All information pertaining to offers/proposals must be treated confidential and must not be disclosed under any circumstances to other bidders or to officials not directly concerned with the evaluation process.

#### **5.5.19 Negotiation**

Negotiations should only be entered into on complex orders or after receiving bids for complex or specific items. When purchasing standard or “off the shelf” items no negotiation should take place and suppliers should be instructed to offer their best price up front.

In specific cases, further negotiations may be needed to complete & clarify all details with one or more suppliers. This process helps to ensure that HEADS



receives the best outcome in terms of quality, price and time for all procurements. It is also important to include the terms of the contract or agreement in any negotiation to ensure that there are no provisions which could adversely affect HEADS. This procedure is typically used when:

- Highly specified purchases make offers not comparable;
- Competition is narrow;
- The item being purchased is very complex e.g. Construction works
- Suggestions about technical solutions based on function/performance requirements from suppliers are welcomed.

Negotiations can be held with one or more suppliers about the details of the purchase, including the contract terms, when all the offers have been received. It's very important that equal terms and conditions as well as information are given to all suppliers in the negotiation process.

Negotiations should be conducted by the Procurement Committee and minutes of negotiation meeting taken to ensure transparency in the process (minutes must be signed by members of the Procurement Committee).

After completion of the negotiations, and acceptance of terms and conditions, orders can be made. The Programme Manager, Chief Executive Officer signs the contract/agreement.

### **5.5.20 Quality Management**

In order to correctly manage quality and specifications, it may be necessary for a sample to be provided at analysis stage. In the case of selection, samples should be retained for quality control at delivery stage. It is essential to ensure that quality issues are a key factor at analysis stage. It is important to select a quality of goods or materials that is appropriate for the intended use & lifespan, keeping in mind the expected budget.

### **5.5.21 Contract Additions**

The committee may determine points of concern when evaluating bids, which they wish to include in any order or contract with the selected supplier. These concerns should be noted on the Bid Analysis form, so that they may be included in the Purchase Order or Contract. This is particularly valuable to protect HEADS against poor performing suppliers by giving penalties for not meeting quality standards or delivery timeframes. Penalties would normally be expressed as a % of the total value of the order.



### 5.6 Placing Orders/Contracts

#### 5.6.1 Responsibilities

The Procurement Officer is responsible to prepare the Purchase Order (see Annex-6) or Contract (see Annex-7) in line with the decision made at Bid Analysis stage, and to seek the relevant signatures. The Purchase Order / Contract is then authorized in line with the finance policy, and a signature obtained from the supplier to complete the agreement.

Two copies of the Purchase Order / Contract are signed, with one given to the supplier, and the other kept by the Procurement Officer. Full consignee details and persons with whom we should be coordinating the delivery should be recorded on the purchase order or contract. For all contracts and purchase orders it must be stipulated who is the contact person responsible for managing the contract/PO from HEADS's side. This person is responsible for ensuring that the terms and conditions are met, and handling all communication with the supplier, and would normally be the Procurement Officer. A common exception to this would be in the case of technical works, where a technical HEADS staff member might be more suited to manage the contract.

The Procurement Officer must monitor the terms included in a contract, and stay in close contact with the supplier regarding any changes or problems arising. Any request for change in contract terms must be documented in writing. Where this will impact on the key factors within the contract/PO (description, quantity, quality, specification; price; delivery location, date or deadline; payment terms or schedule) the Procurement Committee should be consulted and decisions documented. Contact with the supplier should be in writing, and documented clearly for future reference.

#### 5.6.2(a) Feedback to Suppliers

All suppliers who provide quotations or bids to HEADS should receive feedback on their bids, whether successful or not. Ideally this should be in writing to avoid any disputes from dissatisfied suppliers in future.

#### 5.6.2(b) Right to Lodge Grievance

In case of complaints against accepting/rejection of a bid or bids a "Dispute Resolution Committee" will be formed consisting of a representative of HEADS, Bidders and in depending members (to agree by all the parties). The committee will decide the issue white in a reasonable time but not exceeding one months will give us decision which will be binding on all the parties. In case of further grievance by any party the case may be decided in the court of law.

#### 5.6.3 Purchase Orders

For orders less than PKR 2,500,000 a Purchase Order (see Annex-6) may be used to order goods and services. There are many instances where the detail of the Purchase Order is insufficient to communicate all aspects of the agreement, such as for multiple delivery dates or locations, for ordering technical services, and for larger, more complex orders. In this case, a Contract (see Annex-7) may be used in place of a Purchase Order.

The Purchase Order contains key information regarding

- Goods description, quantity, quality, and specification



- Price per unit and total price
- Delivery location, date and deadline
- Payment terms (payments in Section 4.7)

The Purchase Order or Contract is the only document in the process which is external, and therefore is signed by only one representative of HEADS, as well as the supplier.

In instances where multiple items are to be purchased from the same supplier these may be included on one purchase order provided there is sufficient space for the relevant details and that the project no. for each item is clearly detailed.

### **5.6.4 Contracts**

For orders more than PKR 2,500,000 a Contract is required to order goods and services. A Contract may also be used for lower value purchases that are too complex for a Purchase Order.

Depending on the nature of the contract, there are many elements to include in the contract terms. These terms are intended to reduce the risk to HEADS should anything go wrong, and to document the detailed nature of the agreement in case of any later dispute. Clear contract terms also allow easier management of the contract in order to achieve the best outcome for HEADS.

Both the Purchase Order and the Contract form a legally binding agreement between HEADS and the supplier, and stipulate all of the conditions around that agreement. They are external documents. Purchase Orders and Contracts should carry a unique reference number to allow tracking and easy reference when dealing with suppliers.

The sample Contract given in Annex-7 is a template that can be adapted to local conditions and requirements. The Procurement Officer should develop and keep a standard contract (or series of contracts) on file for easy use, and document additions or amendments to the said HEADS template.

Contractor performance should be regularly evaluated and documented, as appropriate, recording whether contractors have met the terms, conditions, and specifications of the contract. This is useful in the evaluation of suppliers/contractors when awarding contracts in future.

Some donors (such as ECHO and USAID) have specific requirements relating to contract conditions on projects carried out with their funding. When preparing contracts HEADS staff should make themselves aware of all conditions required by project donors and any terms and conditions specifically required by the donor should be added to the contract.



### **5.6.5 Contract Essentials**

Some aspects of the contract may not be removed or altered. These are;

- HEADS and Supplier name, address, contract manager, and contact information must be included
- The right for HEADS to cancel the contract if the supplier does not meet the contract conditions
- Total price, payment terms and schedule (see payments in Section 4.7)
- Description of the goods
- Delivery date and/or timetable
- Contracts must be signed by both parties, and a copy kept by each party.
- Signatures must be originals and not photocopies

There are other important elements included in the sample contract which should be carefully considered and included where required.

### **5.6.6 Brand Names**

In some circumstances a certain product or brand name may be referred to on the Purchase Order/Contract. In this instance it must be stipulated clearly whether an equivalent item would also be acceptable and with what limitations.

### **5.6.7 Long term Agreements/Frame Work Agreements**

Certain types of goods and services may be regularly procured, such as stationery, furniture or construction materials. To reduce the need for small cash purchases, and/or the need to seek quotations for every order, a framework agreement can be established with a suitable supplier.

This agreement allows HEADS to purchase from one (or more) suppliers for a fixed period, without having to obtain fresh quotations for each purchase. Framework agreements should include an option to be reviewed at least once annually if longer than one year, and can be for a shorter period to meet HEADS needs.

Normal procurement procedures, as outlined in this manual, must be followed to establish a framework agreement according to the anticipated value of orders for the period of the agreement.

Framework agreements should contain the same terms as other contracts, with the addition of terms on

- Length and start/end dates of the agreement
- Prices, if fixed
- If prices are not fixed, conditions should be included on acceptable level of fluctuation, and how revised prices should be notified



- The timeframe for delivery of goods.
- Flexibility for HEADS to use a different supplier if the goods are not supplied/available within a particular timeframe

The logistics office should keep copies of all framework agreements on file and refer to these in procurement documents each time the contract is used for a purchase. Once a framework agreement is in place, it will replace the quotations and bid analysis stages in the procurement process. However, a Requisition and Purchase Order / Contract will still need to be made for each individual order required.

