





REF: KRC/PRO/POLICY/P14/01



## SUPPLY CHAIN POLICY

NAME:	SIGNATURE:	DATE:
PREPARED BY: MANAGER (SUPPLY CHAIN)		7/9/2020
CONTROLLED BY: ISO MANAGEMENT REPRESENTATIVE (MR)		08/09/2020
RECOMMENDED BY: MANAGING DIRECTOR		9/9/2020
APPROVED BY: CHAIRMAN – BOARD OF DIRECTORS		13/9/2020



**KENYA REINSURANCE CORPORATION**

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***Title: Supply Chain Policy***

## TABLE OF CONTENTS

AMENDMENT SHEET .....	3
<b>CHAPTER ONE</b> .....	4
1.0 GENERAL POLICY .....	4
1.1 INTRODUCTION .....	4
1.2 OBJECTIVES .....	5
1.3 PURPOSE OF THE POLICY .....	7
1.4 SCOPE OF APPLICATION .....	7
1.5 CROSS REFERENCE .....	7
1.6 RESPONSIBILITY FOR IMPLEMENTATION .....	8
1.7 SEGREGATION OF RESPONSIBILITIES .....	8
1.8 REGISTRATION OF SUPPLIERS .....	8
1.9 GENERAL PROCUREMENT RULES .....	9
1.9.1 RESPONSIBILITY FOR INVITING TENDERS .....	9
1.9.2 PURCHASING AGENT .....	9
1.9.3 SPLITTING OF TRANSACTIONS .....	9
1.9.4 PROCUREMENT AND DISPOSAL DECISION MAKING ORGANS .....	10
1.9.5 TECHNICAL SPECIFICATIONS .....	10
1.9.6 FAIR WAGES CLAUSE AND ENVIRONMENT CONSERVATION .....	10
1.9.7 STANDARDIZATION .....	11
1.9.8 COMMITMENT OF CORPORATION'S EXPENDITURE FOR GOODS, WORKS AND SERVICES .....	11
1.9.9 NO POST FACTO APPROVALS .....	11
1.9.10 CONFLICT WITH OTHER LAWS .....	11
1.9.11 AMENDMENTS TO THESE RULES .....	11
1.10 INTERNAL ORGANIZATION OF PROCUREMENT FUNCTION .....	12
1.10.1 Roles .....	12
1.10.2 The Managing Director shall; .....	12
1.10.3 The Supply Chain Manager shall; .....	12
1.10.4 The User Department shall; .....	13
1.10.5 Procurement Code of Conduct .....	14
<b>CHAPTER TWO</b> .....	16
2.0 INVENTORY CONTROL, STORES MANAGEMENT AND DISPOSAL .....	16
2.1 RECEIPT AND INSPECTION AND ACCEPTANCE .....	16
2.2 INVENTORY MANAGEMENT .....	16
2.3 STOCK ISSUANCE .....	17
2.4 STOCK TAKE .....	17
2.5 DISPOSAL OF DISUSED/SURPLUS STORES .....	19
2.5.1 Identification of items for disposal .....	19
2.5.2 Authority to Dispose .....	19
2.5.3 Disposal Certificate .....	20
<b>CHAPTER THREE</b> .....	21
3.0 RECORDS MANAGEMENT .....	21
3.1 SCOPE .....	21
3.2 TYPES OF RECORDS .....	22
3.2.1 Transaction file .....	22
3.2.2 Agenda Item Books .....	22
4.0 REVIEW OF POLICY .....	22



**KENYA REINSURANCE CORPORATION**

**DOC REF: KRC/PROC/P14/01**

Issue Date: 16.10.2018

Issue no: 01


Revision: 00

Revision date:

***Title: Supply Chain Policy***

**AMENDMENT SHEET**

DATE	ISSUE NO.	OLD REV. NO.	NEW REV. NO.	SECTION(S)/ PAGE	DESCRIPTION / SUMMARY OF REVISION	NAME OF PERSON WHO IDENTIFIED THE CHANGE	SIGN

 <p><b>KENYA REINSURANCE CORPORATION</b></p>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b>Title: Supply Chain Policy</b>	

## CHAPTER ONE

### 1.0 GENERAL POLICY


#### 1.1 INTRODUCTION

The PPAD Act 2015 section 3 states that public procurement and asset disposal by state organs and public entities shall be guided by the following values and principles of the Constitution and relevant legislations-

- (a) The national values and principles provided for under Article 10;
- (b) The equality and freedom from discrimination provided for under Article 27
- (c) Affirmative action programme provided for under Articles 55 and 56;
- (d) Principles of integrity under the Leadership and Integrity Act, 2012;
- (e) The principles of public finance under Article 201;
- (f) The values and principles of public service as provided for under Article 232
- (g) Principles governing the procurement profession, international norms;
- (h) Maximization of value for money;
- (i) Promotion of local industry, sustainable development and protection of the environment; and
- (j) Promotion of citizen contractors.

