

OPERATIONAL EXPENSES (OPEX) AND PROCUREMENT POLICY

PURPOSE OF PROCUREMENT

The overall purpose of the procurement and OPEX Policy is to ensure that the Elisenheim Owners Association gets the highest quality of desired goods and services at the best price possible. Further, the policy is aimed at streamlining the process of procurement while maintaining adequate controls. The procurement policy and procedures will apply to all staff involved in the procurement process and to all types of procurement.

ELEMENTS OF OPERATIONAL EXPENSES AND PROCUREMENT ITEMS

- Elisenheim Owners Association office expenses; Operational cost
 - Vehicle maintenance and repairs
 - Services
 - Tyre repairs
 - Consumables
 - Diesel and Petrol
 - Equipment Services/Maintenance and Repairs; Chain saw chains etc
 - Fax and Internet costs; Telecom
 - Printing and stationary; Nashua
 - MTC
 - Municipal Charges; Electricity
 - Cleaning materials
 - General maintenance; Container Office
 - Entrance card processing machine
 - Tephcor Emergency Response Contract; Office
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- Estate Management expenses;
 - Security fence maintenance; General
 - Security fence Solar Lights maintenance
 - Security Services contract
 - River crossing fence maintenance and repairs
 - Professional fees
 - Audit fees
 - Managing Agent Charges
 - Postage
 - Stationary
 - Cleaning Consumables; Brooms, Spades, Rakes,
 - Legal fees
- Staff Expenses;
 - General Worker Wages
 - Uniforms
 - Social Security

- Management Salaries
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THE OPEX AND PROCUREMENT COMMITTEE

The Elisenheim Owners Association's OPEX and procurement committee shall be composed of the Trustees, Finance, and Administrative Representatives.

The committee shall meet through a series of dedicated meetings when there is a need to deliberate on issues pertaining to OPEX and procurement.

The key terms of reference for the committee shall be to;

- i. Award tenders
- ii. Approve orders
- iii. Award contracts
- iv. Approve variations of contract conditions

SEPARATION OF DUTIES

There shall be a proper separation of duties between;

- i. The person who orders a particular purchase from a supplier.
- ii. The person who checks that the goods supplied are satisfactory.
- iii. The person who accepts goods into store.
- iv. The person who authorises payments.
- v. The person who releases the payments.

OPEX AND PROCUREMENT PLANNING

OPEX and Procurement planning is part of the annual budgeting process. The Elisenheim Owners Association is responsible for planning its estimated OPEX and procurement needs on an annual basis. The OPEX and Annual Procurement Plan (APP) will be used to plan for requisitions. It is crucial that the procurement committee discuss the OPEX and APP before the new financial year and as need may arise within the year. The OPEX and APP will be discussed with the Trustee and will require final approval before inclusion in the budget.

OPEX AND PROCUREMENT REQUISITION (PR)

Each specific OPEX and procurement procedure process shall be initiated by procurement requisitions to the procurement officer from the Elisenheim Owners Association and should show detailed specifications and requirements for the item(s) being requested. They should also indicate that the item is budgeted for. The PR allows flexibility within the overall annual plans regarding specifications, exact quantities, delivery dates, etc. Procurement Requisition will also be used to cater for un-planned or emergency procurement.

The PR form will show the following;

- i. Items required.
- ii. Quantities.

- iii. Delivery dates and locations.
- iv. Accounting information.
- v. Whether procurement is within the OPEX and APP/budget or emergency or unplanned.
- vi. Signature of the preparing person.
- vii. Signature of the Estate Manager Elisenheim

All requisitions must be signed by the Estate Manager Elisenheim or designate, who should ensure that the item(s) are in the OPEX and APP or should seek authority to procure as per the policy. Any persons designated to authorise requisitions in acting capacity must have the authority given in writing clearly stating the period authorised.

CONTROLS ON OPEX AND PROCUREMENT

Goods and services will only be procured within approved budgets except in case of emergencies, which have to be approved by the Chairman of the Trustees. Thus, in addition to being responsible for preparing the OPEX and APP/budget, the Estate manager will ensure that actual procurement throughout the year remains within the budget. Each requisition should reference the APP line bearing the item or requisition and if need be, attached to the page of the APP where such line is contained.

The financial officer shall assist the procurement officer in conducting periodic checks on procurement activities to ensure that they conform to OPEX and APP's and Elisenheim Owners Association's policies and procedures.

