LOCAL PROCUREMENT HANDBOOK

JANUARY 2014
# CONTENTS

List of Figures and Tables ............................................................................................................................................... iii
List of Acronyms............................................................................................................................................................... iv

1.0 Purpose of the Handbook ........................................................................................................................................... 1-1

2.0 Guiding Principles of Procurement.................................................................................................................................. 2-1
  2.1 Conflict of Interest ........................................................................................................................................................ 2-2
  2.2 Code of Ethics ............................................................................................................................................................... 2-3

3.0 Procurement Planning ................................................................................................................................................ 3-1

4.0 Choosing the Type of Agreement .................................................................................................................................. 4-1
  4.1 Choosing the Type of Agreement .................................................................................................................................. 4-2
  4.2 Defining Standard Procurement Methods .................................................................................................................. 4-2
    4.2.1 Cash Purchases ........................................................................................................................................................ 4-2
    4.2.2 Purchase Orders ....................................................................................................................................................... 4-2
    4.2.3 Service Agreements ................................................................................................................................................ 4-3
    4.2.4 Subcontracts ........................................................................................................................................................... 4-4

5.0 The Competitive Procurement Process for Purchase Orders ......................................................................................... 5-1
  5.1 Generate Purchase Requisition .................................................................................................................................. 5-3
    5.1.1 Develop Equipment Specification ...................................................................................................................... 5-3
    5.1.2 Develop an Initial Cost Estimate .......................................................................................................................... 5-3
    5.1.3 Estimates under $2,500 ........................................................................................................................................ 5-3
    5.1.4 Estimates between $2,500 and $25,000 .............................................................................................................. 5-4
    5.1.5 Procurements between $25,000 and $150,000 .................................................................................................. 5-4
  5.2 Approvals and Rules ...................................................................................................................................................... 5-4
    5.2.1 Home Office Review and Approvals .................................................................................................................. 5-4
    5.2.2 USAID Approvals ............................................................................................................................................... 5-5
    5.2.3 Rules ................................................................................................................................................................. 5-5
  5.3 Purchase Order Tracker Process .................................................................................................................................. 5-6
  5.4 Purchase Order Checklist ............................................................................................................................................... 5-6

6.0 Source and Nationality .................................................................................................................................................. 6-1
  6.1 Definitions ................................................................................................................................................................. 6-2
  6.2 Determining Source and Nationality of Goods ........................................................................................................ 6-4
  6.3 Restrictions on the Purchase of Commodities ....................................................................................................... 6-4
    6.3.1 Agricultural Commodities .................................................................................................................................. 6-4
    6.3.2 Motor Vehicles ...................................................................................................................................................... 6-5
    6.3.3 Pharmaceuticals .................................................................................................................................................... 6-5
    6.3.4 Used Equipment .................................................................................................................................................. 6-5
    6.3.5 Other Commodities .......................................................................................................................................... 6-6
    6.3.6 Ineligible Commodities .................................................................................................................................... 6-6
  6.4 Waivers for Commodities ............................................................................................................................................. 6-6
  6.5 Authority to Approve Waivers for Goods and Services .......................................................................................... 6-6

7.0 Sole Source Justification ................................................................................................................................................ 7-1

8.0 Inventory Administration .................................................................................................................................................. 8-1
  8.1 General ......................................................................................................................................................................... 8-2
    8.1.1 Receiving Procedures for Local Procurement .................................................................................................. 8-2
    8.1.2 Receiving Procedures for Procurement Originating from the Home Office .................................................. 8-3
LIST OF FIGURES AND TABLES

Table 1. Administrative Lead Time by Procurement Type.......................................................... 3-2
Figure 1. Choosing the Type of Agreement.............................................................................. 4-2
Figure 2. Competitive Purchasing Process for Purchase Orders............................................. 5-2
# LIST OF ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADS</td>
<td>Automated Directives System</td>
</tr>
<tr>
<td>AIDAR</td>
<td>Agency for International Development Acquisition Regulations</td>
</tr>
<tr>
<td>CFR</td>
<td>Code of Federal Regulations</td>
</tr>
<tr>
<td>CO</td>
<td>Contracting Officer</td>
</tr>
<tr>
<td>COP</td>
<td>Chief of Party</td>
</tr>
<tr>
<td>COR</td>
<td>Contracting Officer’s Representative</td>
</tr>
<tr>
<td>FAR</td>
<td>Federal Acquisition Regulation</td>
</tr>
<tr>
<td>GMP</td>
<td>Grants Management Plan</td>
</tr>
<tr>
<td>GUC</td>
<td>Grants Under Contract</td>
</tr>
<tr>
<td>GSA</td>
<td>General Services Administration</td>
</tr>
<tr>
<td>HO</td>
<td>Home Office</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>M/OP/COM</td>
<td>Bureau for Management Division</td>
</tr>
<tr>
<td>NASA</td>
<td>National Aeronautical Space Agency</td>
</tr>
<tr>
<td>PLS</td>
<td>Procurement and Logistics Specialist</td>
</tr>
<tr>
<td>PM</td>
<td>Project Manager</td>
</tr>
<tr>
<td>PO</td>
<td>Purchase Order</td>
</tr>
<tr>
<td>RFQ</td>
<td>Request for Quotations</td>
</tr>
<tr>
<td>STA/M</td>
<td>Senior Technical Advisor/Manager</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>VAT</td>
<td>Value-added Tax</td>
</tr>
</tbody>
</table>
1.0 PURPOSE OF THE HANDBOOK
has designed and written this handbook as a field guide for local offices to help them establish and follow standardized purchasing policies and procedures. The handbook also provides information on general procurement principles, procurement planning, and client approval requirements, competition requirements, responsibilities for commodity and service procurements, and grants-related procurement. Commercial goods and services are procured via a purchase order (PO).

The handbook is generic in nature and provides general guidelines and templates that has successfully used in prior projects. The handbook has been written with special attention to compliance with USAID requirements, as most of ‘s funding comes from USAID. Therefore, it does not include any unique requirements from other donor agencies (e.g., World Bank, Asian Development Bank). Throughout this handbook, text that is particularly important is enclosed in a shaded box with a special graphic in the margin:

Prior to starting up a project, and throughout the life of the project, the Chief of Party (COP) should review the handbook to determine whether any unique contract-specific requirements, local laws, customer-unique requirements, or donor (USAID) rules affect these procedures and/or templates. If changes are required, proposed changes must be coordinated with the Director of Contracts the assigned Procurement and Logistics Specialist (PLS) before they may be implemented.

You will find as attachments to this manual, various templates, sample forms and reports, and other related materials. These materials are also found in the Project In a toolbox ( ) that each project receives upon startup.

Finally, if you have further questions, personnel are available within the home office for purchasing guidance. Contact the PLS for procurement questions.
2.0 GUIDING PRINCIPLES OF PROCUREMENT
Purchasing restraint, open and fair competition, and common sense are the foundations for good procurement practice. requires its staff to undertake the procurement of goods, and services through structured tendering procedures in accordance with the guidelines outlined in this manual. Additionally, there are certain philosophies—conflict of interest and codes of ethics—that govern the procurement process, regardless of size.