The policy is aimed at establishing a framework for entrenching the Public Procurement and Disposal Act (2015) and Regulations (2006) within the Corporation.

The Public Procurement and Asset Disposal Act Section 45 requires a public entity to establish systems and procedures to facilitate decision making for procurement and asset disposal.

 <b>KENYA REINSURANCE CORPORATION</b>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b><i>Title: Supply Chain Policy</i></b>	

## 1.2 OBJECTIVES

The purpose of the Procurement & Disposal Policy is to establish the guidance for procurement, storage and distribution of goods/services and disposal of unserviceable, obsolete or surplus stores and equipment by the Kenya Reinsurance Corporation "Kenya Re" and to ensure compliance with the procurement rules and regulations.

The aim of the policy is to enable Kenya Re to:

- Maximize economy and efficiency through ensuring value for money for the Corporation and improving the performance of the procurement process as cost effectively as possible and in a timely manner.
- Promote competition and ensure that competitors are treated fairly; Public procurement calls for provision of equal opportunities for participation to interested and qualified suppliers of goods, works or services. This ensures a healthy and effective competition. It is principally through such an open and effective competitive environment that the Corporation can get the best value in procurement and at minimum cost while making it possible for the suppliers/contractors to fully benefit from doing business within a regulated environment that safeguards against favoritism, profiteering and provides equal participating opportunities to every potential and eligible supplier/contractor.
- Promote the integrity and fairness; the code of conduct for the officers involved in the procurement process guard against conflict of interest and provides measures to regulate matters regarding employees responsible for procurement, such as declarations of interest in particular procurements, ethics, confidentiality and accuracy of the information.
- Increase transparency, accountability; and increase public confidence in the procurement process. Transparency and accountability in public procurement are presented in the context of 'corruption'. Corrupt, coercive, collusive and fraudulent practices.

 <b>KENYA REINSURANCE CORPORATION</b>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b><i>Title: Supply Chain Policy</i></b>	

The Public procurement system, therefore, demands a high level of transparency and accountability through its procurement of goods, works and services.

Procuring entities should ensure there is openness and clarity on procurement policy and its delivery. In addition, effective mechanisms must be put in place to enable accounting officers to execute their personal responsibility on issues of procurement risk and expenditure. They must be able to show how the public interest has been protected in the expenditure of public funds.

 <p><b>KENYA REINSURANCE CORPORATION</b></p>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b>Title: Supply Chain Policy</b>	

### 1.3 PURPOSE OF THE POLICY

The purpose of the Procurement & Disposal Policy is to ensure that procurement of all works, good, services and disposal of assets is conducted in an honest, competitive, fair and transparent manner that delivers the best value for Kenya Reinsurance Corporation, taking into account the required specification, quality, service, delivery, reliability, environmental and social issues while adhering to the legal framework and to:

- maximize economy and efficiency;
- promote competition and ensure that competitors are treated fairly;
- promote the integrity and fairness;
- Increase transparency and accountability; and increase public confidence in the procurement process.

### 1.4 SCOPE OF APPLICATION

This Supply chain Policy covers:

- (a) Procurement of works, goods and services,
- (c) Procurement of consulting services
- (d) Storage and distribution of goods
- (e) Contract management
- (f) Records management
- (g) Disposal of goods.

### 1.5 CROSS REFERENCE

The Policy is referenced to the following documents:

- a) Public procurement and Asset Disposal Act, 2015
- b) Public Procurement and Disposal Regulations 2006.
- c) Public Procurement and Disposal (Amendment) Regulations, 2009
- d) Public Procurement and Disposal (Public Private Partnerships) Regulations 2009
- e) Public Procurement and Disposal (Preference and Reservations) (Amendment) Regulations, 2013
- f) Public Procurement and Disposal (Amendment) Regulations 2013
- g) Public Procurement and Disposal General Manual



 <p><b>KENYA REINSURANCE CORPORATION</b></p>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b>Title: Supply Chain Policy</b>	

- h) Public Procurement Records Management Manual
- i) Standard Bidding Documents Published by Public Procurement & Oversight Authority.
- j) PPRA Manuals
- k) PPRA Circulars
- l) Supply Chain Procedure Manual.