### **5.6.8 Prequalification of Suppliers/Contractors**

Pre-qualification of contractors/suppliers can help to streamline the procurement process by having a list of companies that meet HEADS's requirements from which to call tenders or place orders. By conducting prequalification, the time and effort required for evaluation of bids for future orders can be greatly reduced. In the case of smaller contracts/orders and in emergency situations, having prequalified suppliers/contractors means an order can be placed at very short notice and HEADS can be confident that procurement conditions have been met.

Prequalification is typically only suitable in locations where there are multiple suppliers/contractors able to provide the same service. Often suppliers/contractors are prequalified on the basis of a tender, usually announced in a local/international newspaper or e-portal. In this instance the approximate quantity of goods/services to be procured later should be stated so that suppliers/contractors have a reasonable basis for providing a quotation. The specific information required for evaluation in order for a supplier/contractor to be prequalified will vary according to the relevant goods or service to be provided, however some key items to consider in any prequalification process are listed below;

- Company registration and legal documents (including registration for tax)
- Financial position (turnover, bank statements)
- Registration with any relevant professional associations/government regulatory bodies
- Documented experience & references from other similar transactions.
- Delivery time for major items.
- Schedule of rates/prices (where applicable).
- Technical specifications of the products offered.
- Compliance with HEADS terms, conditions & ethical guidelines.

### **5.6.9 Follow –up/Tracking**

The Procurement Officer is responsible for managing the Purchase Orders / Contracts to meet the terms therein. To assist with this, the Purchase Requisition Tracking Sheet (see Annex-9) is used to record key information



about each requisition and monitor deliveries and performance of suppliers. More information on this document is given in Section 4.8.

For framework agreements, it is useful to keep a spread sheet of all agreements in place and review this regularly to identify in advance where agreements will expire so that the correct process can be followed to identify a new supplier.

### **5.6.10 VAT/Taxes/Duties**

HEADS is exempt from VAT and customs duty. Some donors have agreements with host governments exempting projects carried out under their funding from VAT and customs in that country. HEADS staff should make themselves aware of any liability for or exemptions from taxes prior to any procurement taking place.

Where items are purchased outside the programme country, they should be purchased without VAT. Local expertise may be sought to ensure that correct documentation is in place upon importation to avoid delays relating to VAT/tax. Issues of VAT and other taxes and duties should be covered in all Purchase Orders and Contracts. GST / WHT will be calculated as per government rules.

### **5.6.11 Receipt of Goods**

All goods received by HEADS must be documented using a Goods Received Note (See Annex 8). Where items received are assets, the Asset Register (see Annex 15) should be updated with all relevant details before the item is stored or forwarded to the final destination. The delivery must be checked properly against order before any document stating that the goods are received is signed. This is to ensure that nothing is paid for without confirmation of receipt, and to support documentation for warehouse management.

One staff member should be responsible for completing all Goods Received Notes and recording all deliveries. In cases where there is a warehouse, this should normally be the Warehouse Manager, but may be delegated differently by the Program Manager.

The requester should also sign the Goods Received Note to confirm that the quality of goods and specification meets the needs identified in the Requisition. This ensures that no unsuitable goods are accepted from the supplier.

The supplier or transporter delivering the goods should also sign to confirm the delivery. This is particularly essential in cases where the full order is not complete, or there is some problem with the delivery (refer to section 4.6.13).

A signature on the document agreeing what was delivered will avoid disputes later in confirming actual deliveries.



Reception of goods/services requires the same use of signature for the different thresholds as stated in the authorization table as for procurement except where delegated in writing.

### **5.6.12 Goods Received Note**

The Goods Received Note (see Annex-8) documents all receipts of goods into HEADS. It provides space for the relevant parties to sign to confirm what was received, and allows a check of quantity and quality. It also references the Purchase Order / Contract for easy matching with orders and procurement paperwork. This is particularly useful where warehouse and procurement teams are in different locations, and where multiple deliveries are being received from one order. Please refer to section 5.5.1 for more details.

### **5.6.13 Rejections and Returns**

In the case of problems found with goods or services on delivery, warehouse staff should link with procurement staff in order to discuss directly with the supplier. Goods that do not meet the specification should not be accepted, and should be returned by arrangement with the supplier, at the suppliers cost. Any goods being received that do not meet the required standard should be noted on the Goods Received Note until arrangements can be made to return them to the supplier.

The circumstances surrounding such situations vary and in case of any dispute the issue should be reported through the management chain. Claims arising from such disputes, both to insurance companies, suppliers or contractors should be carefully and fully documented and an effort should be made to maintain good relations with all parties throughout the process.

## **5.7 Payments**

### **5.7.1 Responsibilities (separating duties)**

Once the goods/services are received in accordance with the agreement concerned, the invoice should be thoroughly checked and if all is in order, all relevant documents should be gathered and forwarded to the finance office for payment. The finance office is responsible for making all payments.

All relevant documentation to support the invoice should be collated and checked by the Procurement Officer before forwarding to the finance office. The finance office is responsible for checking the documentation, including checking that the correct authorizations have been given before proceeding for payment.



The Payment Voucher (see HEADS Financial Manual) is then prepared either by the finance office or the project staff, in line with local routines and the Financial Manual. The document is then authorized in line with the Authorization Table before final payment is issued. Authorization of the Payment Voucher should ensure separation of duties, so that the same person is not signing contracts and releasing funds. This provides necessary checks and balances in the process before funds are released.

All payments should meet the conditions within the Purchase Order / Contract with regards to timeframe and manner of payment (bank transfer, cheque, etc). Cash should be avoided as much as possible, and there are usually cash limits imposed which should guide this. More information can be found in the Financial Manual.

### **5.7.2 Supporting Documentation**

All original supporting documents must be attached with the invoice and filed as a part of the accounting documentation. These files are kept for at least 05 years. All relevant documents should be numbered according to the document numbering system in place.

The documentation required to support invoices is the same as for the procurement, i.e.

- Requisition
- Quotations/RFQ
- Bid Analysis form & minutes from Procurement Committee discussions.
- Purchase Order / Contract
- Goods Received Note
- Invoice
- Approved payment checklist

For procurements with a high number of supporting documents (i.e. complex procurements, construction tenders etc) it is sufficient to include a reference to these documents which should be available on file.

### **5.7.3 Low Value Purchases & Cash Advances**

In some cases, it is not practicable to use a complete procurement procedure for an item or service of very low value. This would apply to items of PKR 15,000, or less.

Where there is no cash advance system, any expenditure on low value items, must include written documentation and approval as follows;

- Receipt from the supplier/vendor
- Budget code for the expenditure to be charged
- Approval from the relevant budget holder



This documentation is most easily done using the Cash/Project Advance Request form available in the HEADS Financial Manual which contains all necessary information. Alternatively, a document may be developed locally for this purpose. It is encouraged to use the established procedures as far as possible to ensure appropriate control.

### **5.8 Procurement Tracking and Reporting**

The Requisition Tracking Sheet (see Annex-9) forms the main document for tracking and reporting on procurement. It is created and managed by the Procurement Officer, and is an internal document.

The tracking sheet allows recording of key information about each item requested and provides the Procurement Officer with a means to view all requisitions in one sheet. The status column and different colors can be used to indicate progress with orders, and the information can also be used as a reference point for estimated prices, suppliers used, and cash forecasting.

In addition, this form also serves as a means to provide feedback and handle queries from requesters on progress with their requests, and status of orders. If updated daily it can be stored on a shared drive, or if updated weekly it should be circulated to requesters to provide updates at least on a weekly basis. If the tracking sheet is not distributed regularly, the Procurement Officer should ensure Requesters are kept informed on all progress, and any issues or delays faced in the procurement of their items.

The Requisition Tracking Sheet can also be used to manage the performance of the Procurement Officer as it details time taken for different stages of the procurement process. For managers this allows monitoring of performance at each stage of the process, identifying where delays occur, and providing necessary support in those areas.

As noted, earlier, framework agreements should also be tracked on a spreadsheet to identify when contracts are due to expire and ensure that the correct process can be followed to identify a new supplier.

#### **5.8.1 Numbering Forms**

All forms in the procurement process should hold unique numbers to ease tracking. This is particularly important for

- Requisition
- Purchase Order / Contract
- Goods Received Note

This also controls the forms, and makes it difficult to duplicate documents. The numbering system should follow a basic numeric sequence. Depending



on the systems & procedures in place it may be appropriate to use pre-numbered forms. This is particularly useful where requisitions etc are regularly filled out by hand. The Procurement Officer, together with the finance team, should devise a numbering system appropriate to local conditions and must ensure that it is monitored and followed.