When you initiate a purchase, you are committing funds and assuring the firm that you have:

- Identified a legitimate need for the purchase;
- Defined the needed procurement in a manner that allows potential bidders to effectively bid to provide products with the same specifications;
- Undertaken purchases in a manner compatible with and, if applicable, US government requirements and have selected the qualified vendor/bid that offers the best pricing for the client;
- Met contract, USAID, and federal procurement requirements;
- Documented each transaction as required by and the US government;
- Received required home office approvals;
- Complied with the Conflict of Interest and Code of Ethics statements in this document;
- Dealt with vendors professionally, impartially, and fairly;
- Received and inspected purchases before acceptance; and
- Marked, inventoried, and disposed of the purchased items in accordance with US government regulations, if applicable.

2.1 CONFLICT OF INTEREST

Team members will act in a manner consistent with their fiduciary responsibilities to and exercise particular care that no detriment to results from conflicts between their interests and those of . An individual is considered to have a conflict of interest when the individual, or any of his family or associates:

- Has an existing or potential financial or other interest that impairs or might appear to impair the individual’s independence of judgment in the discharge of responsibilities to ;
- May receive a material, financial, or other benefit from knowledge of information confidential to ;
- Is a director, officer, employee, member, partner, or trustee of a beneficiary;
- Has a financial interest that enables him or her, acting alone or in conjunction with others, to exercise control or influence the policy of a beneficiary; or
- Has any other material association (e.g., a business ownership, stockholder, or member of the organization) to a beneficiary.

The family of an individual includes his or her spouse, parents, siblings, children, and other relatives. An associate includes any person, trust, organization, or enterprise, with which the individual or any member of his or her family is employed or has a material association.
If an individual believes that he or she may have a conflict of interest, the individual will promptly disclose the conflict to the COP and home office Project Manager (PM) and refrain from participating in any way in the matter to which the conflict relates until the conflict question has been resolved.

Having a conflict of interest is not in and of itself a matter of concern. Failure to disclose a conflict of interest and being involved in a transaction that did not have the conflict disclosed is a serious matter of concern. Failure to disclose a conflict of interest and participating in a business transaction will constitute a violation of company policy and will result in personnel action up to and possibly including termination of employment.

2.2 Code of Ethics

Transactions related to the expenditures of funds require the highest degree of public trust and confidence, and impeccable standards of conduct. Individuals purchasing goods and services on behalf of should conduct business in a manner that is consistent with the goals of and the US government, including but not limited to the following:

- Procurement decisions will be made with integrity and objectivity, free from any personal considerations or benefits.
- employees will not solicit or accept, directly or indirectly, any gift, favor, entertainment, loan or anything of monetary value from anyone maintaining a business connection with (meals taken as part of a business meeting or minor commercial items valued at less than $10 are not considered as gifts).
- Purchasing activities will be conducted in a professional manner.
- Qualified vendors will be given equal opportunity to compete for business.
- Efforts will be made to maintain positive and professional relations with vendors.
- Business will be conducted in good faith and disputes resolved quickly and equitably.

Vendors doing business with will be held to standards promoting sound and ethical business practices.
3.0 PROCUREMENT PLANNING
The key to a successful procurement program is **planning**. Elements of the procurement program should be defined at the beginning of the planning year during the annual work plan process with timetables for when terms of reference need to be defined, when bidding has to take place, and when delivery must be made to adhere to the needs of the project.

It is important to take into consideration and client approvals that will be required when planning for procurements. Table 1 provides the expected administrative lead time for various procurement actions. Production or delivery time varies with the type of item or service involved and must be added to the procurement administrative lead time to come up with a realistic delivery date. Given the importance of receiving home office and client approvals, it is important that project offices recognize that procurement lead time may be significant—even in excess of **12 months** in some cases.

To meet the timelines, the procurement and technical teams must work closely together in the planning, preparation, and implementation of each procurement activity. The field office procurement team will work with the technical team to prepare procurement plans (timelines and inputs) and draft the required procurement documentation if the procurement was not defined during the work plan process, which is typically the case.

**TABLE 1. ADMINISTRATIVE LEAD TIME BY PROCUREMENT TYPE**

<table>
<thead>
<tr>
<th>Procurement Type</th>
<th>Administrative Lead Time (Planning time from drafting of purchase requisition to HO/USAID approval)</th>
<th>Production/Delivery Time (in addition to Administrative Lead Time)</th>
<th>Total Time Required to Complete Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Procurement Size: Under $150,000</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial off-the-shelf items in quantities normally stocked</td>
<td>15-30 days</td>
<td>10-30 days</td>
<td>25-60 days</td>
</tr>
<tr>
<td>Commercial off-the-shelf items not normally stocked in quantity</td>
<td>15-30 days</td>
<td>30-60 days</td>
<td>45-90 days</td>
</tr>
<tr>
<td>Non-commercial production requirements</td>
<td>30-60 days</td>
<td>3-12 months</td>
<td>4-14 months</td>
</tr>
<tr>
<td>Services (including construction)</td>
<td>30-60 days</td>
<td>1-12 months</td>
<td>2-14 months</td>
</tr>
</tbody>
</table>
4.0 CHOOSING THE TYPE OF AGREEMENT
This chapter describes several of ‘s procurement methods. The most basic procurement method is a cash purchase, procuring a well-defined commercial product.

4.1 CHOOSING THE TYPE OF AGREEMENT

When considering the type of agreement to engage in, it is most important to identify what you intend to procure. The end result of the action will help determine the best mechanism for the purchase. This chapter will identify important considerations when determining agreement type. A fixed-price agreement (purchase order) is the preferred method of procurement because it directly ties a deliverable to a payment and is the easiest method to administer. Consulting the resources available in the home office via the PM, as well as the project budget and the prime contract, is vital when determining the agreement type. Figure 1 presents a decision tree with notes about where you can find more information.

FIGURE 1. CHOOSING THE TYPE OF AGREEMENT

4.2 DEFINING STANDARD PROCUREMENT METHODS

4.2.1 Cash Purchases

Cash (or check) purchases can be made for small dollar (up to $500) items where using a PO does not make sense. Examples of these types of purchases would be pencils, paper, and miscellaneous office small supplies. A receipt is required for these purchases, and they should be recorded on an expense voucher. To make a cash purchase, a Purchase Requisition (see Attachment 1) needs to be filled out and approved by the COP or his/her designee.

4.2.2 Purchase Orders

A Purchase Order procures goods that are well-defined, standard, and off-the-shelf (i.e., a computer). The PO should include:

- Name and address of the buyer (this is pre-printed on the PO);
Name and address of the seller;
Ship-to address of the buyer;
Quantity and description of the item(s) being purchased;
Unit price of the item(s);
Total price of the item(s);
Freight cost;
Delivery date;
Discounts if available;
Payment terms for the sale; and
Signatures of the buyer and seller.

The PO is issued to the vendor. One copy goes to the person doing the receiving, one copy goes to Accounts Payable, and one copy stays with the Purchasing Department. Quotations, Bid Matrix (see template and sample in Attachments 9 and 10), justifications, and approvals should be attached to Purchasing Department copy. (See Chapter 5 for information on quotations, the Bid Matrix, justifications, and approvals.)

Once the goods are received, the vendor sends an invoice against the PO, and is paid. A template for the PO is included in Attachment 2. Procurements over US $150,000 should be issued as a subcontract even if it is for a commercial item. Purchase orders over $2,500 shall include standard purchase order flow down clauses.

