

Association for the Protection of Landowners' Rights



Procedural Manual of Purchases

Approved by the Board
2006

1. Goals of the internal control system

The goal of the internal control procedures, described below, is to ensure the following:

Only defined procedures are used during purchase of goods/services;

Purchase of goods/services is carried out only by the person having appropriate and defined authorities;

Purchase of goods/services takes place only from appropriate suppliers.

2. Internal control procedures

2.1. Purchase of the goods/services is initiated based on the requisition form. Requisition form is an internal, official, serially numbered document, which is filled out for the purpose of purchase of goods or provision of services.

Requisition undergoes initial sanctioning of the Association or Project Director, for the purpose of determining target use of the potential expense.

After an initial approval by the relevant responsible person, the requisition form is sent to the Administrative Department, for relevant reaction.

Requisition form cannot be approved by the requesting person.

2.2. Purchase procedure is divided into three categories: I. Purchase without tender; II. Tender survey; III. Closed tender; IV. Open tender.

Depending on whether the Association has a supplier of the necessary goods/services, Person responsible for procurement defines as to what procedures will the requisition be subject to.

2.2.1. If the Association does not have a supplier of necessary goods or services, Person responsible for procurement conducts a tender.

- a) Open tender is held if the requisition concerns the goods or services, the total estimated cost of which exceeds 100 000 (one hundred thousand) GEL.

Invitation to take part in the tender is published openly.

The indicated public announcement must contain both requisites of the Association, as well as an explanation of the type, quantity, quality and technical parameters of goods and services the Association intends to purchase and the Project within which the purchase will take place. The announcement shall also contain the information the applicant must submit and the deadlines within which it must be submitted;

Companies taking part in the tender are required to submit their bids in sealed envelopes.

If organizations, taking part in the tender, do not pay the tender fee established by the Association, their proposals must not be considered.

Before conduction of the tender, it is necessary to form a tender commission, staffed with the persons who have relevant qualifications. The tender commission shall be formed by the Association Director.

Tender commission shall prepare the proposal evaluation criteria for each tender.

Proceeding from the structure of goods/services, tender commission establishes the time term for submission of tender proposals.

Technical and financial criteria for evaluation may vary according to separate tenders, depending on their peculiarities. However, it is necessary to always observe the requirements of the relevant Project donors, as needed. (Geographic restrictions of suppliers, financial limits, etc.);

Summary document of the tender is compiled by the tender commission and submitted with the Association Director for his/her consideration and approval.

An agreement processed with the organization, which wins the tender is registered in the agreement controlling registry of the Administrative Department.

Copy of the agreement processed with the organization winning the tender is sent to the Financial Department.

- b) Restricted (closed) tender is conducted if the requisition concerns the goods or services, the total estimated cost of which exceeds 10 000 (ten thousand) GEL but does not exceed 100 000 (one hundred thousand) GEL.

For the purpose of bid submission, the person responsible for procurement also gets in touch with other companies, if it is impossible to select the supplier from the indicated list.

Before the tender opening it is necessary to set up the tender commission staffed by qualified persons. The commission must be approved by the APLR director.

Tender commission chooses the optimal bid, compiles the summary document and submits it with the Association Director for his/her consideration and approval.

For the purpose of receiving bids, Person responsible for procurement gets in touch with at least three suppliers to get the offer.

Copy of the agreement with the organization which has won the tender is sent to the Financial Department.

- c) Tender survey is conducted if the requisition concerns such goods or services, the total estimated cost of which exceeds 5 000 (five thousand) GEL but does not exceed 10 000 (ten thousand) GEL.
- d) During requisition of good/services with the cost of up to 5 000 (five thousand) GEL, supplier can be selected from the list of suppliers without conduction of a tender/tender survey

2.2.2. If the Association has a supplier of the necessary goods/services or when the supplier is selected in compliance with the procedures defined above, procedural cycle of purchases begins (continues – in case of a tender) from the following:

Person responsible for procurement gets in touch with the supplier in order to receive the invoice.

Person responsible for procurement transfers the requisition form, with specified price and supplier, to the Association/Project Director for signature.

Association/Project Director approves the necessity of paying the amount at the given stage (one-time payment, advance, intermediate payment, last payment).

2.3. Requisition approved by the relevant responsible person is sent to the Financial Manager, who confirms the budget item selected by the Association/Project Director. Together with the Association/Project Director, the Financial Manager inspects correctness of the expense, as needed.

2.4. Requisition confirmed by the Financial Manager is transferred to the person responsible for procurement for further reaction.

In case of necessity, introduction of any change to the (approved) requisition takes place based on approval by the Association/Project Director and Financial Manager.