### **5.9 Rental of Premises**

Rental of an office, warehouse, or guesthouse should follow the procedures detailed above.

As HEADS's operations are depending on funding and the general situation in an area, the rental agreements should match the timetable for confirmed funding, with an option for renewal. Alternatively, the contract must have a clause stating that if HEADS must close down or reduce the program due to funding or political reasons, the contract may be terminated with notice.

Procurement procedures should be followed, thus ensuring that HEADS source the most economical premises with regard to safety, security, and other factors of consideration at the local level.

#### **5.9.1 Electricity**

An alternative to the public electrical power is often necessary for back-up purposes. Decision on needs will be made according to local conditions.

#### **5.9.2 Generators**

Purchase of generators should be based on needs, and consideration should be given to the network of generators needed to support all HEADS premises.

When purchasing a generator, first consideration should be given to capacity required. The servicing schedule detailed in the generator operating manual should be followed to prolong the life of the generator, and reduce breakdowns. This will be based on running hours, so running hours will need to be recorded in a log book. In addition, fuel for generators should be managed in the same way as for vehicles, where fuel used is measured and fuel consumption is calculated (See Section 7.16). A sample form of Generator Tracking sheet is given in **Annex-10**.

#### **5.9.3 Maintenance of Generators**

Maintenance of generators should be carried out in accordance with the manufacturer's specification but as a minimum the following should be checked when performing a generator service:

- Replace the oil and oil filter
- Replace air filter



- Check & replace coolant and coolant filters
- Inspect all of the belts for wear, cracks or dryness and replace as needed

The service interval will be specified by the manufacturer but depending on the location it may be necessary to perform more regular maintenance. The logistics staff should make an assessment and determine a maintenance schedule appropriate to the local conditions.

### 5.10 Procurement Policy for Consulting Services

#### 5.10.1 Procurement of Individual Consultants

The financial threshold and process for the procurement of consulting services are as follows:

- Single Profile Selection ( $\leq$  PKR 1,000,000):** Subject to fulfilling the technical requirements and provision of all requested documents, a Single Profile Selection is to be conducted. The process includes: an approved procurement plan; development of Terms of Reference (TORs); review of a CV with relevant experience; justification for selection; contract negotiation; and contract preparation and administration.
- Hiring Through Collection of at Least Three Profiles (PKR 1,000,001 to PKR 5,000,000):** For this threshold, the process shall be: an approved procurement plan; development of TORs; collection of at least three CVs/proposals from relevant consultants; evaluation using a comparative sheet assessing relevant experience, qualifications, and capability; contract negotiation; and contract preparation and administration.
- Hiring Through Advertisement ( $>$  PKR 5,000,000):** For this threshold, the process shall be; an approved procurement plan; development of TORs; advertisement on a relevant job portal; shortlisting of candidates; interviews of shortlisted candidates (if deemed appropriate); potential request for technical and financial proposals from shortlisted candidates (if deemed appropriate); sequential contract negotiation starting with the top-ranked candidate, proceeding to the next if negotiations fail; and contract preparation and administration.

#### 5.10.2 Procurement of Consultancy Firms

The same financial thresholds specified in Section 5.10.1 shall apply for the procurement of consultancy firms. However, for complex assignments, the process shall be as follows:

An Expression of Interest (EoI) may be requested. Following the evaluation of technical proposals, a combined technical and financial evaluation will be prepared and approved, leading to contract negotiation, preparation, and administration.



## Section 6

### WAREHOUSING AND STORES

#### 6.1 Responsibilities

The Chief Executive Officer is ultimately responsible for the management of warehouses and stock, but this is usually delegated to the Logistic Officer or Program Manager. Management of warehouses and stores are the responsibility of the logistics department.

One person should be appointed as responsible for the warehouse. These responsibilities could be incorporated into a Logistics Officer or Assistant position, depending on the scale of warehousing / storage, or split between any number of Warehouse Managers, Storekeepers and Stores Assistant positions in the case of large scale warehousing operations. For the purposes of this manual, this responsible person is called a Warehouse Manager.

There should be one key holder for the store, and that person is ultimately responsible for the store contents. This responsibility would ordinarily lie with the Warehouse Manager. This should be clear in the job description and responsibilities, and reflected in the level of the position in terms of salary scale, given the value of stock held. A spare key should be held in the safe, for emergency cases, but no other staff should be issued with keys. One should only use keys that are not easy to copy – like master key and/or other.

The keys should be locked away safely in a closed envelope, marked “warehouse keys” when the store is closed at the end of the working day. The keys must never be kept privately, and should not be left with the guard who may be coerced or intimidated into allowing access.

Stock should be counted at any stage where keys are being handed over with both key holders present

A signature list should be held by the Warehouse Manager detailing all staff who are allowed to sign warehouse documentation

#### 6.2 Storage Requirements

- Stores and warehouses should be of solid construction, preferable concrete, with solid roof - not leaking, whole windows and doors, good ventilation, even surface/floor - easy to keep clean and dry
- Large enough for requirements
- Good drainage and surface access to the warehouse doors
- Easy access for trucks and other transportation, with doors to allow inside access as required



- Appropriate location with regard to security, distance to programmes, access to other transport facilities, etc
- Lighting and access to amenities such as water & electricity.
- Secure and lockable, with vegetation at least 3 metres away from building walls.

### 6.3 Warehouse Equipment

At a minimum all warehouses should be equipped with the following items, warehouse & logistics managers should determine if any additional equipment is required taking into consideration local conditions and the nature of goods stored.

- Weighing Scales (capacity to suit type of items being stored)
- Other technical items as required, (i.e. instrument to measure humidity for grain and seed storage, etc)
- Measuring tape
- Tools for minor repairs
- Broom and tray
- First aid kit
- Office work space for Warehouse Manager, with desk and shelving for warehouse files
- Fire extinguisher
- Packaging materials (sacks, boxes, tape, etc)
- Basic stores stationary

### 6.4 Stock Cards and Tracking Stock Movement

The Stock Card ([see Annex-11](#)) is the core document in the warehouse. It records all receipts, current stock balances, and all dispatches. There should be one stock card for each item specification in the warehouse. Where the same item is stored for different projects, there should be one stock card for each project.

Stock cards detail the description and specification of the item, and the units in which it is stored for easy reference. The Stock Cards are updated by the Warehouse Manager, as the stock movement happens. Stock cards can be held either physically with the item in store, or in a file with other Stock Cards, depending on the scale of the operation. Electronic copies may also be held, but these must be supported with paper documents that have signatures for each stock movement.

For every new item received in store, a Stock Card must be opened and kept open until the stock is exhausted. Once stock balance reaches zero, the Stock Card should be kept on file for future reference and audit purposes. Stock Cards must never be discarded.



Stock Cards are controlled documents, so should be kept securely and issued on basis of need, by the Logistic Officer / Program Manager. Backup copies of stock cards can be made to reduce the possibility of corruption and to protect against loss or damage.

The stock card column asking for a reference number really reminds the storekeeper that he must have supporting documentation for any receipt or issue, which he must have on file. If he does not have the reference number to put in the box, then he has missed part of the procedure and will need to rectify. This is also a good tool for the Logistic Officer / Program Manager to check quickly if the storekeeper is following procedure. In the end, the idea is to protect the storekeeper from being responsible for items issued, by ensuring that he has an approved document from the real owner of the stock, the project.

For some items a minimum stock level may be set by either the relevant project or the Warehouse Manager. This will reflect lead time to replace/purchase, usage, urgency or nature of the item, and how essential it is to operations. Lead-time is the time which elapses between the submission of a specific request for supplies and the time of arrival of the goods at their final destination.

## 6.5 Inventory Management

### 6.5.1 Receiving Goods

All items received to store must be documented on a Goods Received Note (GRN, see Annex-8). This is an internal document that records the details of the item, including

- Description and specification
- Units
- Quantity
- Purchase Order reference to allow linking to procurement documentation

The GRN forms part of the procurement process, as well as the stores procedure, and must be produced with sufficient copies maintaining adequate controls. Usually this will comprise the following;

- Finance – original copy (through procurement officer)
- Warehouse – second copy
- Requester – third copy
- Book – fourth copy stays in the copy book for future reference

Prior to completion of a GRN, the items must be checked against the Purchase Order / Contract to ensure that quantities and specifications are correct and accurate. Any breakages, missing items, or discrepancies should be noted on the GRN. The GRN is signed by the Warehouse Manager or the program staff responsible and the supplier or transporter delivering the goods.