4.2.3 Service Agreements

COMMERCIAL SERVICE AGREEMENT. A commercial service agreement is entered into for items such as routine maintenance, Internet services, security system services, and so on. These services are typically commercial and off-the-shelf. The vendor usually has a standard service agreement that is required to sign. This agreement should be reviewed by the Contracts Specialist to ensure the description of the services to be provided coincides with what the project is expecting, that the agreement is for a set period of time and can be terminated by with a 30- to 60-day notice, that the costs do not exceed the amount budgeted for the service, and that the prices are competitive with those offered by vendors of similar services. Service agreements are to be primarily issued to companies and not individuals. Consulting and employment agreements are used for contracting individuals.

CONSULTING AGREEMENT. A consulting agreement is used when procuring professional services from an individual. Subcontracts are used to procure the services of organizations. When procuring services of an individual, use a consulting agreement. The Chief of Party Manual provides detailed instructions on contracting local short-term technical assistance. The SOW, the consultant’s résumé (CV), and the employee biographical data sheet (EBD) must be submitted to home office for approval, and USAID approval may be required. You should submit copies of approvals to the home office via the PM. has a standard consultant agreement, and it is important that you have it reviewed by a local in-country labor lawyer. You must submit to the home office for review and approval any suggested changes or additions. Contracts with
US or third-country national consultants are handled by the home office, with inputs from the COP as necessary.

- **TRANSLATION SERVICES AGREEMENT.** Translation services are routinely ordered to translate documents on an intermittent ad hoc basis. Because of this, the services are generally ordered via a letter, spelling out the rate of pay on a per word or hourly basis with a fixed price ceiling and the timeframe for completing the translation. The rate of pay should not exceed the local norms for this type of service, and care should be taken to ensure that the budget line item for translation services is not exceeded.

- **PERSONAL SERVICES AGREEMENT.** During project startup, it is often necessary to hire staff while documents such as employment and consulting agreements are being reviewed by a local lawyer. Pending this review, service agreements may be issued for individuals such as a startup specialist, lawyer, or driver for the initial period of the project. These agreements are generally for work on a fixed-rate basis for a short period of time. These agreements should be replaced by employment/consultant agreements when they are available. All such agreements are to be approved by the home office.

Service agreements and subcontracts (below) are defined here for reference purposes. Use of commercial service agreements and subcontracts is defined in the *Local Subcontracting Manual.* Use of consulting, translation services, and personal services agreements, used for contracting with individuals, is defined in the *Chief of Party Manual.*

### 4.2.4 Subcontracts

As stated above, the most commonly used subcontract type agreement used by is the firm fixed price. Other types of subcontracts include indefinite quantity, time and materials, and cost reimbursable—defined here for reference only. They are rarely used by local offices, as they are very complex to administer and manage.

In cases where services are provided by individuals and not companies, consulting agreements are issued to the individuals. Subcontracts should not be issued to individuals.

- **FIRM FIXED-PRICE SUBCONTRACT.** A *fixed-price subcontract* is used to procure nonstandard, high-value goods or services. The items procured under a subcontract are noncommercial items that require a SOW to be generated to define the products and tasks that will be performed. In a fixed-price contract, the SOW contains sufficient definition to a deliverable that inspection and acceptance can be done to trigger payment. This is the most commonly used subcontract type agreement.

- **INDEFINITE QUANTITY SUBCONTRACT.** An *indefinite quantity contract (IQC)* is a subcontract for which a specific SOW has not been written or authorized but for which it is highly likely that work will be authorized and ordered. Under these types of arrangements, fixed-burdened daily rates or not-to-exceed cost considerations are addressed in the blanket agreement. Work under an IQC is ordered via a letter of authorization for a specific SOW and dollar value. For procurement of services expected to be ongoing over an extended period of time where the required skills can be identified generally, an IQC
subcontract may be appropriate. Under IQC subcontracts, specific work is ordered on an as-needed basis and via official contract actions. Budgets are required for the specified work. The budgets may be fixed price, T&M, or cost reimbursable, but as discussed above, fixed price is the preferred method. IQC contracts require the Contracting Officer’s (CO) consent to subcontract.

- **Time and Materials Subcontract.** A *time and materials* (T&M) subcontract is issued for services that will be provided on an open-ended basis over a defined period of time. In some cases, it may be necessary to consider a T&M subcontract. The firm may be identified as technically capable, but it is possible to only generally identify their potential contributions to the project. The initial T&M contract includes establishing labor categories applicable to the work, as well as associated burdened daily rates (the time portion of T&M), and determining the administrative costs, in the form of a percentage rate, for other direct costs (ODCs, the materials portion). It is important to clearly state the approval process for determining whether the subcontractor’s employee fits into each labor category. Technical direction may be provided on an ongoing basis, and the subcontractor may invoice on a monthly basis, or as specified in the subcontract. The subcontract will specify how the work is ordered during the period of time (email, phone call, etc.). Payment for these types of subcontracts is triggered by an invoice with a timesheet attached and copies of receipts for the other direct cost items. Before proceeding with a T&M subcontract, it is important to be sure that the services cannot be directly tied to deliverables in an SOW allowing for a fixed-price subcontract. Constructing the burdened daily rates and approving the administrative costs with proper consideration for the regulations specified in the Federal Acquisition Regulation (FAR) is a very involved and time-consuming process that requires substantial involvement of the home office. Furthermore, the review of the monthly invoices and technical work requires close scrutiny resulting in daily administration that is much more time consuming than the administration for fixed-price subcontracts. All T&M subcontracts require consent to subcontract from the USAID CO, which is an additional consideration.

- **Cost-Reimbursable (With and Without Fee) Subcontract.** A *cost-reimbursable* subcontract is used in cases where the deliverables under the SOW that will be ordered cannot be clearly defined and the mix of services and skills to be ordered is expected to vary over time. Cost reimbursable subcontracts require significant administrative support time on the part of’s home and local offices as well as the subcontractor. Since costs are being paid directly, the subcontractor needs to have a detailed system of collecting cost data for both direct and indirect costs. These data must be made available for review and audit. The subcontractor must have a system that will support these audits. Audits are typically required before a contract and post-contract may be awarded. This type of subcontract is the most risky for because all costs are based on actual costs. The subcontractor needs to have mechanisms in place to track expenses on the project, as well as administrative and overhead costs on an actual basis. It is also rare for local subcontractors to have the accounting capabilities to
implement a cost-reimbursable subcontract. The USAID CO needs to approve a subcontract on cost-reimbursable subcontracts.

All methods constitute a contract between and the subcontractor or vendor. Because operates in a heavily regulated environment, a number of rules and regulations apply to 's purchasing activities that do not normally apply to standard commercial transactions. If does not comply with these policies and procedures, it can be subject to disallowance of costs, fines, and possible legal action. Therefore, each person who handles a procurement must be sure that his or her actions conform to the requirements of the prime contract and this.
5.0 THE COMPETITIVE PROCUREMENT PROCESS FOR PURCHASE ORDERS
POs for the procurement of USAID-financed goods over $2,500 are awarded based on competitive procedures. The type of transaction involved determines the procedures to be used in obtaining competition.

