



Procurement Policy

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| Policy Type | Operational Policy’. |
| Policy Owner | Supply Chain Director |
| Policy Number | Supply Chain / 1 |
| Pertinent Dates | Approved on: Revised on: |

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Purpose:

The purpose of this Procurement Policy is to establish guidelines and procedures for the effective and efficient management of the university's procurement activities. This policy aims to ensure transparency, accountability, sustainability, and compliance with relevant laws and regulations.

Scope:

This policy applies to all individuals involved in the procurement processes at the British University in Egypt, staff, and vendors.

The British University in Egypt's procurement process is meant to ensure that needs are met for the best possible cost, quality, time, and other relevant factors to support the university's business operations.

Adhering to this Policy will be the responsibility of the relevant business unit seeking to acquire the goods/services, and as required or requested, in consultation with the Supply Chain Director.

Definitions:

Tendering: is a formalized process in which organizations or entities invite bids, proposals, or offers from potential suppliers, contractors, or service providers to provide goods, services, or undertake specific projects. The process is commonly used in procurement and is designed to ensure fairness, transparency, and competitiveness in selecting the most suitable supplier or contractor for a particular task or project.

Quotation: is a document that a seller provides to a buyer to offer goods or services at a stated price under specified conditions.

Request for proposal (RFP) / Request for quotation (RFQ): is an invitation from the university defining a need and outlining certain project perimeters and criteria by which the university will select best offer.

Capital expenditure (Capex): is a business expense incurred to create future benefit (i.e., acquisition of assets that will have a useful life beyond the fiscal year). For example, a business might buy new assets, like machinery, or equipment, or it might upgrade existing facilities so their value as an asset increase.

Operational expenditure (Opex): refers to the ongoing costs incurred by a business to maintain its day-to-day operations.

Confidentiality

While this Policy may be shared with vendors, several aspects of the procurement processes are confidential. Offers or tenders received from applicants are strictly confidential to the British University in Egypt and should not be shared with potential or actual applicants in order to ensure fair and unbiased competition. The results of any offer or tender may be shared directly with the applicant only, including a summary as to why it was not selected.

Ethics

All personnel involved in the procurement process must adhere to the highest ethical standards, avoiding conflicts of interest, and ensuring impartiality and fairness.

Sustainability

The university recognizes the importance of the environmental and social sustainability and will integrate these considerations into the procurement decision-making process.

Procurement Authority

The university applies centralized procurement with different levels of delegated authority. The thresholds for the delegation of procurement authority are indicated in the Delegation of Authority.

- 1- The procurement team must conduct the procurement process efficiently, impartially, and with integrity. Their responsibilities include properly documenting all procurement activities for submission to the relevant approver and ensuring that the intended procurement process serves the university's best interests.
- 2- Authorized Staff Members having a delegated procurement authority must ensure that actions undertaken under their supervision are following the Procurement Policy and all other relevant policies and procedures.
- 3- The Procurement Procedures outline the segregation of duties to reduce any potential risk. No single individual or team shall control all key stages of the procurement process. A segregation of duties shall be subject to regular review and monitoring by the Supply Chain Director.
- 4- The Procurement Department has the responsibility for the procurement of all goods and services that are approved. The Procurement Department is delegated by the university to acquire university needs such as equipment, materials, supplies, and services.
- 5- The Procurement Department has the responsibility for making the final determination of sources of supply, quantities purchased for stock items as defined, delivery schedules, and price negotiations, except where items are technically driven. In this case, Procurement decisions will be made in conjunction with other related departments as appropriate.

6- The Procurement Department is responsible for initiating and maintaining effective and professional relationships with suppliers, current and potential.

7- The Procurement Department acts as the sole point of contact for handling all inquiries related to prices and products/services. It will manage all communication with vendors concerning prices or quotations. If additional technical information is needed, the requesting department can communicate directly with suppliers on technical matters. However, copies of such correspondence should be shared with the Procurement Department, which also reserves the option to seek a second opinion from an external expert. Close communication and coordination between the Procurement Department and the requesting department are essential.

8- All negotiations are to be handled by the appropriate purchasing personnel within their delegated authority.

9- The supplier selection and products/services purchased are to meet the basic policies and standard practices of the university.

10- The purchasing personnel are to obtain and purchase all goods/services at the lowest possible total cost of ownership, considering the guidelines of prices, goods, services, quality, and delivery.

11- The End-user(s) has the full authority to assess the quality, and kind of material or/supplies asked for, so that the best interests of the university may be served.

12- The purchasing personnel will negotiate the return of rejected equipment and/or supplies to suppliers.

13- The budget & financial planning department is responsible for providing support and recommendations for end users on budget matters.

Budget Availability

The procurement cycle begins when a department submits a purchase requisition to the Procurement Department. For the requisition, any estimated or uncertain costs must be included. If the requesting department isn't comfortable estimating the cost, they should seek assistance from the Procurement Department to get a budgetary price before the requisition is sent to Purchasing.