The authorization limits according to the authorization table must also be followed when receiving goods (refer to section 4.2.1) or the responsibility delegated with clear documentation.

If a supplier delivery note, or other delivery documentation, is provided, this should be attached to the GRN and filed, with a copy returned to the supplier. HEADS is not obliged to provide delivery documentation to suppliers or transporters, but it can be useful to provide a photocopy of the GRN in cases where there are discrepancies.

When an item is received, the Stock Card must be updated to reflect the receipt. The quantity is noted, and the reference of the GRN noted on the stock card in case of the need to cross reference figures later. The Stock Card is then updated for total balance. If an item is new in store, a new Stock Card should be opened and the receipt detailed as described above.

All Goods Received Notes should be filed in chronological order for reference and audit purposes.

### 6.5.2 Issuing Goods

Projects request items from the store, using a Stock Request form (see Annex-12). This form requires them to detail their needs, including description, quantity, and delivery location. It must be authorized by the PM/PC or Head of Department owning the stock, or a delegated authority (delegation in writing and shared with the Warehouse Manager), before being presented to the store. In the case of direct collection, the form includes a space for the receiver and the Warehouse Manager to sign to document the dispatch.

In the case of transport for delivery, a Waybill (see Annex-13) is completed, providing details of the goods, and destination, as well as transport means. After checking the items loaded, the waybill is completed by the Warehouse Manager, and signed by the transporter.

The Waybill should typically be produced in a pre-numbered copy book, with copies distributed as follows;

- One stays in the copy book at the originating warehouse,
- 3 copies move with the item to the final destination, where they must be signed by the receiver of which:
  - One copy remains with the receiver.
  - One copy with the transporter.
  - One copy returned to the sender to confirm that final delivery was made.

Those receiving goods accompanied by a waybill are responsible for cross checking the goods against the waybill and noting any discrepancies, breakages or other issues remaining, before signing the waybill and



proceeding to complete the Goods Received Note. Signing of the waybill at each stage transfers the responsibility from one person to another. The number of the WB must be written on the stock card, on the line of receiving.

The sending Warehouse Manager should ensure that copies of waybills signed by the receiver are cross checked with those in the originating warehouse, and then filed. Where copies confirming receipt at the destination are not received, the Warehouse Manager must follow up, and report this in monthly stock reports and regular meetings with their line manager.

In either case of dispatch, the Warehouse Manager must update the Stock Card with the quantity dispatched, and remaining balance, and provide the reference number for the Stock Request Form if issued directly or the Waybill if the dispatch involved transport.

Stock Request Forms and Waybills (with book and return copies) must be kept on file in numerical order for future reference and audit purposes.

The stock card column asking for a reference number for goods in or goods out reminds the Warehouse Manager that s/he must have supported documentation for any receipt or issue, which must then be on file to support the Stock Card. If there is no reference to a supporting document, this indicates that part of the procedure has been missed, and gives the Warehouse Manager a reminder to rectify this problem. This is also a good tool for the Program Manager to quickly check if procedures are being followed. This procedure protects the Warehouse Manager by ensuring that no stock items come in or go out without supporting documents.

### **6.6 Stock Report**

On a monthly basis, the Warehouse Manager must compile a Stock Report (see Annex 14), which summarizes the contents of all Stock Cards, with quantity in, and quantity out for the month in question.

Any new stock items should be added to the Stock Report each month. Items which have remained at zero balance for 3 months or more should be removed from the Stock Report.

The Stock Report is a direct copy of the data held on Stock Cards, but is produced electronically. The Stock Report must be sent to the Program Manager at the end of each month, with a copy to the ED. It can also be useful to share information about stocks with projects to allow them to plan purchases and distribution activities.

Damaged or obsolete goods should be noted on the Stock Report. On a quarterly basis all damaged or obsolete stock items should be disposed, in line with asset disposal procedures detailed in Section 6.6. HEADS should not be using valuable warehouse space to store obsolete items.



### 6.6.1 Compliance with Procedures

The Logistics Manager is responsible for ensuring that the work of the store is being carried out in accordance with documented procedures, this should be done in the following ways;

- Performing regular unannounced checks of warehouse organization and cleanliness.
- Performing regular unannounced spot checks to see that documentation matches physical balances.
- Verifying the stock report to see that documentation matches physical balances. In particular, items with high levels of movement should be checked, and at least 10% of stock items should be physically counted each month. These checks should be documented on the Stock Report in the 'Physical Check' column, and noted on the Stock Card.
- Where discrepancies are found, supporting documentation (Delivery Notes, Stock Cards, Stock Request Forms, Waybills & Invoices) should be checked, and reviewed, to identify if the difference is due to error. If difference is due to error, the Stock Card may be adjusted with permission from the Logistics Manager.
- Any unexplained differences must be documented and reported to the Program Manager and ED, and the relevant PM/PC owning the stock item in question. Stock Cards balances must not be changed without full investigation and approval from this group. Where there is no explanation for the difference, this will be acted on in line with HEADS disciplinary procedures.

### 6.6.2 Full Inventory Check

At a minimum, all stock should be physically counted at least twice a year and reported using the same format as the Stock Report. This physical check should also be noted on the Stock Card. The inventory list should be cross checked against the most recent monthly Stock Report. Usually at least one check should be completed at the end of December, to facilitate annual reporting, and the report presented by December 31st. The 2nd annual check should be completed midyear.

This twice annual inventory is used to determine stock levels, and stock value for insurance purposes, as well as to identify obsolete stock items, or other discrepancies in the process. Usually, this inventory would involve staff from outside logistics (i.e. project staff or finance) to provide an independent check.

This inventory can be completed on a more regular basis according to stock movement levels, or to provide more checks on the work of the logistics team, particularly that of the Warehouse Manager. It can be useful to perform the full inventory check on a more regular basis if new procedures are being put into place, new staff members are working in the store or in cases where there is concern that procedures are not being well followed.



## HEALTH EDUCATION AND DEVELOPMENT

Whenever transferring responsibility or changing staff of the warehouse, or stocks, a full inventory check should be performed.

## Section 7

### ASSET MANAGEMENT

#### 7.1 Introduction

An asset is defined as any non-consumable item with an acquisition value of PKR 3,000 or more and a serviceable life of at least one year. The term Asset is used throughout this document. No differentiation is made between Asset, Capital Asset, Real or Non-expendable Property. Assets represent part of the HEADS's financial status and as such are accountable and will be reviewed / inspected by an auditor. HEADS has an obligation to register, track and report on all assets, whether purchased with donor funds, or donated to HEADS by donors.

In addition to the definition given, certain categories of goods should be recorded on the Asset Register even where they do not fulfil the requirements noted above. These include;

- IT equipment (including all computer peripherals, and portable hard drives and flash disks)
- Communications equipment (including SIM cards, mobile phone handsets, radio equipment, etc)
- Office equipment (including printers, scanners, photocopiers, etc)

Other items may be recorded according to needs, and donor regulations should be checked prior to the start of any project to ensure that all necessary items are being recorded.

#### 7.2 Depreciation-Durable Equipment

##### 7.2.1 Definition:

Durable equipment is defined as equipment that can be used multiple times over its estimated economic useful lifespan (more than 1 year) and has an economic value of more than PKR 3,000 when procured. Durable equipment is therefore to be distinguished from consumable goods that do not have an economic value after minimal use.

Depreciation and amortization calculations shall be made on the "straight line" method. For financial statement purposes a full year of depreciation expense for an asset can be recorded in the year of Acquisition, while no depreciation expense can be recorded in the year of the asset's disposal.