**FIGURE 2. COMPETITIVE PURCHASING PROCESS FOR PURCHASE ORDERS**

- Create Equipment Specification [see 5.1.1]
- Develop initial cost estimate [see 5.1.2]
- Estimate under $2,500 [see 5.1.3]
  - Create Purchase Requisition
- Estimate between $2,500 & $150,000 [see 5.1.4]
  - Create Purchase Requisition
- Estimate $150,000 or more
  - [See Local Subcontracting Handbook]
- Solicit 3 written quotations
  - Remember procurement over $25,000 must adhere to source/nationality requirements [see Chapter 6]
- Receive bids/quotes & complete Bid Matrix [see Chapter 8]
- Is winning bid based on lowest price that meets requirements of RFQ?
  - Yes [see 5.2]
    - Request Approvals
    - Issue Purchase Order
  - No
    - Complete Bid Justification Memo
5.1 **Generate Purchase Requisition**

5.1.1 **Develop Equipment Specification**

The specifications must be written so that more than one supplier can satisfy the requirement. This will increase competition. In response to the specifications, the vendors should quote the least expensive product that meets the minimum specifications. Specifications should be:

- Clear and easy to understand, yet detailed enough to leave no question in the bidders’ minds as to what is required;
- Lacking subjective statements such as “high quality”, “easy to use”, etc., which are open to interpretation and hard to evaluate;
- Exclusive of brand, model, manufacturer, etc. While specific brands cannot be requested, there can be requests for quotations (RFQs) that reference brands but include a disclaimer that the products should be technically equivalent. Please ask the PLS for wording; and
- Similar to the example included in the RFQ in Attachment 8.

5.1.2 **Develop an Initial Cost Estimate**

There is no set process to develop a cost estimate, but generally a search of three different vendors online would give a good idea of the price range. The purpose of the cost estimate is to determine the process below.

5.1.3 **Estimates under $2,500**

*Procurements under $500*

In the procurements under $500, awards may be made without obtaining competitive quotations as long as:

- The prices are reasonable (examples of reasonable would be prior purchases for similar items, or market prices).
- Such purchases are distributed equitably between qualified vendors.
- The procurement is approved in writing by the COP.
- A receipt is obtained.
- The purchase is recorded on a disbursement voucher.

*Procurements $501 to $2,500*

For procurements that are over $501 and under $2,500, awards may be made without obtaining competitive quotations as long as:

- The prices are reasonable (examples of reasonable would be prior purchases for similar items, or market prices).
- Such purchases are distributed equitably between qualified vendors.
- The procurement is approved in writing by the COP.
- A receipt is obtained.
- The purchase is recorded on a disbursement voucher.
- The procurement is approved in writing by the home office PLS.
5.1.4 Estimates between $2,500 and $25,000

Any item or procurement (group of items purchased from the same vendor at the same time) over $2,500 requires the solicitation of three written quotes using a Request for Quotation (see Attachments 4-8). The three quotes obtained should be compared using the Bid Matrix (see template and sample in Attachments 9 and 10), and sent to the COP (or designee) for approval, with a recommendation as to which vendor should be used. Purchases must be made from the least expensive vendor unless there is an extraordinary reason that is approved by the home office PLS. After that meets the specifications of the RFQ, and COP approval is given, the Bid Matrix with award recommendation and justification (if applicable) is sent to the home office PLS for approval.

All purchases must be approved by the COP or designee. Periodic “spot checks” should be conducted by the COP (or designee) by contacting the bidding vendors to verify the authenticity of the quotes.

The potential vendor must be checked to ensure they are not on the list of sanctioned individuals or companies. A check should be done to ensure that the vendor does not appear on the following list maintained by the US government: www.sam.gov.

5.1.5 Procurements between $25,000 and $150,000

All procedures outlined in Section 5.1.4 apply to procurements between $25,000 and $150,000. Any item or procurement over $25,000 must adhere to the project’s designated geographic code (see Chapter 6).

5.2 Approvals and Rules

5.2.1 Home Office Review and Approvals

To ensure procurements are conducted in compliance with Handbook-specified procedures, has implemented a staged home office approval process. This process, designed to help establish and maintain high procurement standards, is as follows:

- All procurements over $500 are reviewed and approved by the home office PLS.
- After five POs have been approved without an issue, the local procurement person can request delegation to issue awards under $2,500 without further review. This delegation applies to the requesting staff member, and not to the project as a whole.
- After 10 POs have been approved without issue, the local procurement person can request an increased delegation to issue awards under $5,000 without home office review.
- Any sole source award, award made to a vendor whose bid was not the least expensive, or restricted commodity procurement (vehicles, agricultural commodities, pharmaceuticals, contraceptives, fertilizers) requires home office approval regardless of value. Ineligible commodities and commodities from foreign policy-restricted countries cannot be procured under any circumstance.

Procurements sent for home office approval should contain the following information:
Total Value under $2,500
- Description of item and the reason it is needed for the project, and
- Unit pricing and extended total.

Total Value over $2,500
- Request for quotation;
- Copy of the bids received;
- Bid Matrix Excel sheet;
- If applicable, a note justifying why the lowest bidder was not selected; and
- If applicable, a memo indicating why a sole source PO is being issued.

Procurements cannot be broken up, either through the use of multiple vendors or multiple purchases from one vendor, to circumvent this policy. It is the PM’s responsibility to ensure that sufficient money is available to cover these costs.

Sampling of past procurements may be requested periodically by the home office. If an audit raises questions, delegation will be suspended and all procurements will require approval. The process will then begin anew. Sampling requests and delegation approvals will be made by the home office PLS.

5.2.2 USAID Approvals

Unless otherwise specified in the prime contract, CO approval for purchase of commodities and equipment is only required for purchases over $150,000 or for restricted commodities. The COP may draft the requests to the CO, but the home office PM should submit the actual request unless USAID stipulates otherwise.

The source/nationality code (authorized geographic code; see Chapter 6) for the project is very important and can be found in the contract. Any item or procurement (group of items purchase from the same vendor at the same time) valued at more than $25,000 must comply with these source/nationality codes. If there is a procurement that cannot comply, a waiver must be requested from the mission director via the CO.

If the source/nationality code for the project is 000 (United States only), local procurement up to $5 million may be done if the items purchased are manufactured in the United States.

5.2.3 Rules

Value-Added Tax (VAT)

VAT is not an allowable cost on most USAID contracts, and invoices for the purchase of goods must not include it. If the host country does not have an agreement in place to exclude contractors from paying the tax, VAT payments must be carefully monitored and tracked. The project contract provides more detail on reporting requirements, and the home office will provide guidance as needed. Reports are submitted by the PM, with input from the local office, to USAID biannually for each project.
Language Requirements

It is important to present documents for home office review in both English and the local language. This will help facilitate the reviewing process. Bilingual templates are available in some languages; contact the home office PM if these are needed.

Legal Requirements

5.3 PURCHASE ORDER TRACKER PROCESS

A Purchase Order Tracker report (See Attachment 11) must be completed on a monthly basis and is to be submitted to the home office PLS. This report should include all purchases awarded through a purchase order and should be submitted monthly whether any purchases were made or not. The report should include the following:

- Purchase order number,
- Description of purchase,
- Vendor name,
- Purchase order date,
- Total purchase order value (USD), and
- Total purchase order value after modification (if any).

As soon as a new purchase order is awarded, it should be recorded on the Purchase Order Tracker.

5.4 PURCHASE ORDER CHECKLIST

The following checklist should be used prior to placing a PO.

- Is the procurement above $2,500? If yes, did you solicit three written quotations?
- Is the procurement more than $25,000? If yes, the items will need to comply with the source/nationality code in the prime contract.
- If the procurement is more than $150,000, did you advertise the items? If the procurement is for IT equipment, check the prime contract to see if there are special contract approval requirements. Because of the dollar value please use a subcontract.
- Is the procurement based on a quotation that is not the least expensive? If yes, do you have a solid, written justification in the file?
- Has www.sam.gov list been checked and confirmed that the proposed contractor is not listed? Has a printed copy of this check been included in the physical files?
- If the procurement is over $500, do you have home office approval?
- Have the required Vendor Certifications been obtained?
☐ If the PO is over $2,500, and a *Sole Source Justification Memorandum* is needed, has it been competed?