## 1.6 RESPONSIBILITY FOR IMPLEMENTATION

- a) Subject to the provisions of Public procurement and Asset Disposal Act, 2015, the Corporations shall have overall responsibility in ensuring that all statutory requirements are fully complied with by the Corporation in respect to KENYA RE's procurements.
- b) Subject to the provision of Public procurement and Asset Disposal Act, 2015, the Managing Director shall be primarily responsible for ensuring that Public procurement and Asset Disposal Act, 2015 and Public Procurement and Disposal Regulations, 2006 and any directions of Public Procurement Regulatory Authority are complied with in respect to Kenya Re's procurements.

The policies set out in this manual shall be applicable to all the Departments and Sections of the Corporations. Furthermore all parties involved in the procurement process have an obligation to follow these policies.

The Supply Chain Manager is responsible for the implementation of the policy in all the departments of the Kenya Reinsurance Corporation.

## 1.7 SEGREGATION OF RESPONSIBILITIES

It shall be the duty of the Managing Director to ensure that all procurements shall be handled by different offices in respect of procurement initiation, processing and receipt of goods, works and services.

## 1.8 REGISTRATION OF SUPPLIERS

It shall be the duties of the Supply Chain Manager to maintain and update bi-annually, standing lists of registered suppliers required by the Corporation through a prequalification process save that the Managing Director shall have the sole right to approve the list.



 <p><b>KENYA REINSURANCE CORPORATION</b></p>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b><i>Title: Supply Chain Policy</i></b>	

## **REGISTRATION OF THE SPECIAL GROUPS (YOUTH, WOMEN AND PERSONS LIVING WITH DISABILITY)**

### **Uptake of the 30% of the Procurement Opportunities by the Special Groups**

The Corporation during the Procurement Planning process shall identify the categories to be reserved for the Special Groups.

The categories shall include all generic goods and services not limited to Stationery, Printing Services, Furniture, Promotional Materials and Small Works.

## **1.9 GENERAL PROCUREMENT RULES**

### **1.9.1 RESPONSIBILITY FOR INVITING TENDERS**

Except as otherwise provided in these rules, the Supply Chain Manager shall be responsible for the invitation of all tenders, request for proposals and quotations

### **1.9.2 PURCHASING AGENT**

Subject to the provision of Public procurement and Asset Disposal Act, 2015 Public Procurement and Disposal Regulations, 2006 and the provisions of these rules, the Supply Chain Manager shall be the sole Procurement agent for and on behalf of the Corporation.

### **1.9.3 SPLITTING OF TRANSACTIONS**

- a) No procurement shall be structured as two or more procurements for purposes of avoiding the use of a procurement procedure.
- b) The thresholds set out in the First Schedule of the Public Procurement and Disposal (Amendment) Regulations, 2006 shall be strictly adhered to and splitting of transactions to evade the said limits shall not be permitted in any circumstances whatsoever.
- c) Procurements can be unbundled in practicable quantities for the purpose of ensuring maximum participation of citizen contractors, disadvantaged groups, small and micro – enterprises in public procurement as per the Public Procurement and Disposal (Preference and Reservations) (Amendment) Regulations, 2013.

 <b>KENYA REINSURANCE CORPORATION</b>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b>Title: Supply Chain Policy</b>	

#### 1.9.4 PROCUREMENT AND DISPOSAL DECISION MAKING ORGANS

- a) It shall be the duty of the Managing Director to ensure that Tender Opening, Evaluation, Negotiation, Disposal and the Inspection and Acceptance Committees are established to handle relevant approvals within their mandate as stipulated in Public Procurement and Assets Disposal Act, 2015.
- b) Managing Director shall be responsible for awarding contracts in line with thresholds as stipulated in the First Schedule threshold matrix for Class A procuring entities contained in Public Procurement and Disposal (Amendment) Regulations 2013.
- c) Disposal Committee shall be responsible for recommending to the Managing Director the best method of disposing unserviceable, obsolete or surplus stores or equipment and any other recommendation pertaining disposal of Corporation's assets.
- d) Ad hoc Evaluation Committee shall be responsible for Evaluation of the tenders/Proposals and Negotiations in line with procedures stipulated in Public Procurement and Assets Disposal Act, 2015.