It is the responsibility of the person who signs the purchase order to verify that the following have been done whether or not that person actually collects the goods concerned;

- i. That the correct quantity has been received and signed for.
- ii. That the quality and price of goods are as agreed.
- iii. That all goods delivered have been secured and inventory records appropriately updated.
- iv. That the delivery note is checked, signed and forwarded to the financial offices to await the invoice.

Purchases under petty cash shall not exceed the maximum amount of N\$5000.00.

Procurement staff and all members of the Trustee will be required to sign a "conflict of interest" document stating that they will not purchase goods or services from a company they have a vested interest in.

THE OPEX AND PROCUREMENT PROCESS REPORT

Upon receipt of requisitions, the procurement officer will first verify that the requisition is properly approved according to the signing authority. The procurement officer will then enter the requisition details onto the procurement report worksheet. After this the procurement officer will then begin the process of sourcing the goods or services.

The procurement report worksheet is updated to reflect the requisition as they are received. It also includes information on the status of each procurement requisition, complete with the expected delivery date. This is to be submitted to the accounts department each month.

The procurement officer is required to present a monthly financial and narrative report on procurement to the Trustee and a copy forwarded to the financial officer.

SUPPLIER SELECTION

Careful selection of suppliers should be done to ensure that the best possible price, quality and delivery time available within the market is obtained.

A list of suitable suppliers (the list of pre-qualified suppliers), for each type of goods and services based on letters of introduction and past performance shall be maintained.

This will make the process of supplier identification much faster. The supplier list shall be reviewed and updated periodically to ensure that current known factors are taken into consideration. Once the previous year's list of suppliers has been updated and approved by the procurement committee, procurement of goods and services can be effected. Supplier selection for inclusion on the list of pre-qualified suppliers will take place once per year and will be done by the procurement officer.

SUPPLIER SELECTION CRITERIA

The following set of criteria is essential for deciding on the choice of suppliers.

- i. Price.
- ii. Quality of goods/services. Such justification must be verifiable.
- iii. Availability of goods/services within the required delivery time.
- iv. After sale services, including the availability of parts/supplies.
- v. Bidder's previous records of performance and service to render satisfactory service in this instance.
- vi. Financial stability of the supplier.
- vii. Availability of bidder's representatives to call upon and consult with.
- viii. Payment terms.
- ix. Warranty offered.
- x. Ability to provide samples.

PROCEDURE OF TENDER

The procurement office and the heads of the various departments may recommend potential suppliers but the selection of those invited will be left to the discretion of the procurement committee.

The procurement officer will send an invitation to tender to each supplier to be invited. The supplier will pick up the tender documents at the Elisenheim Owners Association's offices or it will be e-mailed to them specifying the goods and details or any relevant information needed to get accurate bids. All suppliers must receive the same information and specifications.

USE OF DEALERS AND SOLE SUPPLIERS

In the interest of ensuring quality, reliability, and timeliness, the procurement officer may establish purchase agreements or contracts with main dealers of regularly purchased goods. Where possible due to other factors, the procurement office will negotiate rates and discounts with the supplier or a

method to determine price for invoice justification will be reached. These agreements and prices (net of discounts) should be reviewed annually to ensure that they are competitive.

LOCAL PURCHASE ORDERS (LPO) WITH SUPPLIERS

The LPO is a contract with vendors and should include all information regarding the goods and services being procured as well as standard terms of delivery, payment, and arbitration in case of dispute. If contracts are precise and clear, possibilities of disputes will be reduced and the Elisenheim Owners Association will stand a far greater chance of receiving the goods and services as expected. Upon selection of a supplier, a legally binding contract or work order should be drawn up for the goods and services in question and signed by both parties prior to procurement. Detailed specifications; quantities, unit prices, delivery deadlines, locations and payment schedules must be specified in such contracts.

ORDER FOR RECURRING REQUISITIONS

Procurement of a recurrent nature, i.e. where the same goods and services may be purchased several times a year, a supplier may be selected for a period of up to one year. In some cases, particularly for services, contracts for the goods or services can be drawn up once, which may then be referenced every time those goods or services are required without requiring separate quotations and contracts on each occasion.

CERTIFYING DELIVERY OF GOODS AND SERVICES

The procurement process cannot be completed without certification that the goods and services procured have been received to the Elisenheim Owners Association's satisfaction, in particular, to the satisfaction of the requisition. The procedure for receiving goods and services is therefore important in ensuring that suppliers have entirely met their obligations. Once the Elisenheim Owners Association has certified that goods and services have been received to their satisfaction, it has little further reason to complain about a supplier's performance; and payment can then be made.

In all cases, the certification of receipts of goods and services is pre-requisite to the Elisenheim Owners Association and the following guidelines are essential for that purposes.