☐ Has a copy of the completed *Procurement File Checklist* (see Attachment 12) been included in the PO file?
6.0 SOURCE AND NATIONALITY
Each USAID contract is assigned an authorized geographic (source/nationality) code. There are three main geographic codes, outlined below, as well as individual codes for each country. The restrictions for each code apply to the procurement of goods and services.

Procurements of goods and services that exceed $25,000 must adhere to the geographic code as described below. For example, contracting with a Canadian firm is not allowable with a geographic code of 937. Restricted commodities must be of US manufacture regardless of geographic code.

6.1 DEFINITIONS

Source means the country where the vendor from which a commodity is purchased is located. These rules also apply to nonprofit organizations. Foreign government-owned organizations are not eligible for USAID financing.

Nationality refers to the place of incorporation, ownership, citizenship, residence, etc. of suppliers of goods and services.

The suppliers of all commodities and services financed with federal program funds:

(a) Except as provided in 22 CFR 228.15, an individual shall be a citizen or lawful permanent resident (or equivalent immigration status to live and work on a continuing basis) of a country listed in geographic code 937 (or other geographic as designated in the implementing instrument).

(b) An organization:

1. Shall be incorporated or legally organized under the laws of a country listed in geographic code 937 (or other geographic code as designated in the implementing instrument);

2. Must be operating as a going concern in a country listed in geographic code 937 (or other geographic code as designated in the implementing instrument); and either

3. Be managed by a governing body, the majority of whom are citizens or lawful permanent residents (or equivalent immigration status to live and work on a continuing basis) of countries listed in geographic code 937 (or other geographic code as designated in the implementing instrument), or

4. Employ citizens or lawful permanent residents (or equivalent immigration status to live and work on a continuing basis) of a country listed in geographic code 937 (or other geographic code as designated in the implementing instrument), in more than half its permanent full-time positions and more than half of its principal management positions.

Geographic codes

110 The United States, the independent states of the former Soviet Union, or a developing country, but excluding any country that is a prohibited source.

935 Any area or country including the recipient country, but excluding any country that is a prohibited source.
Projects should refrain from purchasing items from the following foreign policy restricted countries: Cuba, Iran, North Korea, and Sudan.

Countries approved under geographic code 937:

<table>
<thead>
<tr>
<th>Country</th>
<th>Country</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>Gambia</td>
<td>Myanmar</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Guinea</td>
<td>Nepal</td>
</tr>
<tr>
<td>Benin</td>
<td>Guinea-Bissau</td>
<td>Niger</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>Haiti</td>
<td>Rwanda</td>
</tr>
<tr>
<td>Burundi</td>
<td>Kenya</td>
<td>Sierra Leone</td>
</tr>
<tr>
<td>Cambodia</td>
<td>Korea, Dem Rep.</td>
<td>Somalia</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>Kyrgyz Republic</td>
<td>Tajikistan</td>
</tr>
<tr>
<td>Chad</td>
<td>Liberia</td>
<td>Tanzania</td>
</tr>
<tr>
<td>Comoros</td>
<td>Madagascar</td>
<td>Togo</td>
</tr>
<tr>
<td>Congo, Dem Rep.</td>
<td>Malawi</td>
<td>Uganda</td>
</tr>
<tr>
<td>Eritrea</td>
<td>Mali</td>
<td>Zimbabwe</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Mozambique</td>
<td></td>
</tr>
<tr>
<td>Angola</td>
<td>India</td>
<td>Sao Tome and Principe</td>
</tr>
<tr>
<td>Armenia</td>
<td>Iraq</td>
<td>Senegal</td>
</tr>
<tr>
<td>Belize</td>
<td>Kiribati</td>
<td>Solomon Islands</td>
</tr>
<tr>
<td>Bhutan</td>
<td>Kosovo</td>
<td>Sri Lanka</td>
</tr>
<tr>
<td>Bolivia</td>
<td>Lao PDR</td>
<td>Sudan</td>
</tr>
<tr>
<td>Cameroon</td>
<td>Lesotho</td>
<td>Swaziland</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>Marshall Islands</td>
<td>Syrian Arab Republic</td>
</tr>
<tr>
<td>Congo, Rep.</td>
<td>Mauritania</td>
<td>Timor-Leste</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>Micronesia Fed. Sts.</td>
<td>Tonga</td>
</tr>
<tr>
<td>Djibouti</td>
<td>Moldova</td>
<td>Turkmenistan</td>
</tr>
<tr>
<td>Egypt</td>
<td>Mongolia</td>
<td>Tuvalu</td>
</tr>
<tr>
<td>El Salvador</td>
<td>Morocco</td>
<td>Ukraine</td>
</tr>
<tr>
<td>Fiji</td>
<td>Nicaragua</td>
<td>Uzbekistan</td>
</tr>
<tr>
<td>Georgia</td>
<td>Nigeria</td>
<td>Vanuatu</td>
</tr>
<tr>
<td>Ghana</td>
<td>Pakistan</td>
<td>Vietnam</td>
</tr>
<tr>
<td>Guatemala</td>
<td>Papua New Guinea</td>
<td>West Bank &amp; Gaza</td>
</tr>
<tr>
<td>Guyana</td>
<td>Paraguay</td>
<td>Yemen Rep.</td>
</tr>
<tr>
<td>Honduras</td>
<td>Philippines</td>
<td>Zambia</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Samoa</td>
<td></td>
</tr>
</tbody>
</table>

In addition, cooperating country or recipient country means the country receiving the USAID assistance, and includes all the countries receiving assistance under a regional program or project. This means that if your project is regional with a head office in one country and various satellite offices in other countries, they all would be covered by geographic code 937.
6.2 **Determining Source and Nationality of Goods**

(a) The source and nationality of a commodity as defined shall be a country or countries authorized in the implementing document by name or by reference to a USAID geographic code.

(b) Any component from a foreign policy-restricted country makes the commodity ineligible for USAID financing.

(c) When the commodity being purchased is a kit (e.g., scientific instruments, tools, or medical supplies packaged as a single unit), the kit will be considered a produced commodity.

(d) When spare parts for vehicles or equipment are purchased, each separate shipment will be considered a produced commodity, rather than each individual spare or replacement part. The parts must be packed in and shipped from an eligible country.

(e) **Systems determination.** When a system consisting of more than one produced commodity is procured as a single separately priced item, USAID may determine that the system itself shall be considered a produced commodity. If such a determination is made, component commodities that originate from other than an authorized source country may be shipped directly to, and the system assembled in, the cooperating country, unless USAID specifically determines that assembly and shipment take place in an authorized source country. Transportation costs must still meet the requirements in subpart C of this part for them to be eligible for USAID financing. USAID, or the importer in the case of a commodity import program, shall inform the supplier of any system determination.

(f) To be eligible for USAID financing, when items are considered produced commodities under paragraphs (c), (d), or (e) above, the total cost (to the system supplier) of the commodities making up the kit, spare parts, or system that were manufactured in countries not included in the authorized geographic code may not exceed 50% of the lowest price (not including ocean transportation and marine insurance) at which the supplier makes the final product available for export sale.

6.3 **Restrictions on the Purchase of Commodities**

There are certain items that must be purchased from the United States regardless of the geographic code in the contract. Those that apply most often are listed below.