Depreciation Rates (Asset Category Depreciation Rate)

- i) Electrical and Gas Equipments = 10%
- ii) Furniture and Fixtures = 10%
- iii) IT and Computer Equipments = 20%



- iv) Office Equipments = 20%
- v) Vehicle = 15%

### 7.3 Asset Register

All offices must maintain an Asset Register (see Annex-15). The Asset Register is a document that records and tracks all assets received by the HEADS, and is maintained by the Logistics Manager or designated staff member in logistics in each location. The purpose of this document is to have an overview of all available HEADS assets and their condition. This also supports reporting to donors, who require information on assets purchased with their funds. In addition to these uses, the Asset Register can also be used

- To support planning for new offices or future projects and budgets
- To monitor maintenance or repair needs, and purchase of spares
- For security purposes to ensure that essential equipment is available and functioning
- For insurance purposes
- To ensure that the right items are insured
- To make information available quickly and easily in the case of loss, damage or theft
- To make the best use of available assets to transfer between offices or projects
- To know which project bears, use and maintenance costs relating to an asset
- To support management and decision-making regarding equipment and needs for
  - IT and office equipment
  - Vehicles
  - Communications Equipment (radios, satellite phones, mobile handsets, etc.)
  - Generators

The register will hold the following information:

- Asset Tag number
- Category
- Description/Specification
- Manufacturer
- Model
- Serial Number/ Chassis # / Engine #
- PO number (to allow checking of documentation in finance and logistics records)
- Year of purchase
- Cost of purchase, Local currency
- Cost of Purchase – Donor Currency (only if different to above)
- Donor
- Project code under which the item was purchased
- Location (should be specific, noting room and office location)



- Assigned to (named individual, or team of people)
- Remarks – should register the following
  - Serviceable (full working order)
  - Unserviceable (beyond repair)
  - Damaged (can be repaired)
  - Returned to donor
  - Stolen
  - Lost
  - Disposed
  - Obsolete (no longer needed by the project)
  - Other information may be recorded according to local needs

If items are stolen, lost, or disposed, the item remains on the asset register, but can be hidden from the main spread sheet to avoid confusion on regular updates. Alternatively, it could be moved to a separate spread sheet for items no longer in HEADS.

Where an item has been lost or damaged, the Loss & Damage report must be completed and kept on file.

### 7.4 Asset Tags

All assets should be tagged with a unique number. The purpose of Asset Tags is to aid in identifying and tracking items, and to link with the information held about the asset on the Asset Register. One staff member should be identified as responsible for tagging assets prior to issuing them to their final location. This is often the Warehouse Manager. This person is responsible not just for tagging the item, but ensuring that all relevant information is complete/updated on the Asset Register.

Where it is not practical to physically tag an asset, a note should be made in the asset register that this problem has occurred to assist with annual asset check.

Assets are numbered sequentially across locations to ensure that no number is duplicated within a country. If an item moves from one location to another, it retains its original asset number, and does not change.

### 7.5 Asset Disposal

Items on the Asset Register are disposed in line with the regulations set out by donors and local authorities. Some donors have very specific procedure which **must** be followed when disposing of assets. The logistics team are responsible for liaison with finance and relevant programme staff to determine these regulations before disposal of any assets.

Where no specific regulations are given by donors or local authorities, or are unclear, the Chief Executive Officer has the authority to follow the disposal



process given below, in order of priority. For each option the corresponding form must be completed and signed as required;

- Transfer (to another HEADS location or project)
- Donation (to local government, partner organization, or other appropriate channel)
- Sale
- Write off and disposal (see Annex-16 Loss & damage report where appropriate)

The specific item for disposal should be highlighted on the asset register and information provided to the Chief Executive Officer. The Chief Executive Officer is responsible to authorize action on asset disposal and to ensure that the donor regulations are being met, and that donors approve the disposal. Authorization from the Chief Executive Officer should be given in writing and kept on file for reference and audit purposes.

### 7.5.1 Repair

A cost benefit analysis should be done before equipment is repaired to determine if this is best course of action. This will include investigation of repair options and costs, which can then be compared against the cost of a replacement before the final decision is made. Repairs would then be purchased as a service through the normal procurement procedures.

### 7.5.2 Transfer

In cases of transfer of items from one project or individual to another, the transfer should be documented in writing using the Asset Transfer Form (see Annex-17), where both parties sign to confirm details of the transfer. The Asset Register should then be updated to record the transfer, and copies of the signed documents held on file for reference and audit purposes.

### 7.5.3 Sale

If there are no suitable organizations or projects to donate the equipment to, the next option is to sell the equipment. Funds received for the sale of equipment should be credited the same project as where the equipment was obtained, or for a relevant project with the same donor.

Sale should be through a sealed bid process, with items advertised publicly, or at public auction, to ensure maximum transparency. In the case of sealed bids, a committee comprising logistics, finance and a member of the management team should review all bids and decide which buyer to select.

In the case of high value items, such as vehicles, valuations should be obtained from professional independent sources prior to bidding/auction and this may result in the setting of a reserve price, or a guide price for the sale.



This price can be used in the analysis to guide the committee on selection of a buyer.

HEADS equipment may be sold to staff members provided the bid for or auction of equipment is advertised publicly & openly and all members of the public have an opportunity to participate. No favorable treatment should be given to any HEADS staff members or Government Officials who may bid for equipment and the process must be open, free and transparent.

When equipment is sold, there should follow a document of transfer. The Sale of Equipment Form (see Annex-18) should be used to record all sales. This states that HEADS's responsibilities end, and that the new owner accepts the state of the equipment at the time of handover. This also removes all liability from HEADS if, for example, the item breaks at a later date. A copy of the document of transfer should be kept on file, and the Asset Register updated.

Proceeds from each sale should be documented as an income in the financial report. The documents of the sale must be kept in the finance archives as well as the logistics assets file.

### **7.5.4 Write Off**

An asset can be written off as a last resort, and in the following situations.

- When it is irreparable, and holds no perceived value (a Loss & Damage report must be completed).
- When it has reached the end of its life, or is uneconomical to continue to maintain.
- When an item is not disposed through sale.

The decision to write off lies with the Chief Executive Officer as noted previously. Procedure would be;

1. Logistics Officer makes a report to the Chief Executive Officer confirming that all other disposal methods have been exhausted, and requesting to write off
2. Chief Executive Officer checks with donors and relevant project staff before providing a written approval of the write off
3. Program Manager files all approval documentation and ensures that the item is disposed in line with local laws, in a safe and controlled manner

Note: In regards to vehicles or generators, it is advisable to consider recovering and/or refurbishing parts that can be used or disposed as spares.

In all cases, the Program Manager should ensure that all costs linked to an asset, for example for insurance, servicing, or running costs, are transferred or cancelled in line with the disposal of the asset.



### **7.6 Managing Assets**

#### **7.6.1 Assets for Individual Use**

Some assets are issued to individual staff members as part of the equipment required to complete their work. This might include laptops, mobile phones, cameras or satellite phones.

Any asset issued to staff for their use must be recorded on the Asset Transfer Form Likewise, any subsequent transfer, return or handover of the assets should be recorded using the same form.

#### **7.6.2 Theft, Loss or Damage to Assets**

If equipment is lost or damaged, a loss and damage report should be completed. The report should be addressed to the Chief Executive Officer with a copy to the Program Manager. The responsible staff member is liable for all costs and charges related to the item until the time it is reported lost or stolen, including call charges or other costs.

If equipment is stolen, a police report would usually be obtained containing all details relevant to the theft. This would support a written report from the staff member responsible for the asset.

Upon review of the report, the Chief Executive Officer can determine which of the following actions is appropriate;

- If the staff member is found to have been negligent, they should reimburse HEADS the current value of the lost or stolen equipment.
- If the loss or damage is deemed to be an accident, this can be written off.



## Section 8

### VEHICLE MANAGEMENT

The importance of vehicles in HEADS operations is clear. No operation can function without the transport of relief goods and/or personnel. Nevertheless, HEADS's policy is to keep the number of vehicles it owns in the field as low as possible, whilst remaining sufficient for carrying out operations effectively.

#### 8.1 Responsibilities

The Chief Executive Officer is ultimately responsible to ensure that this manual is followed with regard to transport issues, but this is usually delegated to the Program Manager. The Chief Executive Officer is responsible to ensure high quality in HEADS's vehicle fleet, and ensure that the vehicle fleet is utilized effectively and controlled properly. Management of transport and vehicles is the responsibility of the logistics department, and can be delegated to a Transport or Logistics Officer. For the purposes of this document, the overall manager of vehicles and transport is called a Logistic Officer.

The Logistic Officer would manage a team of drivers, and possibly mechanics. In all circumstances HEADS drivers report to the Logistic Officer and not to head of the project to which they may be assigned or from where the vehicle costs are budgeted. The drivers carry a series of responsibilities as part of their job description, which govern the conduct of the driver, rules and regulations about security and safety, and adhering to local laws, and detail other tasks related to the management of the vehicle allocated to the driver. These are detailed in the HEADS driver's manual.