#### 1.9.5 TECHNICAL SPECIFICATIONS

It shall be the duty of the user department to prepare specific requirements relating to the goods, works and services being procured that are clear, that gives a correct and complete description of what is to be procured and that allows for fair and open competition among those who may wish to participate in the procurement proceedings. The Corporation can seek assistance from another state department, government agency, professional body or expert where they do not have requisite capacity to generate the specifications.

All specification must be approved by the Head of Department.

Specifications for complex/technical goods/services must be prepared and be reviewed by a committee comprising of user department, representative from the technical departments and procurement.

#### 1.9.6 FAIR WAGES CLAUSE AND ENVIRONMENT CONSERVATION

It shall be the duty of the Corporation to ensure that, where appropriate, service providers ensure environmental conservation, suitable fair wages clause are inserted into

 <p><b>KENYA REINSURANCE CORPORATION</b></p>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b>Title: Supply Chain Policy</b>	

any contract requiring the contractor/supplier to pay fair wages and to observe labor laws for the time being in force in the Republic of Kenya. For example Provision of Cleaning and Office Tea services, Security Services Etc.

#### **1.9.7 STANDARDIZATION**

It shall be the duty of the Manager Supply Chain to ensure that the Corporation's standardization policy is complied with when acquiring new stores items or equipment.

#### **1.9.8 COMMITMENT OF CORPORATION'S EXPENDITURE FOR GOODS, WORKS AND SERVICES**

It shall be the duty of the Supply Chain Manager to ensure that Local Purchase/Services orders or signed contracts are the only instruments to be used to commit the Corporation to expenditure for goods, works and services except for cash purchases. Supply Chain department shall request for cash imprest from Finance department when making cash purchases.

#### **1.9.9 NO POST FACTO APPROVALS**

It shall be the duty of the Corporation to ensure that no procurement approval shall be made to operate retrospectively to any date earlier than the date on which it is made.

#### **1.9.10 CONFLICT WITH OTHER LAWS**

- a) If there is a conflict between these rules and the Public Procurement and Asset Disposal Act 2015 and Public Procurement and Disposal Regulations, 2006 the Act and Regulations shall prevail.
- b) If there is a conflict between these rules and any conditions imposed by any department, these rules shall prevail with respect to the procurement process.

#### **1.9.11 AMENDMENTS TO THESE RULES**

The Corporation shall have the sole right to effect any amendments as requested by management to these rules.

 <p><b>KENYA REINSURANCE CORPORATION</b></p>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b>Title: Supply Chain Policy</b>	

## 1.10 INTERNAL ORGANIZATION OF PROCUREMENT FUNCTION

### 1.10.1 Roles

#### 1.10.2 The Managing Director shall;

- Ensure that the Act, regulations and any directions of the National Treasury or PPRA are complied with, with respect to each of Kenya Re's procurements;
- Ensure that Kenya Re establishes an Evaluation Committee, Inspection Committee and a Disposal Committee in accordance with the Act and Regulations;
- Ensure that the Corporation has established a Procurement Unit;
- Sign contracts for the procurement and disposal activities on behalf of the Corporation for contracts entered into in accordance with the Act and Regulations;
- Ensure that Procurement plans are prepared by user departments;
- Ensure that the Corporation properly documents procurement proceedings and manages records in accordance with the regulations;
- Shall appoint all Committees of the procurement and disposal process on recommendation by the Supply Chain Manager.

#### 1.10.3 The Supply Chain Manager shall;


- Maintain and update bi-annually, standing lists of registered suppliers required by Kenya Re through a prequalification process and submit the results to PPRA for consolidation;
- Prepare, publish and distribute procurement and disposal opportunities including invitations to tender, pre-qualification documents and invitations for expressions of interest;
- Coordinate the receiving and opening of tender documents;
- Maintain and safeguard procurement and disposal documents and records in accordance with Regulations;
- Submit lists of pre-qualified suppliers to the Managing Director for approval
- Issue procurement and disposal documents to candidates in accordance with the Act and Regulations;
- Propose the membership of various committee to the Managing Director for approval;
- Coordinate the evaluation of tenders, quotations and proposals;
- Recommend a negotiating team for appointment by the Managing Director (where negotiations are allowed by the Act and Regulations) and participate in negotiations;
- Prepare and publish notices of award and notices of tender acceptance;