6.3.1 **Agricultural Commodities**

- **Approval of commodities.** All proposed USAID-financed procurements of the following agricultural commodities must be referred to USAID/W, Bureau for Management Division (M/OP/COM) for prior approval: wheat, rice, corn, soybean, sorghum, flour, meal, beans, peas, cotton, vegetable oils, and animal oils and fats.

- **Non-US commodities.** Whenever you are considering procuring offshore agricultural commodities or products, USAID/W must determine the parity position of the commodity. When the prices of such products in the United States are below parity, USAID will not finance the offshore procurement, except in limited circumstances.
6.3.2 Motor Vehicles

USAID generally does not finance cars principally intended to carry passengers. USAID will finance the procurement of passenger cars that are necessary for a particular results package. USAID approval for the purchase of vehicles is required.

- Motor vehicles must be manufactured in the United States, unless a waiver is authorized.
- A lease over 180 days is considered a purchase, and must have a waiver to lease a non-US made vehicle.

6.3.3 Pharmaceuticals

Approval requirement. To be eligible for USAID financing, all pharmaceutical and biological products, including oral rehydration salts, must comply with the US Food and Drug Administration (or other controlling US authority) regulations governing US interstate shipment of such products, unless the M/OP/COM approves the procurement of the product prior to financing.

- The source/origin of USAID-financed pharmaceuticals is limited to the United States.
- The procurement of pharmaceuticals outside the United States that infringe on US patents is prohibited.
- All pharmaceuticals must be generically described in the solicitation document.

6.3.4 Used Equipment

USAID’s policy is to finance only new equipment. However, when the purchase of equipment in other than new condition can be justified, USAID will consider requests for authority to procure such equipment. This policy does not apply to the financing of US government-owned excess property.

A request to approve a purchase of used, rebuilt, or reconditioned equipment can include the following:

- The buyer’s assurance that the requirements of the program will be satisfied if the material purchased is used, rebuilt, or reconditioned; that economic considerations justify procurement of used, rebuilt, or reconditioned equipment; or that the price is reasonable; and if the equipment is used, the justification shall explain why it is not to be rebuilt or reconditioned.
- The buyer’s agreement to arrange for the inspection and appraisal of the equipment by a USAID-approved inspector, with the understanding that the cost will be eligible for USAID financing only if the equipment is approved for financing.

After it receives the inspection report, USAID determines whether the inspected equipment conforms with the technical conditions specified by the buyer at a price acceptable to USAID. If USAID agrees to finance the purchase, it notifies the buyer in writing that the transaction is eligible for USAID financing subject to compliance with other USAID requirements.
Items that are rebuilt or reconditioned shall be permanently marked indicating this is so, and the supplier must convey a warranty to the buyer similar to that extended by manufacturers of similar new equipment. Additional certificates shall be required for rebuilt engines and parts or assemblies for engines and vehicles, and for aircraft engines and aircraft parts and assemblies.

6.3.5 Other Commodities

Other commodities that have eligibility criteria are contraceptives, pesticides, and fertilizer. If you have questions about the eligibility criteria of these items, contact [contact person’s PLS].

6.3.6 Ineligible Commodities

The following commodities are not eligible for USAID financing:

- Military and surveillance equipment,
- Commodities and services for support of police and other law enforcement activities,
- Abortion equipment and services,
- Luxury goods,
- Gambling equipment,
- Weather modification equipment.

6.4 Waivers for Commodities

All waivers must be in writing, and be based solely on the following criteria:

1. The provision of assistance requires commodities or services of a type that are not produced in and available for purchase in geographic codes 937 or 110, or
2. It is important to permit procurement from a country not specified in geographic codes 937 or 110 to meet unforeseen circumstances, or
3. To promote efficiency in the use of US foreign assistance resources, including avoiding impairment of foreign assistance objectives.

6.5 Authority to Approve Waivers for Goods and Services

Requests for waivers to the source and nationality rules must be submitted to the CO for concurrence, and then the CO forwards the request to the mission director for final approval. The local office should address the criteria above and provide adequate justification when asking the PM to request a waiver. Using the information from the local office, the home office prepares the waiver request document in a special format that references specific government regulations. The home office PM then submits all waiver requests to the CO.

A blanket waiver was recently put in place to allow for local procurement of non-restricted commodities. This blanket waiver effectively establishes (per USAID award) a single $5 million threshold for local procurement to replace those individual thresholds currently set forth in 22 CFR 228.40 Local Procurement and ADS Chapter 311. Under the authority of this blanket waiver, you may now purchase:

- Up to $5 million of commodities of US origin from local suppliers, or
- Up to $5 million of commodities of geographic code 935 origin from local suppliers, or
- Up to $5 million of professional services contracts from local suppliers, or
- Any combination of these commodities and professional services not to exceed $5 million.
7.0 SOLE SOURCE JUSTIFICATION
If the competitive process described in Chapter 5 cannot be followed, the procurement may be issued on a sole source basis. Prior to issuing a sole source award, a *Sole Source Justification Memorandum* (see Attachments 13 and 14) describing the reasons for the sole source award must be prepared by the local office and approved by the PLS. This memo shall become an integral part of the procurement file. Procuring goods on a sole source basis without the necessary competition does not usually occur because there are very few cases where competition cannot take place.

While it is very important to procure in a competitive environment, there may be some cases where this is not possible. The justification for issuing a sole source award is a vital component of the procurement file and will be reviewed and approved by the home office PLS.

In accordance with FAR Part 6, the information provided in the sole source justification memorandum must support one of the following reasons:

1. The specified vendor is the only supplier with the requisite technical background to complete the contracted-for service.
2. There is only one responsible source for the goods and/or services to satisfy the requirements.
3. The product or service has unique design performance specifications or quality requirements that are essential to the prime contract requirements that are not available in comparable products.

FAR Part 6 identifies other factors such as compelling urgency, international agreement, and national security. These factors are not typically reasonably applicable to the situations for procurement.

The memorandum should include a description of the goods and/or services, reference to one of the justifications above, demonstration of the vendor’s unique qualifications, and description of the efforts made to compete the procurement.

All sole source justification memorandums must be sent to the home office PLS for review and approval. Acknowledgement of that approval must be maintained in the procurement file.
8.0 INVENTORY ADMINISTRATION
8.1 General

Any non-expendable item in the care of a project—whether purchased, government-furnished property, or received from another source—must be tagged with a numbered inventory tag and included on a Non-Expendable Inventory Report. For’s inventory reporting, non-expendable items are defined as any item that has a shelf life of two years and will not be used up during the life of the project. This does not include supply-type items such as staplers, tape dispensers, trash cans, and the like. All non-expendable items must also carry the USAID logo, which must be visible from a reasonable distance.

If compliance with USAID branding requirements is impractical or detrimental, a waiver must be requested from the mission director via the CO.

Serial numbers for all electronic equipment, vehicles, and license numbers for software (where available) must be included on the inventory report. Providing the serial numbers makes it easier to decipher between electronic items that have the same description and are necessary if repairs are needed on the equipment in the future.

The Master Inventory Report Template was developed as a Microsoft Office Excel spreadsheet. It is included in the Project In a toolBox ( ) and as Attachment 15.