Other HEADS staff is also responsible for transport and vehicle usage. To enable the HEADS drivers to perform their duties it is important that all HEADS staff members observe the following:

- Ensure that the driver's responsibilities in this document are adhered to.
- Understand that the driver is responsible for the HEADS vehicle, not the HEADS personnel that have requested his services or the passengers. The drivers' advice on how to conduct the task or journey in the safest and most efficient manner should be respected.
- HEADS staff must not give the driver orders that conflict with his duties, or neglect HEADS regulations as detailed in this manual.
- Drivers receive instructions from their supervisors. Their supervisors are responsible to ensure that driver responsibilities, rules and instructions are known to other relevant staff and passengers.

**All Staff** have the responsibility to ensure that any person under the influence of alcohol or drugs is not allowed to drive a HEADS vehicle at any time, including when personal use of vehicles has been authorized.



### 8.2 Purchasing Vehicles

Decisions regarding purchase of vehicles should be made by the logistics and programme teams together, to ensure that appropriate budgeting is in place for vehicle purchase.

Before deciding which vehicle to purchase the HEADS carefully consider the likely and intended use and select an appropriate vehicle type. For instance, in many areas the quality of roads is sufficient that heavy duty 4-wheel drive vehicles are rarely required. Vehicle life cycle costs should also be taken into account when considering which vehicle to purchase, factors such as engine size, fuel efficiency, costs of replacement parts, likely lifespan and re-sale cost should all be evaluated prior to a final decision. Significant savings can be made by more careful consideration of vehicle needs prior to purchase.

### 8.3 Maintain or Replace

The monthly Car Pool Report (Annex-19) will provide detailed information on the costs of maintenance for any given vehicle as a per km cost, which can be compared across vehicles. This will allow easy identification of which vehicles are becoming more costly to maintain, and will help to inform budget holders of costs expected to keep vehicles running.

These figures can also be used to calculate when it might be more appropriate to replace a vehicle as it becomes less cost effective. This can then be planned for in future budgets.

### 8.4 Rental of Vehicles

There is always a need to rent vehicles for short term projects, for additional support to the HEADS fleet or where a donor stipulates that vehicles should be rented and/or cannot support purchase.

When a rental vehicle is needed, standard procurement procedures, as detailed in Section 4 should be followed. The requester requiring the vehicle must prepare a Requisition detailing the exact needs for the rental vehicle, with regard to the following points;

- Vehicle type
- Color
- 4WD/2WD
- Seating/carrying capacity
- High clearance
- Whether driver is needed or HEADS driver will be used
- Vehicle with or without Fuel Rental (Fuel is reimbursed as per agreed rate per KM)
- Duration of rental
- Any other conditions i.e. working locations, tinted windows, AC, etc



In addition, the following items should be checked as standard for all potential rental vehicles

- Full test drive, in the same conditions as the vehicle will be used, testing mechanical condition of the vehicle
- Registration certificate (check matching chassis number and engine number)
- Ownership (on registration certificate)
- Revenue/taxation license (valid and with correct details)
- Insurance certificate (valid and with correct details)
- All seatbelts working

One should pay attention to what kind of communication equipment one can use in a rented vehicle. As for any vehicle used by HEADS, there should be at least two different options of communication equipment that can be used according to security regulations.

In some cases, an independent mechanical check may be made by a suitable mechanic prior to accepting a rental vehicle. The costs for this check should be agreed with the owner prior to checking.

In line with procurement procedures, a contract must be made for any vehicle rented by HEADS, regardless of the length of the rental. A sample format of a Vehicle Rental Agreement is given in (Annex-20). This agreement is suited to slightly longer-term rental agreements, but can be adapted to suit a daily or shorter-term rental arrangement. It is important to note that HEADS can only make an agreement with the legal owner of a vehicle or Vendor, so this information should be checked on the ownership papers.

When a newly rented vehicle is delivered for use, the Vehicle Handover form is completed documenting the vehicle condition. This document forms part of the agreement between HEADS and the owner, and is then used when returning the vehicle to help identify any problems. Where a security deposit is given, this should be linked to the Vehicle Handover form which is used as a basis for the return of the security deposit.

### **8.5 Vehicle Costs and Accounting**

Any vehicle purchased by HEADS, motorbike or car, should be entered into the finance system upon receipt, and allocated a code. This code will ensure that costs related to this vehicle are charged to the correct project. Where costs are to be shared among projects, arrangements must be made for this between logistics and finance to ensure that costs are charged correctly.

Where items are purchased to support or maintain a vehicle, such as fuel or spares, the vehicle code should be given on the payment documentation to ensure that costs are charged appropriately. The Logistic Officer should ensure that all vehicles in the Car Pool Report (see Annex-19) have their



relevant code completed to allow easy cross referencing of vehicle related costs with financial accounts.

Security and Safety

### **8.6.1 Transportation of Armed Personnel and/or Military Hardware**

Under no circumstances should HEADS vehicles be used to transport armed personnel (police, security forces, insurgents, and paramilitary personnel), weapons or other military hardware. Depending on the local situation, specific rules may be set on how to manage this issue. This could include carrying a document on HEADS headed paper stipulating the rules on this issue in the local language(s) in order to protect the driver and/or passengers should a situation arise– Special points that should always be filled in & local adjustments/rules.

Any incident relating to this issue should be reported using the Incident/Accident form explained in Section 7.20.

### **8.6.2 Speed**

All local speed-limits and road rules must be obeyed. In some circumstances, HEADS may set lower speed limits than local laws dictate, to be followed by HEADS drivers. For all countries the maximum allowable speed limit is 80km/hr for HEADS vehicles. In addition, driving must be adapted to local conditions, with special attention given to;

- Road conditions
- Weather conditions
- Pedestrians, especially children and elderly people
- Other road users, particularly motorbikes and bicycles
- Darkness
- Cargo inside or on the vehicle which may affect braking speed (or become dangerous if not properly secured)
- Vehicle condition in general

### **8.6.3 Authorized Passengers and Goods**

In most cases, local drivers are used for driving HEADS vehicles, as they know the roads, local driving patterns, habits, roadblocks and weather conditions better than others.

#### **Authorized Passengers**

Only authorized passengers may be transported in HEADS vehicles. All HEADS staff members are insured during working hours, but HEADS is not responsible for non-HEADS staff travelling in a HEADS vehicle, at any time. To ensure that HEADS is free of all liabilities when non-HEADS staff



members are travelling in a HEADS vehicle; a Waiver form should be completed before the passenger joins the journey.

### **Authorized Goods**

Any goods being transported in a HEADS vehicle must be accompanied by a waybill documenting the transportation. Dangerous goods (such as gas) should not be transported using HEADS vehicles. Drivers should not accept luggage for non-HEADS authorized passengers.

Vehicles must not be loaded beyond their legal capacity as indicated on the registration documentation. All goods loaded should be secured, and loaded safely to prevent risk to the driver, passengers or other road users.

## **8.7 Personal Use of HEADS Vehicles**

Regulations governing when and where HEADS vehicles may be used for private purposes are laid down by the Executive Body, with consideration to the following points;

- Official needs always have priority, with security needs being top priority.
- The Chief Executive Officer has the right to deny personal use of a vehicle at any time.
- All staff wishing to drive a HEADS vehicle must hold a valid applicable driving license. In the case of 4WD vehicles staff must demonstrate to the satisfaction of the Logistic Officer that they are competent to do so before any personal use will be permitted.
- The Chief Executive Officer is responsible to ensure that all rules and procedures regarding personal use are documented in writing and communicated to staff through the Logistic Officer. Any rules and procedures set must include the standards provided in this manual.
- Any private trip using HEADS vehicles across provincial and/or any trip exceeding 200km total distance must be approved in advance by the Chief Executive Officer.
- Personal use of vehicles must also be in line with HR regulations.

All personal usage of vehicles must be detailed in the log book to allow correct calculation of costs for reimbursement to HEADS.

## **8.8 Vehicle Documentation**

All HEADS vehicles should carry documents required and relevant to the local conditions, to ensure safety and security, and adherence to local laws.

### **8.8.1 Documents Checks**

It is essential as part of any purchase or rental of vehicles that all of the official documentation is checked and cross referenced against the actual



vehicle. Engine number and chassis number should be checked against registration documents, as well as registration plates.

### 8.9 Vehicle Insurance

Full details of insurance selection, requirements and claims can be found in [Section 9](#).

Third party liability insurance covers damage to any third-party vehicle, property and personnel in the event of a HEADS vehicle being responsible for an accident. **No HEADS vehicle can be driven without third party liability insurance.**

For vehicles purchased locally, insurance can be arranged with a local provider.