 <p><b>KENYA REINSURANCE CORPORATION</b></p>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b>Title: Supply Chain Policy</b>	

- 11) Prepare contract documents, in line with the award decision;
- 12) Prepare and issue debriefing letters;
- 13) Prepare contract variations and modifications to documents;
- 14) Maintain and archiving documents and records of the procurement and disposal activities for the required period;
- 15) Provide information, as required, for any petition or investigation to debar a tenderer or contractor or any investigation under review procedures;
- 16) Coordinating and Implementing the decisions of committees
- 17) Act as a secretariat to the evaluation and disposal committees;
- 18) Liaise with PPRA and other bodies on matters related to procurement and disposal;
- 19) Prepare and submit to the PPRA reports required under the Act, Regulations and guidelines of PPRA;
- 20) Monitor contract management by user departments to ensure implementation of contracts in accordance with the terms and conditions of the contracts;
- 21) Report any significant departures from the terms and conditions of the contract to the Managing Director;
- 22) Recommend for delegation of a procurement or disposal function to another entity to the Managing Director whenever a need arises;
- 23) Prepare consolidated procurement and disposal plans;
- 24) Advise the Corporation on aggregation of procurement to promote economies of scale;
- 25) Co-ordinate internal monitoring and evaluation of the procurement function;
- 26) Carry out periodic market surveys to inform the placing of orders or adjudication by the relevant award committee;
- 27) Conduct periodic and annual stock taking;
- 28) Recommend approval of extension of the tender validity period to Managing Director
- 29) Verify that the available stock levels warrant initiating a procurement process;
- 30) Carry out any other functions and duties as are provided under the Act and Regulations and any other functions that might be stipulated by the Corporation.

#### **1.10.4 The User Department shall:**

- a) Initiate procurement and disposal requirements;
- b) Participate in the evaluation of tenders, proposal and quotations;
- c) Report any departure from the terms and conditions of the contract to Supply Chain Manager;
- d) Endorsing the issuance of goods, works and services received notes;

 <b>KENYA REINSURANCE CORPORATION</b>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b>Title: Supply Chain Policy</b>	

- e) Certify delivery for goods, works and services received;
- f) Forward details of any required variations to contracts to Supply Chain Manager for consideration and action;
- g) Maintain and archive records of contract management;
- h) Prepare any reports required for submission to Head of Supply Chain, or the Managing Director;
- i) Undertake conformity assessments of supplied goods, works and services with the specifications of the contract documents;
- j) Assist in preparation of procurement and disposal plans;
- k) Make clarification on tenders, requests for quotations and any other matter as may be required;
- l) Prepare and give details of the specifications of goods or services to be obtained;

#### 1.10.5 Procurement Code of Conduct

##### a) Ethics


- i) All procurement activities shall be executed in consistence with the highest professional, ethical, and moral standards.
- ii) Accordingly persons involved in the procurement function shall not use their status within Kenya Re for personal gain and must maintain honesty and fairness while executing their responsibilities.

##### b) Conflict of Interest

Any employee or agent or a member of the board or committee of Kenya Re who has a conflict of interest with respect to procurement:–

- i) Shall not take part in the procurement proceedings; and
- ii) Shall not, after a procurement contract has been entered into, take part in any decision relating to the procurement or contract.
- iii) Situations that shall give rise to conflict of interest shall be handled in line with the provision of the Act and Regulations.



 <b>KENYA REINSURANCE CORPORATION</b>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b>Title: Supply Chain Policy</b>	

**c) Confidentiality and Accuracy of Information**

- i) All employees or agents or members of the board shall safeguard all information coming into their possession while executing their official duties. Section 67 of the Act shall in this instance apply.
- ii) All employees are obliged to inform the Managing Director of instances of breach of this policy within reasonable time.

**d) Collusion**

No employee or agent or a member of the board shall collude or attempt to with any other person:–

- i) To make any proposed price higher than otherwise has been the case;
- ii) To have that other person refrain from submitting a tender, proposal or quotation.
- iii) To withdraw or change the contents of a tender, proposal or quotation;
- iv) To submit a tender, proposal or quotation with a specified price or with any specified inclusions or exclusions.