Person responsible for procurement determines the necessity of processing the purchase order/agreement, according to the cost and delivery time terms of the goods/services.

Requisition form is an official, internal, serially numbered document, which contains the following information:

Order number, date, requisition form number, client title, name of the executor, name of the good/service, quantity; unit price, total price; Terms and location of delivery; Signature of the responsible person (client); Signature of the responsible person (supplier); see Appendix P-1

If delivery of goods/services is carried out in one cycle and does not envisage a lengthy time period, processing of order/agreement is not mandatory.

Administrative Department ensures informing of the requesting person, both in case of rejection and satisfying of the requisition.

2.5. Invoice approved by the supplier, along with the requisition approved by the relevant responsible person and relevant documents, is transferred to the Financial Department for further processing.

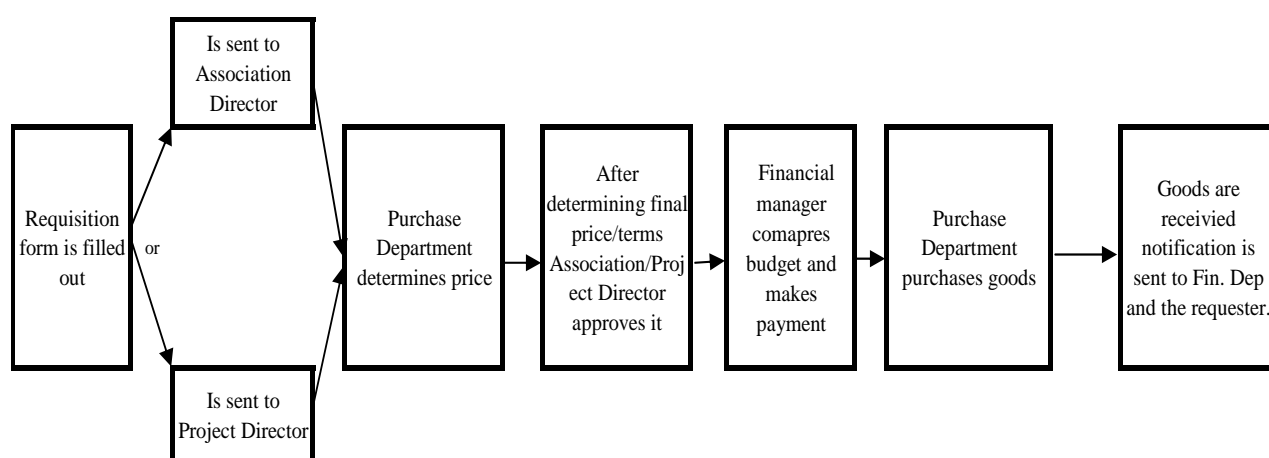
Before processing the indicated documents, Financial Manager considers the package of documents for the purpose of ensuring completeness of the control procedures it has undergone. Also, the Financial Manager determines compliance of these documents with the agreement.

Financial Department submits information about transfer of the money to the Person responsible for procurement.

2.6. Person responsible for procurement of the Association is responsible for carrying out the control procedures during reception of goods. The control procedures include the following:

- The goods should not be received if they are not accompanied with strict recording invoice (except imported goods).
- Determining the number of received goods (counting).
- Determining quality.
- Procedure of accepting goods/services is processed on goods/service reception notification form. Notification form represents internal, official, serially numbered document, which is approved with the signature of requesting party. (See Appendix N P-2)
- Receive and Delivery Act is processed on goods/service, cost of which exceeds 1000 (thousand) GEL.
- Copy of goods/service reception form is transferred to the Financial Department.

See schematically depicted procedural cycle of purchases. Scheme #1



3. Special Articles.

3.1. Petrol

3.1. 1 The Association's Person responsible for procurement purchases coupons for certain amount of liters from the indicated supplier. These coupons provide the opportunity for purchasing petrol on the gas stations of the above supplier without monetary transactions.

The Association Administrative Manager stores, records and manages receiving and issuing of petrol in accordance with the determined rule.

3.1.2. The above responsible person keeps petrol reception and issuance registry, which indicates:

- Date of receiving petrol and its amount.
- The amount of existing petrol.
- The amount of issued petrol, date of its issuance, reason and receiving person, project/department.

3.1.3. In the end of every month the Association employees, who used petrol in the previous month, will present the report. Report consists of: name of the task, initial and final record of the meter, signatures of the driver and responsible person.

Compliance of issued petrol with the distance in kilometers is determined based upon the above report.

In the end of the month, Financial Department receives petrol reception and issuance registry.

3.2. Mobile communications expenses

The Association Director determines monthly fixed limit of using mobile phones, which differs according to Department Heads and employees. Limits are renewed upon every change.