In order to make an insurance claim, an Accident/Incident report form must be completed. This forms a written statement of events from the driver. Where passengers are present, they should also complete an Accident/Incident report form. A police report should also be obtained wherever possible.

### 8.10 Driver Recruitment and Management

#### 8.10.1 Recruitment and Training of Drivers

When recruiting drivers, all applicants must complete a driving test with at least two appropriate staff scoring the test, normally the Logistic Officer, and the Program Manager. An eyesight test is also required to ensure that the driver's vision is of an acceptable standard.

In addition to driving and eyesight tests, work references or recommendations should be checked, and an interview held to determine the driver's background, experience and motivations for the position. It is essential that the original driving license is checked. If the driver is to drive a truck, motorbike, or high-capacity vehicle, then the relevant class should be designated on the license. Mechanical skills should be considered a distinct advantage for applicants to driving positions.

Drivers' contracts should provide the longest probation period allowable by local law and new drivers performance should be carefully monitored using feedback from passengers and with close supervision from the Logistic Officer. New drivers should be carefully inducted on procedures and rules relating to transport and vehicles. Where possible training should be offered to drivers including but not limited to;

- Off road/4WD driving (where relevant and suited to local conditions).
- Defensive driving.
- First Aid.
- Basic Mechanics.
- Use of all aspects of the HEADS vehicles (such as winch operation).



Provision of this training improves overall safety, better driving and use of the vehicles (so less maintenance), and reduced fuel consumption.

### **8.10.2 Staff Driving Test**

HEADS employed drivers should pass a driving test before they can use any of HEADS vehicles, to make sure they understand how to drive a 4wd vehicle under special conditions, and what to pay attention to. The test should be carried out by the logistics manager prior to any staff using HEADS vehicles.

### **8.10.3 Driver Rules and Conduct**

In addition to the responsibilities contained in the HEADS Drivers Manual the following basic rules apply to all HEADS vehicles and drivers. They should form part of the job description of the driver, and may also be shared with other staff and passengers. It is the responsibility of the driver to ensure that they are followed at all times, and further details are given in each relevant section:

- No mobile phones are to be answered when driving.
- Driving style should suit local conditions, and should be careful and passive.
- As a representative of HEADS the driver is expected to dress and behave in a respectable manner at all times.
- The driver should manage his/her time properly and report promptly to work. S/he should also ensure that s/he is adequately rested prior to long journeys.
- Drivers requiring prescription glasses must wear these at all times when driving.
- Drivers must carry out a weekly vehicle check.
- The driver should report to the Logistic Officer if any problems are experienced with passengers not understanding or following the rules required in this manual.
- The driver should familiarize him/herself with the tools and equipment in the vehicle
- The driver should familiarize himself/herself with the local area and planned journey route prior to departure, particularly any security issues to be aware of.

When other HEADS staff is driving HEADS vehicles without the service of the driver, the same rules and guidelines must be observed.

As a precaution against theft, the driver should apply the following:

- The vehicle should be locked and windows closed.
- The vehicle should be properly secured when the driver leaves the vehicle.
- Parking should be in a secure area, with adequate lighting and preferably guards and valuables should be kept out of sight.



### 8.11 Vehicle Allocation and Planning

HEADS should develop a system for allocating and managing vehicles according to their programme needs. Managing vehicles as a pool is the most efficient system, and this may require weekly plans to be submitted to ensure that all needs are met.

Any system developed should clearly communicate how vehicles are to be accessed and the timeframe for requests. They should also detail who is responsible for organizing the vehicles and deciding which vehicles are allocated how.

### 8.12 Log Books

Every HEADS vehicle should carry a Vehicle Logbook (Annex-21). All use of the vehicle, whether personal or official should be detailed in the logbook at the end of each journey. Motorbikes should carry and use logbooks as with other HEADS vehicles.

The driver is responsible for completing the logbook, including km recording, and to note where fuel is received or maintenance/repair work done. The driver must sign the logbook every time it is updated.

The Logistic Officer is responsible to check logbooks on a weekly basis to ensure that they are being properly filled and to check work detailed is in line with duties allocated during that week. The Logistic Officer will record the figures in the Log Book on a monthly basis to support the monthly Car Pool Report.

### 8.13 Fuel Management

Receipt and use of fuel must be monitored to ensure that this valuable resource is being properly managed, and to track the performance of vehicles. The fuel consumption of all vehicles must be recorded at each fueling, and on a monthly basis (see Car Pool Report, Section 7.20).

In order to correctly measure fuel consumption, the following must be in place:

- Always fill tank fully for security reasons and for control of fuel consumption.
- One should fill before the total tank volume(s) is less than a third of the total.
- Vehicle tanks must be filled when fueling, to allow accurate measurement of litres of fuel used and received (fuel gauge readings are not accurate enough).
- Accurate records must be kept of all fuel received, using the Fuel Requisition Form (see Annex-22). This form requires the signature of 3 individuals to confirm the receipt of fuel, and the fuel received is



also entered into the Log Book. The fuel received together with the km driven allows the calculation of fuel consumption.

- The Fuel Requisition Form also allows space for calculation of fuel consumption at each fueling. This allows the Transport Officer to identify early any problems with fuel consumption.

Expected Fuel Consumption figures for a new vehicle can be found in the manufacturer's manual. HEADS Logistic Department will have the authority to determine the rate per kilometer in PKR or KM per litre fuel for an average vehicle.

Any vehicle covering less distance per km of fuel/or using more fuel than indicated from the manufacturer should be investigated further.

Possible explanations for poor fuel consumption include;

- Poor driver handling.
- Poor engine condition and/or maintenance, including age of the vehicle.
- Poor road conditions (particularly getting stuck in mud or sand).
- Use of Air Conditioner.
- Fuel leak.
- Incorrect recording of fuel received and fuel used.
- Incorrect recording of km driven.
- Theft.
- Poor quality of fuel.

## **8.14 Maintenance and Repairs**

### **8.14.1 Vehicle Checks**

The drivers are the best source of knowledge on the performance of the vehicles and any possible repair needs. For each vehicle, a Weekly Vehicle Check form must be completed, comprising a check of key vehicle systems, as well as equipment and documentation. This also provides a space for drivers to detail other problems they have noted. The Logistic Officer is responsible to gather these reports and review them, and take action as necessary. Where a problem is reported this must be followed up by a qualified mechanic.

### **8.14.2 Maintenance Schedules**

The Chief Executive Officer is responsible for ensuring that vehicles are properly maintained according to the maintenance schedule detailed below and that provided in the vehicle manufacturer's manual. This responsibility can be delegated.

A schedule should be established for each country office, as servicing needs will depend on the weather and atmospheric conditions, road conditions,



driving habits and standards, vehicle age, and vehicle use. The manufacturer's manual or a good mechanic can provide more guidance in this if needed.

Once the schedule is established, the Logistic Officer must track the servicing of all vehicles to ensure that services are done on time, and records kept of all services. Whenever work is done on a vehicle a copy of the Job Card (see **Annex-23**) should be kept on file to form the complete history of the vehicle.

### **8.14.3 Spare Parts**

Care should be taken to ensure that all spare parts used in HEADS vehicles are genuine spares. This requires the use of reputable suppliers, but also diligence and checking during the servicing. If non genuine spares are used this usually voids all warranties, and results in substandard quality.

Where repairs are done, the old spares should be returned to HEADS as proof that the part was replaced, and then disposed. The Logistic Officer should identify the fast and slower moving spares and consider the timeframes to source spare parts. In many cases, especially where there is a larger fleet of vehicles, it could be useful to hold small stocks of spare parts to reduce servicing and repair lead times, and set up a reorder system with the Warehouse Manager.

Often it is useful to order commonly used spare parts when a new vehicle is purchased. This way the parts can be shipped with the vehicle and HEADS can be confident of their quality and suitability.

### **8.15 HEADS Workshop or External Provider?**

Careful consideration should be given as to which is the best option for servicing and repair needs according to local conditions. Factors to consider include:

- Availability of locally qualified personnel.
- Ability to oversee and supervise mechanics, including some technical expertise in the supervisor.
- Availability of spare parts and consumables, and options to hold stocks of these.
- Set up of workshop to meet vehicle needs now and in the future, including office space, covered service bays, inspection pit or ramp, security, space for multiple vehicles to access, turn, and park (consider space, cost, maintenance, etc).
- Availability of external garage facilities.
- Equipment required for different aspects of work.
- Some work will still have to be outsourced, such as wheel balancing and major repairs.
- Environmental impact of disposing of oils and lubricants.