**e) Fraudulent Practice**

No employee or agent or a member of the board shall be involved in a fraudulent practice in any procurement proceeding.

**f) Corrupt Practice**

No employee or agent or a member of the board shall be involved in any corrupt practice in any procurement proceeding.



 <b>KENYA REINSURANCE CORPORATION</b>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b>Title: Supply Chain Policy</b>	

## CHAPTER TWO

### 2.0 INVENTORY CONTROL, STORES MANAGEMENT AND DISPOSAL

#### 2.1 RECEIPT AND INSPECTION AND ACCEPTANCE

Once the supplier delivers the goods, the Inspection shall be done within 2 days. This shall be done under the direction of the Inventory Officer and approved by the Inspection and Acceptance Committee.

A Certificate of Acceptance shall be issued if the goods meet the requirements and goods shall be accepted in the stores.

In case the goods do not meet the requirements, they shall be rejected and given back to the supplier.

#### 2.2 INVENTORY MANAGEMENT


This policy applies to all purchased and stored items for the Corporation.

##### a) Storage of purchased goods shall be;

- i) Received in Physical Stores and posted to EBS system - inventory
- ii) Stocked systematically according to the stores layout
- iii) Marked to aid identification;
- iv) Items subject to pilferage shall be kept under lock and key.
- v) Items shall be kept free from dust by regular dusting.
- vi) There shall be continuous Stock Checking of stock holding items.

##### b) Storage of serviceable goods returned to Stores shall be;

- i) Received in Physical Stores from user departments.
- ii) The Inventory Officer shall;
  - Check and confirm the item description and the physical quantity.
  - Post the details of the receipt on the EBS system
  - Stock systematically according to the stores layout.

 <p><b>KENYA REINSURANCE CORPORATION</b></p>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b>Title: Supply Chain Policy</b>	

#### c) Stores Security

- i. The Stores Premises shall be under a 24 hour security.
- ii. Inventory Officer shall constantly patrol the Stores Premises.
- iii. The Inventory Officer in charge of stores shall be in charge of ALL Stores keys.
- iv. The Stores Officer shall report any instance of loss of keys to the Supply Chain manager within 24 hours.
- v. The Supply Chain Manager shall retain the duplicate keys for the stores.

#### d) Stock Verification (Inspection)

Stores Verification shall be done quarterly to ascertain;

- i. The accuracy of Stock records verses the physical items.
- ii. The Supply Chain Manager shall ensure that a program for stock verification is put in place
- iii. The process of stock verification shall be carried out quarterly.
- iv. Whenever necessary, Supply Chain Manager direct commencement of stock verification exercise.

### 2.3 STOCK ISSUANCE

- User Department raises a Stores Requisition in the EBS System.
- Stores Requisition Form approved by the Supply Chain Manager.
- Goods will be issued on approval of Stores Requisition.
- System generates reports showing all items issued.
- Collection of goods by the User.

### 2.4 STOCK TAKE

A physical count of stock items shall be carried out by Store Officer under the supervision of Procurement Officer, Audit and Independent observers from user Departments. This shall then be compared with the store records for variance and reports prepared.

 <p><b>KENYA REINSURANCE CORPORATION</b></p>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b>Title: Supply Chain Policy</b>	

#### e) Stock Taking

- i) The Supply Chain Manager shall initiate the stocktaking process to be conducted quarterly.
- ii) The Annual stock taking shall be conducted jointly by a team of representatives from;
  - Procurement
  - Audit
  - Finance
  - User department, and any other appointed stakeholders.
- iii) The stores shall remain closed during the stock taking period
- iv) The Supply Chain Manager shall forward a copy of the stock taking report to the General Manager Finance and Investments.
- v) No adjustments to the stock records for surplus/shortages revealed during the annual stocktaking shall be done prior to the approval by the Managing Director.
- vi) Stock adjustment for any loss or surplus realized during stocktaking shall be done within two months from the date of completion of annual stocktaking.
- vii) Upon approval by the Managing Director the Corporation depending on the thresholds, adjustment for loss/surplus shall be effected by the Supply Chain Manager.
- vii) The approval for adjustment shall be forwarded to General Manager Finance and Investments for accounting purposes.