8.1.1 Receiving Procedures for Local Procurement

When an item arrives at the local office, it needs to be received in the proper manner to ensure that it is what was ordered, in the correct quantity, and in new condition. To accomplish this task, the person assigned to receive goods:

1. Examines the boxes immediately upon arrival to make sure they are in good condition (If the boxes are open, dented, crushed, or otherwise in poor condition, the delivery person should note this on the delivery forms before the receipt of boxes is signed.);
2. Carefully opens all boxes and removes all items (Many vendors will include a packing slip in the boxes that includes the description and quantity of the contents.);
3. Counts and examines each item individually (The contents are compared to the packing slip and PO. If there are any discrepancies between the PO and what was received, the receiver should note this on the original PO and contact the vendor immediately. In some cases, vendors will deliver partial orders. If this is the case, it should be noted on the packing slip.);
4. Completes a Receiving Report (see Attachments 16 and 17), noting the date received, quantity ordered, quantity received, and condition of the items (One copy is given to the purchasing department, one copy is given to accounts payable, and one copy is kept with the receiver.); and
5. Tag the item(s) with a numbered inventory tag and USAID logo and add(s) them to the monthly property purchase report and to the inventory report.

Please note: To maintain a “check and balance” system, the employee who places orders should not be the same employee that verifies receipt of orders.

LOCAL PROCUREMENT HANDBOOK 8-2
8.1.2 Receiving Procedures for Procurement Originating from the Home Office

When an item arrives at the local office that was procured through the home office, it needs to be received in the proper manner to ensure that it is what was ordered, in the correct quantity, and in good condition. To accomplish this task, the person assigned to receive goods should follow the same steps as they would if the procurement were made locally.

8.1.3 Inventory Process

A Non-Expendable Property Purchase Report (see Attachments 18 and 19) must be completed for all non-expendable items received, and submitted monthly whether any non-expendable items were received or not. The report should include the following:

- **Quantity of items bought:** The quantity should almost always be listed as “1” on the report to allow for individual tag numbers to be listed (Exceptions to this are items that do not require tag numbers, such as software not containing a license/serial number);
- The tag number;
- Description of the items, in English;
- Serial number, if applicable;
- Unit price, in US dollars;
- Total price, in US dollars;
- Vendor from whom the item was purchased;
- Date the item was purchased; and
- The voucher number or PO on which the item was purchased.

As soon as a new item is received (after being affixed with the inventory tag and the USAID logo), it should be recorded on the Non-Expendable Inventory.

The Non-Expendable Inventory should include **everything that is on the Non-Expendable Property Purchase Report as well as:**

1. The current condition of the item:
   - (a) **New** (item has been purchased recently and has not been used before),
   - (b) **Good** (item is in good working order condition and quality),
   - (c) **Poor** (item is not in good working condition but can still be used),
   - (d) **Damaged/Obsolete** (item is broken and can no longer be used), or

2. **Discarded** items—you must also indicate where the item was transferred to in the Comments section;
3. The current location of the item—i.e., a person’s office (indicate the individual) or some other specific location description (if the item is not located in someone’s office); and

---

**Note:** The Non-Expendable Property Purchase Report needs to be completed and sent to the home office PLS each month. The Non-Expendable Inventory, updated each time a non-expendable item is purchased, is submitted to the home office annually, on the project’s anniversary date.
4. **Comments**, which can be left blank unless something particular needs to be noted (e.g., if something on the item is broken or missing).

**8.1.4 Non-Expendable Inventory over $500**

Inventory worth over $500 is included on the *Non-Expendable Inventory Report*. Additionally, these items should also be included on Tab 2 of this report; a section dedicated to *Non-Expendable Property over $500*. This list contains items for which USAID will be concerned about the location, condition, and distribution of the items after the project has finished.

**8.1.5 Received from Other Sources**

The agency furnishing the items should provide a typed inventory report of the items being furnished.

Inspect each item on the inventory report and note any damage. The serial number for each appropriate item should be verified. If the serial number is not included on the inventory report, it must be added. During inspection, place a numbered inventory tag and record the information on the monthly property purchase report and inventory report. If the item does not already have a USAID logo on it, one should be added at this time. Remove any other inventory tags.

**8.2 Use of Inventory**

The property contained within the above-mentioned inventory reports shall be used solely for the purpose of executing the contract, unless otherwise stated in the contract or approved by the CO.

**8.3 Equipment Maintenance**

Maintenance on all equipment should be conducted in accordance with manufacturers’ recommendations. Complete maintenance records for vehicles and computer equipment should be kept, including vehicle maintenance logs and schedules, and computer maintenance contracts.

**8.4 Damaged, Stolen, or Lost Property**

**8.4.1 Damaged Property**

Every effort should be made to repair damaged property. If an item cannot be repaired, or it is not cost-effective to repair it, a memo must be written to the file and a copy sent to the home office PLS. This memo should be accompanied by supporting documentation, such as a repair shop report or a quote. The items should be kept in storage until such time as USAID instructs disposition of equipment. The items should be kept on the inventory report. The condition should be designated as damaged.
8.4.2 Stolen Property

If property is stolen, proper authorities should be called and a police report filed. A memo should be written to the file describing the event, accompanied by the police report and any available eyewitness account. Copies of the memo and attachments should be sent to the PLS. If the stolen item has a purchase price of over $500, a report must be made to the CO.

8.4.3 Lost Property

In the event of lost property, a memo must be written to the file, including how the item was lost, who was responsible for it at the time, and what preventive measures will be taken in the future to avoid a recurrence. A copy of the memo should be sent to the PLS.

If the lost item has a purchase price over $500, a report must be made to the CO.

8.5 Protection

All equipment should be protected in a manner consistent with local practices unless otherwise recommended by the USAID mission. All equipment not currently in use should be stored in a safe location.

8.6 Responsibility

All equipment, whether purchased, leased, received, or other is the responsibility of the project until title is transferred.

8.7 Title Transfer Documents

As an option, and with the CO’s approval, Title Transfer Documents (see Attachment 20) may be used prior to closeout for items purchased for grantees or other institutions where items are delivered directly to the recipient at time of purchase. A Title Transfer Document is completed and signed by the recipient and , removing from any responsibility concerning the inventorying and use of the items.

8.8 Final Disposal Procedures

Six months before end of the project, the COP should informally speak to the CO concerning disposition of furniture and equipment. The purpose of this discussion is to determine whether USAID has a specific purpose for the inventory. Some USAID missions have storage facilities for inventory to use on subsequent projects, and others have no need for equipment. In the case of the latter situation, The project must develop a Property Disposition Plan (see Attachment 21). Once a strategy is decided upon, a complete inventory and disposal plan will be sent to the CO for approval. All equipment will be disposed of as approved by USAID.

8.9 Reporting Procedures

8.9.1 Physical Inventory

A physical inventory must be done once a year to correspond with the project’s anniversary date. When conducting the physical inventory, a copy of the Non-Expendable Inventory Report
should be printed out and each item on the report should be accounted for. The inventory on the spreadsheet should be ordered by its location to facilitate this process. Changes to the condition and/or location of an item should be noted on the report and updated accordingly. Once all updates have been made, the inventory report is forwarded to the PLS for reconciliation.

8.9.2 Property Purchased under Grants Under Contract (GUC)

’s project-specific Grant Management Plans (GMPs) address properties purchased under each grants program, therefore the field offices must adhere to the instructions stated in the GMP regarding all property purchased under each GUC project.

Procurement requirements under GUC must follow all previous sections indicating’s adherence to regulations, policies, and procedures. The field office must adhere to’s local procurement requirements. The home office PLS assigned to each prime contract will provide home office assistance for all grant-related procurement over $500. Because all individual grants are approved by USAID, the budget will have the full approval of USAID. The field office must adhere to the budget and follow the project-specific GMP to ensure full compliance accountability of the GUC management.