3.3 Office phone expense

Records are kept on office telephone expenses. Administrative Assistant compares it to the extract received from the telephone company. In the table of records of office telephone calls is indicated – date, precise time (hour, minute), surname of the caller, telephone number, whether the call is personal or job-related, project and subject of the conversation.

Under the order of the Association Director of November 10, 2003, expenses of the calls made from city telephones will be compensated from the budgets of relevant projects.

The amount of money to be transferred from the Association and project budget is determined for hundred (100) consecutive calls, proportionally to the amounts spent within the framework of projects and the Association. Whether or not calls are targeted will be checked in a selective manner.

4. Goods-Material Supplies / Fixed assets.

4.1. Supply Registry. Any moving of supplies is reflected in supply registry, which is maintained by the Property Manager.

Supply Registry information includes:

- Date of receiving supplies.
- Name of supplies.
- Amount of supplies.
- Date and reason of issuing supplies.
- Special facts and comments (for example damage of supplies).

Appropriate storage conditions should be provided for the supply (temperature, storage conditions, etc.).

Supplies should be stored in the storage room, which can be locked. Only, person responsible for material supplies should have the key.

4.2. Physical inventory of fixed assets.

4.2.1 Any good the total cost of which exceeds 100 USD and the estimated unitization period of which is at least one year is considered as an inventory.

4.2.2. The inventory, before its exploitation is subject to registration in purchase program by the Person responsible for procurement, pursuant to the following parameters:

- Name of goods
- Model
- Serial number
- Inventory Number
- Date of purchase of the goods
- Source project
- Client
- Cost

4.2.3 Immediately after the purchase of the inventory, the person responsible for procurement transfers the hard copy of the inventory card to the Financial Department. In addition, on the last working day of each month, the person responsible for procurement transfers the complete list of purchased inventory during the past month along with the data indicated in 4.2.2 to the Financial Manager. Financial manager approve the receipt of the list with signature.

4.2.4 Financial managers shall record the inventory pursuant to the requirements of the Association's financial manual in accounting records.

4.2.5. Administration manager shall register the inventory in the inventory program indicating the following information:

- Name of goods
- Model
- Serial number
- Inventory number
- Client
- Location of inventory
- Condition of the inventory (Pursuant to 1/2/3 scale)

Administration manager also updates the inventory list on monthly basis pursuant to the received information (see below).

4.2.6 The last business day of each month, the head of Logistics Department informs the administrative manager in writing regarding the location, conditions and changes to the following inventory:

- Furniture
- Office equipment – (electronic equipment)
- Communications equipment

Administrative manager confirms the receipt of the list with his/her signature.

4.2.7 The last business day of each month, the head of IT Department informs the administrative manager in writing regarding the location, conditions and changes to the following inventory:

- Computer inventory
- Computer software

Administrative manager confirms the receipt of the list with his/her signature.

4.2.8 In case of confusion or disagreement about the inventory classification or identification, the Administrative Manager makes a final decision and informs the head of Logistics Department and IT Manager.

4.2.9 The Administrative Manager shall immediately register the above-mentioned changes in the inventory list the last business day of each month.



Association for Protection of Landowners Rights

Goods/Service Offering Form

8 Daraselia St.

Tbilisi, Georgia

Contact Person: კა ბასჭიძე

Tel: 206 207; Fax: 206 204

Supplier:		Date	Tender Number

№	Amount	Unit	Name	Unit Price GEL	Total Cost GEL	Payment Conditions	Date of Supply	Guarantee	Duration of Offer	Country of Origin
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										

Supplier Contact Number Supplier Signature and Stamp	Transportation		<div>Additional Documentation (mark if any)</div>
	VAT (18%)		
	Sum:		
	Project:		
Address to Supply:			



Association for Protection of Landowners Rights

Goods/Service Offering Analyses Form

Date:

Project:

Approximate Price
by Budget:

Name:

Selected Supplier

Name:

Address:

Tel/e-mail:

Contact Person:

No	Supplier	Offered Price GEL	VAT	Total Cost GEL	Technical Data Appropriation	Country of Origin	Date of Supply	Payment Conditions	Guarantee	Coefficient of Price Adjustment with Budget
1										
2										
3										
4										
5										

Argument for the Selection of Supplier	Recommendation/Confirmation	Signature	Date
	Administrative Department		
	Program Director/APLR Director		

Add other documents if necessary



Association for Protection of Landowners Rights

Purchase Form

Procurement №:

Date:

Requested by:

Goods/Services:

Received in Financial
Department:

Explanation:

Project:

Comments:

Purchase Category:

Supplier:

Decision Number:

Decision Date:

Sum:

Currency:

Taxes:

Payment Stage:

Budget Item:

Project Director _____

Financial Manager _____