 <p><b>KENYA REINSURANCE CORPORATION</b></p>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b>Title: Supply Chain Policy</b>	

## 2.5 DISPOSAL OF DISUSED/SURPLUS STORES

### 2.5.1 Identification of items for disposal

Where stores, plant and equipment do become unserviceable as a result of fair wear and tear or become obsolete, surplus or uneconomical to maintain for one reason or another, the Procurement Officer, identifies them and makes a list on the prescribed form giving all details.

Identification of items for disposal should be done regularly, but at least once in each financial year and that the disposal process should not take more than six months after the identification of the items.

The Supply Chain Manager will seek the Managing Director's approval for disposal via Disposal Plan.

### 2.5.2 Authority to Dispose

The Supply Chain Manager should request the Managing Director to approve the Disposal Committee pursuant to Section of the Public Procurement and Disposal Regulations 2006 comprising at least five (5) members as follows;

- Officer in charge of finance.
- Head of the procurement unit who shall be the secretary.
- Head of the Administration department.
- Two heads of end user departments, of whom one shall be the head of the end user department disposing of the stores or equipment.

Once the authority is granted, the Supply Chain Manager should prior to convening the Disposal Committee request the relevant Departments to subject the items to technical evaluation and submit a written report on all aspects of the items, including condition, and saleable value (where appropriate).

The Disposal Committee should then be convened and requested to physically review the items and form their opinion on them and with assistance of the technical report, recommend on the best method of disposal.

  <b>KENYA REINSURANCE CORPORATION</b>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
<b><i>Title: Supply Chain Policy</i></b>	

The Disposal Committee recommendations are then presented to the Managing Director for approval.


### **2.5.3 Disposal Certificate**

When items have been disposed of in accordance with approved recommendations, a Disposal Certificate should be prepared.

At the time of payment for the lots one has won, the financial deposit will be credited to his amount and will be required to pay the balance of the sale price.

Successful candidates must pay for and remove the items within 14 days of the sale.

If a successful candidate fails to accept and/or pay for the item within the 14 days, he/she will immediately forfeit his deposit.

 <p><b>KENYA REINSURANCE CORPORATION</b></p>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
	Issue no: 01
	Revision: 00
	Revision date:
	<b>Title: Supply Chain Policy</b>

## CHAPTER THREE


### 3.0 RECORDS MANAGEMENT

#### 3.1 SCOPE

The objective of Records Management as guided by Public Procurement Regulatory Authority is to ensure control, co-ordination; maintenance and the disposal of records are effective and efficient. Except as otherwise provided in these rules all procurement contract documents and instruments executed by or on behalf of the Corporation shall remain in the custody of the Corporation's Registry of which shall be maintained by the Supply Chain Manager.

The Procurement Department shall maintain records for a minimum of six (6) years. The documents so maintained shall include but not limited to the following

1. Annual Procurement Plan
2. Approvals
3. Quotation/Bid Documents
4. Registers
5. Evaluation Reports
6. Proposals
7. Minutes of Opening Tender, Evaluation and Disposal Committee Meetings
8. Letters of Notification
9. Letters of Acceptance/Performance Bonds
10. Contract Documents
11. LPO/LSOs
12. Delivery Schedules
13. Delivery Notes
14. Goods Received Vouchers
15. Status Reports
16. Statutory Reports

 <p><b>KENYA REINSURANCE CORPORATION</b></p>	<b>DOC REF: KRC/PROC/P14/01</b>
	Issue Date: 16.10.2018
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### 3.2 TYPES OF RECORDS

- Transaction files;
- Correspondence files as per classification scheme;
- Registers;
- Agenda Books (Disposal Committees).
- Minutes Files

#### 3.2.1 Transaction file.

Procurement officers are responsible for transaction files until the same is handed over to the registry after raising of Purchase orders.

The following is a checklist of what a complete procurement transaction file should have;

1. Approval to procure;
2. Requisition ;
3. Floating of Quotations Register ;
4. Opening of Quotations Register;
5. Bids from suppliers;
6. Evaluation Report;
7. Evaluation Committee Minutes
8. Secretariat Recommendation Reports
9. Professional Opinion
10. Award and Acceptance Letters;
11. Inspection and Acceptance Report for Goods, inspection certificate and the;

#### 3.2.2 Agenda Item Books

These Agenda Item book is prepared for the Disposal Committee.

### 4.0 REVIEW OF POLICY

This policy will be reviewed and amended every two years or as necessary.