Where available, it is recommended to use external providers for repairs and servicing. These often provide guarantees for their work, and can handle all aspects of the workshop management, including sourcing spares, health and safety, etc. Setting up and managing a HEADS workshop is complex and time consuming if it is to be done well.

### **8.16 Workshop Management**

#### **8.16.1 Staffing**

When hiring mechanics it is essential to ensure that they have the relevant qualifications and experience, particularly for the vehicles in the fleet. References must be checked. Contracts should include a probation period, during which time the work must be monitored closely.

#### **8.16.2 Procedures and Documentation**

It is essential that all work carried out in the workshop is documented and recorded on a Job Card (see Annex-23). This job card forms a record of work done to a particular vehicle, but also allows planning and monitoring of the mechanics workload and daily activities. It also allows the Logistic Officer to link Weekly Vehicle Reports with the work done on a vehicle to ensure that issues raised are resolved, or further actions are identified.

Environmentally hazardous waste such as used petroleum, oils and lubricants must be disposed of safely and without contaminating local water sources. Advice should be sought from local workshops regarding this disposal and careful solutions sought.

### **8.17 Accidents and Incidents**

All accidents or incidents, including security incidents, involving HEADS vehicles, require the completion of an Accident / Incident Report within 24 hours. This document is then forwarded to the relevant line manager, and the Logistic Officer for further action. The Logistic Officer is responsible to coordinate all actions, and gather all documentation required should an insurance claim be necessary. An Agreed statement of facts on motor vehicle accidents is also required in the case of an insurance claim, and must be completed before leaving the scene.

In case of an insurance claim, when the vehicle has been covered through Head Office, all relevant documents must be collected and sent all together either through email or courier service or other appropriate agencies.

In the event of an accident drivers should follow the checklist contained in the HEADS driver's manual.

### **8.18 Car Pool Report**



All aspects of vehicle management is recorded and reported upon in the monthly Car Pool Report **(Annex-19)**, to be forwarded to the Logistics Officer. Ordinarily, the Logistic Assistant compiles this report. The car pool report is intended to be used as a fleet management tool so that vehicle use, condition and performance can be monitored by the Logistic Officer in the relevant Field office. This is particularly useful in determining vehicles requiring maintenance, service or other attention as these will likely have higher than normal fuel consumption which will be identified through the Car Pool Report.

The report includes basic information on each vehicle as well as:

- Current working location of the vehicle.
- Insurance details and expiry date.
- Present condition for each vehicle.
- KM travelled.
- Fuel used.
- Fuel consumption.
- Costs of servicing and repairs.
- Total cost per km.
- Comments.

The report also allows the Logistic Officer, Project Manager and the Program Manager to have an overview of the vehicle fleet and to review vehicle condition and status quickly.



## Section 9

### REPORTING AND FILING

#### 9.1 Filing System at Office Level

In accordance with the procedures noted in all previous chapters, logistics files should be held and maintained at Head Office / Field Office level.

#### 9.2 Reporting

Reporting is necessary to enable the management team in Head Office to see the work of the logistics team, the issues and progress, and to help them identify and provide support in problem areas.

The following set of documents should be prepared and reported to managers on a monthly basis, with a copy to Chief Executive Officer on a quarterly basis, not later than the 10<sup>th</sup> of the preceding month:

- Asset Register (Annex-15)
- Quarterly Car Pool Report (Annex-19)

Any other reports generated as part of Field work should be shared directly with the line manager.

Other Annexures attached to this Logistic Manual:

1. Stationery Requisition Form Annexure-24
2. Authorization Table Annexure-25
3. Vehicle Handover Form Annexure-26
4. Procurement Check List Annexure-27
5. HEADS Minimum Performance Standard for Vouchers Annexure-28

## Minutes of the Meeting of Board of Directors (BoD) Health Education and Development Society (HEADS) 22 October 2025

Mode of Meeting: Virtual (Screenshot Attached)

### Participants:

- Dr. Ms. Uzma Amin (Chairperson)
- Mr. Raza Ullah Jan (Chief Executive Officer)
- Mr. Ikram Ullah (Member)
- Ms. Ambreen Banori (Member)
- Mr. Majid Khan (Member)
- Ms. Jabeen Begum (Member)
- Mr. Kamran Khan, Architect (Member)

### Agenda:

- Change of Board Members from Societies Act to SECP.
- Opening of New Bank Accounts.
- Modification in Organogram.
- Updating the Procurement and Financial Policy.
- Preparing the Policy on Appointment and Governance of the Chief Executive Officer (CEO).
- Any Other Business (AoB).

### Proceedings & Outcomes:

The online meeting commenced on Wednesday October 22, 2025 with the recitation of the Holy Quran. Thereafter, Mr. Raza Ullah Jan, CEO, welcomed all participants and extended a warm welcome to the newly nominated Board members. Outcomes of the Agenda items are as below:

1. **Change of Board Members from Societies Act to SECP:**
  - After acquiring the license of Security and Exchange Commission of Pakistan (SECP); the above-mentioned participants will be now performing as the 'Board of Directors' of HEADS organizations.
  - It was noted that Dr. Uzma Amin and Ms. Ambreen Banori, who had previously served under the Societies Act, continue as members under the SECP registration.

## 2. Opening of New Bank Accounts

- The Board reviewed the organization's financial requirements and unanimously agreed to open additional bank accounts to improve operational efficiency and strengthen financial diversification.
- The Board further suggested that opening of Both Current and PLS account with National Bank of Pakistan (NBP), Bank of Khyber (BoK) and Bank of Punjab (BoP) may face difficulties due to signatory requirements. Therefore addition to the aforementioned banks and for quicker processing, the Board recommended prioritizing the opening of accounts in the following three banks as well:
  - Samba Bank
  - Bank Alfalah
  - United Bank Limited (UBL)
- These banks were suggested due to their ease and speed of account opening procedures. Meanwhile, the process for opening accounts with the previously mentioned banks (NBP, BoK and BoP) will continue side by side.
- PLS Account at Bank Islami, as the organization already maintains a Current Account with this bank.
- PLS account at Askari Bank. Account at Askari Bank, as the organization's current Account with this bank is already in process for the last four months.
- All accounts will be opened under the title: "Health Education and Development Society (HEADS)" and will adhere to organizational financial policies and governance protocols.

## 3. Modifying the Organization's Organogram

- Board members thoroughly discussed the organogram and finalized with amendments. The revised organogram was unanimously approved by the Board members and is attached as Annex I.

## 4. Updating the Procurement and Financial Policies:

- Updated versions of the Procurement Policy and Financial Policy were presented to the Board and approved consistently. These documents are attached as Annex II and Annex III.

## 5. Preparing the Policy on Appointment and Governance of the CEO:

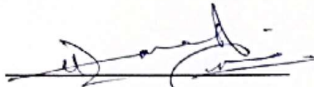
- A draft of the Policy on Appointment and Governance of the Chief Executive Officer (CEO) was discussed and approved steadily. The policy is attached as Annex IV.

## 6. Any Other Business (AoB)

- The meeting was conducted online, and a screenshot of the virtual meeting is attached for official recordkeeping. Depending on the availability of the members, next meeting will be scheduled in person.

## Conclusion

The Executive CEO thanked all members for their participation and constructive input. The Board expressed confidence that the discussed actions and approved steps will contribute to strengthening organizational governance, financial management, and operational standards.



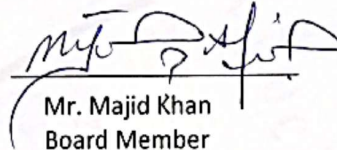
Dr. Uzma Amin  
Chairperson, Board



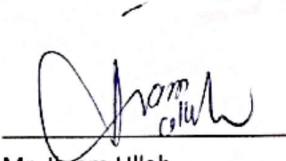
Mr. Raza Ullah Jan  
Executive Director/ CEO



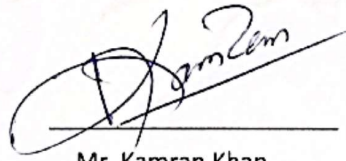
Ms. Ambareen Banori  
Board Member



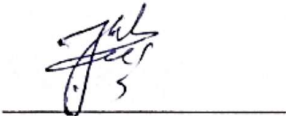
Mr. Majid Khan  
Board Member



Mr. Ikram Ullah  
Board Member



Mr. Kamran Khan  
Board Member



Ms. Jabeen Begum  
Board Member