8.9.3 USAID Reporting

An Annual Report of Government Property in Contractor’s Custody (see Attachments 22 and 23 for a template and example) will be sent to USAID, upon request or as required per contract, via the home office.
9.0 ADDITIONAL INFORMATION
9.1 Governing Regulations—FAR, AIDAR, and ADS

The major governing regulation for procurement implementation and administration are the FAR, Agency for International Development Acquisition Regulations [AIDAR], and the USAID ADS. It may be necessary to consult additional regulations (e.g., the Foreign Affairs Manual and Foreign Affairs Handbook).

The FAR was established to codify uniform policies for acquisition of supplies and services by all executive agencies. It is issued and maintained jointly, pursuant to the Office of Federal Procurement Policy’s (OFPP) Reauthorization Act; under the statutory authorities granted to the Secretary of Defense; Administrator of General Services (GSA) [note that the project does not qualify for GSA pricing]; and the Administrator, National Aeronautics and Space Administration (NASA). Statutory authorities to issue and revise the FAR have been delegated to the Procurement Executives in the Department of Defense, GSA, and NASA. It is issued as Chapter 1 of Title 48, Code of Federal Regulations (CFR). The FAR is available online at http://www.acquisition.gov/FAR/.

The AIDAR is a regulation that presents acquisition guidance specific to contracts issued by USAID, as Chapter 7 of Title 48 CFR. Other executive agencies may issue an acquisition regulation specific to their contracts such as the Environmental Protection Agency Acquisition Regulation and Department of Defense Acquisition Regulation.

The ADS, available on CD-ROM and online at www.usaid.gov/policy/ads, is maintained by USAID. It is a standardized system comprising (1) USAID internal regulations, including policy directives and required procedures; (2) external regulations applicable to USAID; and (3) non-mandatory guidance to help employees interpret and properly apply internal and external mandatory guidance.

The ADS consists of six sections: Series 100: Agency Organization & Legal Affairs; Series 200: Programming Policy; Series 300: Acquisition & Assistance; Series 400: Personnel; Series 500: Management Services; and Series 600: Budget & Finance. The most important section for the purposes of this handbook is Series 300.
10.0 MATERIAL PROJECT CLOSEOUT PROCEDURES
is required to work closely with USAID at project completion so that equipment purchased during the project can be disposed of efficiently. It is important that a physical inventory be completed and sent to the home office PLS for reconciliation before discussions with USAID begin. This should take place six months prior to project shutdown.

10.1 Disposition of Property

While the inventory reconciliation is taking place in Burlington, an informal discussion should take place between the COP and the CO to determine the method of disposition for the property. The project will develop a Property Disposal Plan (see Attachment 21) on the basis of this discussion. It is a good idea to have a rough idea of how you would like to dispose of the property before entering into this discussion with the CO. Property may be disposed of in one of the following ways:

- Transfer to USAID,
- Transfer to other USAID projects,
- Transfer to other US government agencies,
- Sale (not recommended),
- Donation, or
- Abandonment or destruction (not recommended).

10.1.1 Transfer to USAID

Some USAID missions keep a warehouse of equipment that can be redistributed to other USAID projects. However, this is rarely the case, and you should not count on it for property disposal.

10.1.2 Transfer Directly to Other USAID Projects

There may be other USAID projects that need equipment. The CO may be able to identify potential USAID projects that would be willing to take some or all of the property during the informal discussion. If such USAID projects are identified, the COP should contact them to see whether they are interested and provide them with a list of the available property.

10.1.3 Transfer to Other US Government Agencies

There may be US government agencies that need equipment. The CO may be able to identify potential agencies that would be able to take some or all of the property during the informal discussion. If so, the COP should contact them to see whether they are interested and provide them with a list of the available property.

10.1.4 Sale

Property may be sold but this practice should be viewed as a last resort. If you choose this method of disposition, the COP should contact local vendors to help determine the fair market value of the property.
10.1.5 Donation

Property may also be considered for donation to nonprofit educational, public health, welfare, charitable, scientific, and literary institutions if no USAID projects or US government agencies are interested.

10.1.6 Abandonment or Destruction

Property that is broken or cannot be disposed of in one of the ways above may be discarded in an environmentally responsible manner consistent with the laws and customs of the cooperating country.

10.2 Property Disposal Plan

Once the method of disposal for the equipment is agreed upon and recipients have been found, you will need to devise a formal Property Disposal Plan, which must include a final copy of the inventory that lists the following:

- Description of the property,
- Manufacturer’s serial number (if applicable),
- Acquisition date,
- Unit acquisition cost,
- Location and condition of equipment,
- Disposal method and recipient (if applicable), and
- Fair market value of the property if it is to be sold.

Before transfer or sale, all data stored on computer equipment should be backed up to electronic media and the information removed from the hard drives. Only the operating system software and software purchased with the computer are allowed to stay on the hard drive.

After you receive the CO’s written approval of the Property Disposal Plan, you may complete the title transfer documents and the equipment can be transferred.

10.3 Property Disposition under GUC

Each grant project receives USAID approval of all purchases; therefore, the final disposition plan comes under each grant. It is not required for to include property purchased under a grants program in the overall prime contract’s Property Disposition Plan.
<table>
<thead>
<tr>
<th>Attachment</th>
<th>Material Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Template - Purchase Requisition</td>
</tr>
<tr>
<td>2</td>
<td>Template - Purchase Order</td>
</tr>
<tr>
<td>3</td>
<td>Reserved</td>
</tr>
<tr>
<td>4</td>
<td>Template - Request for Quotation</td>
</tr>
<tr>
<td>5</td>
<td>Example - RFQ Vehicle</td>
</tr>
<tr>
<td>6</td>
<td>Example - RFQ Furniture</td>
</tr>
<tr>
<td>7</td>
<td>Example - RFQ Venue</td>
</tr>
<tr>
<td>8</td>
<td>Example - RFQ Computer</td>
</tr>
<tr>
<td>9</td>
<td>Template - Bid Matrix</td>
</tr>
<tr>
<td>10</td>
<td>Sample - Bid Matrix</td>
</tr>
<tr>
<td>11</td>
<td>Purchase Order Tracker</td>
</tr>
<tr>
<td>12</td>
<td>Procurement File Checklist</td>
</tr>
<tr>
<td>13</td>
<td>Sole Source Justification Memo</td>
</tr>
<tr>
<td>14</td>
<td>Example - Sole Source Justification Memorandum</td>
</tr>
<tr>
<td>15</td>
<td>Template - Master Inventory</td>
</tr>
<tr>
<td>16</td>
<td>Template - Receiving Report</td>
</tr>
<tr>
<td>17</td>
<td>Example - Receiving Report</td>
</tr>
<tr>
<td>18</td>
<td>Template – Non-Expendable Property Purchase Report</td>
</tr>
<tr>
<td>19</td>
<td>Example – Non-Expendable Property Purchase Report</td>
</tr>
<tr>
<td>20</td>
<td>Template - Title Transfer Document</td>
</tr>
<tr>
<td>21</td>
<td>Example - Property Disposition Plan</td>
</tr>
<tr>
<td>22</td>
<td>Template - Annual Report of Government Property in Contractor's Custody</td>
</tr>
<tr>
<td>23</td>
<td>Example - Annual Report of Government Property in Contractor's Custody</td>
</tr>
</tbody>
</table>