- i. The procurement officials should ensure that goods and services are checked against contracts, waybills, invoices, or delivery notes.
- ii. The requisition at the time of delivery will facilitate the receiving and checking of goods and services whereby he/she will have to sign the delivery notes or any other documents during delivery.
- iii. Physical checking should be done by the requisitioning person and not by the procurement office.
- iv. In some cases, receiving of goods and physical checking of goods or services may be delegated to other Elisenheim Owners Association officers who are so authorised by the procurement officer. Such might include cases where goods or services are delivered directly or a project field location; or where a specialist's technical certification is required.
- v. Any differences between documents done and physical checks should be noted and reported to the procurement officer for action.

PAYMENT-PROCESSING PROCEDURE

The recipient department is responsible for preparing the payment requisition which then it forwards to the procurement office for checking and certifying. The document is then sent to the finance department for further checking and necessary approval and authority to pay. The invoice will then be loaded on the system for payment and sent to the Elisenheim Property Development Company for release. All payments must be made in accordance to the contractual terms between the supplier and the Elisenheim Owners Association as well as in reference to the financial policies.

APPOINTING AND PAYING OF CONSULTANTS

Consultant's services shall be sought for;

- i. A job for which the required technical expertise does not exist in-house at the Elisenheim Owners Association.
- ii. A job that is not ongoing and does not require full time staff.
- iii. A job that does not require more than 6-months of continued engagement.

The following procedure shall be observed for engaging the services of a consultant at the Elisenheim Owners Association.

- i. The decision to hire the services of consultants shall be taken by the Trustees in liaison with the Office of the Estate Manager Elisenheim.
- ii. The Elisenheim Owners Association shall send an invitation to specific consultant(s) requesting for a proposal(s) for the consultancy work by a specified date.
- iii. The tenders received shall be reviewed by the Trustees and the ensuing recommended name shall be submitted to the Office of the Estate Manager Elisenheim.
- iv. The terms of reference for the consultancy shall be mutually agreed upon and the financial officer shall be involved in the negotiation of financial aspects of the terms.
- v. The contract agreement shall be signed by both parties before commencement of the consultancy assignment.
- vi. Payment shall always be conditional; this means the satisfactory completion of the whole job unless the agreement provides for instalments at completion of specifically agreed upon components or tasks.

APPOINTING AND PAYING OF TEMPORARY STAFF

Temporary staff includes short-term project staff engaged for on-off tasks. The following procedure shall be observed for engaging the services of temporary staff;

- i. The temporary staffs are engaged by the Office of the Estate Manager Elisenheim with approval the Trustee.
- ii. The letter of engagement is issued by the Office of the Estate Manager Elisenheim stating the temporary status of the employment and the agreed terms.
- iii. Temporary staff is expected to comply with all the policies and procedures of the Elisenheim Owners Association.
- iv. Payments shall be made at the end of the month along with the payroll of the regular staff.

APPOINTING AND PAYING CASUAL WORKERS

Casual workers will be those engaged in project work especially manual work, for one to several days or weeks. The following procedure shall be observed for engaging the services of casual workers;

- i. The casual workers are engaged by the Office of the Estate Manager Elisenheim upon approval of the Trustee.
- ii. A list of casual workers shall be maintained by the Office of the Estate Manager Elisenheim, stating the terms of reference for the casual worker i.e.
 - a. Name and surname of the worker
 - b. ID number / copy of the ID document
 - c. Cell phone number
 - d. Home address
 - e. Copy of the bank card and bank account number
- iii. The letter of authority for the engagement of casual workers shall be issued by the Trustee to the Elisenheim Owners Association, stating the terms of reference for the casual worker.
- iv. Casual workers are expected to comply with all the policies of the Elisenheim Owners Association while in its service.
- v. Payments shall be made on a daily, weekly, two weekly or a monthly basis.

PROCUREMENT PLAN FOR GOODS, SERVICES, AND MATERIALS

FINANCIAL YEAR; _____ DATE PREPARED; _____

Item Description (What to buy?)	Month Needed (When to buy?)	Quantity Number (How many to buy?)	From where to Supplier	Estimated cost

SIGNATURE ESTATE MANAGER

SIGNATURE TRUSTEE CHAIRMAN

PROCUREMENT PLAN FOR SERVICES

FINANCIAL YEAR; _____ DATE PREPARED; _____

What type(s) of services are needed?	Month/date when needed?	Needed for how many days?	Who is the Individual or Supplier?	Estimated cost

SIGNATURE ESTATE MANAGER

SIGNATURE TRUSTEE CHAIRMAN