- The Department Heads and Deans have budget responsibility to support in conducting the financial business and overseeing the department's budget.
- The Management and Deans are accountable for the financial performance of their units against budgets and their compliance with university policies.
- All operational equipment acquisition requests must be budgeted during the annual budget process prior to the start of the fiscal year, to secure budget approval. The PR

- must be quoted on the requisitions submitted to the Procurement Department.
- The Supply Chain Department will not proceed with the procurement of any equipment item lacking a budget reference.
- It is mandatory to get budgetary price consultation from the Sourcing and/or Procurement team first prior to any budget preparation or modifications in the current plan.

Requisitions

- This policy applies to all purchase requisitions to define the authority for the approval of purchase requisitions according to University Authority Matrix.
- Purchase requisitions are approved by the Department / Unit head prior to issuance, and the Procurement Department will not require further approvals in this regard.
- The business requestor request should contain the following information, as applicable:
 - 1) Item code for stock items (not applicable for non-stock items)
 - 2) Description of materials / services required (including packaging, technical specs, Measurement, Color, etc. As appropriate).
 - 3) Quantity required.
 - 4) Estimated value/ budget approval.
 - 5) Technical specifications and quality requirements.
 - 6) Requested Delivery Timing and delivery place.
 - 7) Key Partners Approval and/or Recommendation
 - 8) Must include signatures of all required approvers according to Authority Matrix

General instructions for Requisition process:

- 1) Advice on discussion with suppliers, budget quotes, or technical information associated with the request; and special delivery instructions (including receiving position/ person's name).
- 2) The business requestor requirements must be translated into a system purchase requisition before Procurement can issue a purchase order to the supplier.
- 3) Since the requisition authorizes procurement to request suppliers for quotations on behalf of the operating unit. It is the business requestor's responsibility to ensure that the requisition is properly authorized in accordance with University Authority Matrix.
- 4) Procurement is responsible for reviewing the system requisition for accuracy and completeness.

Before Issuing Your Purchase Requisition (PR), please make sure to comply with the following:

Requesting to Buy New Laboratory Equipment and Furniture:

Budget Owner must make sure that Laboratory committee is aligned and approving needs, this should be applied for Projects above EGP 500K.

Requesting to Buy Furniture and/or use furniture from Warehouse:

Budget Owner have to make sure that State and Facility Department is aligned and approving needs.

Requesting to Buy IT Hardware and Software:

Budget Owner must make sure that Information and technology Department is aligned and approving needs, this do not apply on Laboratory and teaching software's.

Requesting to Buy Marketing Materials:

Budget Owner have to make sure that Marketing Department is aligned and approving needs.

Requesting Budgetary Quotations for all opex and Capex purchase:

Budget Owner Communicate with Sourcing Department to support.

Quotations

This procedure applies to purchases of goods and services concerning Proposal of competitive quotations, in consultation with the requesting department, to select the successful quotation.

The procurement department are the only authorized personnel to get quotations and price offers.

Types of Quotations:

- A. **Verbal Quotations:** will be obtained for purchases of standard emergency needs.
- B. **Written Quotations:** In written requests for quotation which will be sent to the vendor using RFP to ensure comprehensive information is included, such as quantity, description, delivery terms, special conditions, drawings, specifications, offer deadline, requested validity, and any other pertinent details. If responses need to adhere to a specific format, this requirement should be clearly communicated. Offers should be solicited in writing as this reduces the potential for eventual misunderstandings between the university and the vendor.
- C. **Single Quotation:** Whenever all efforts to obtain multiple quotations or 'Invitation to Tender' have resulted in the availability of only a single quote or when purchase amount is less than 20,000 EGP.
 - In case of original equipment manufacturer "OEM" is available, a single quotation will be applied directly.

Quotations Contents

The vendor quotation should include the below, to avoid any delay in the purchase order processing.

1. Copy of legal documents (commercial register, tax card, Sales Taxes certificate,...)
 2. Proof of finance viability for projects over 20,000 EGP.
 3. Proposal Date
 4. Proposal validity
 5. Unit price per item
 6. Delivery Date
 7. Delivery Place
 8. Payment term
 9. Applicable taxes %
 10. Discount (if any)
 11. Warranty period if applicable
 12. References if Requested by Procurement Department
 13. Legal partnerships projects over 20,000 EGP if Requested by Procurement Department
- Any change in the vendor quotation should be submitted by the vendor in a revised version.

Contracts

The Sourcing and Procurement Functions inside Supply Chain Department acquires and manages contracts for materials, resources, computing and other equipment maintenance, and services except for:

1. Sponsoring
2. Digital Marketing
3. Travel

Purchase Order

The purchase order constitutes the final and entire agreement between the vendor and the university. It may be either an offer to buy or a confirmation between the university's procurement staff and a vendor.

Preparation of a Purchase Order

The purchase order must contain a precise and clear description of the elements in the order, the terms of the purchase, and the time, manner, and place of delivery.

All the following information is necessary when preparing a purchase order:

- 1- Name and updated address of vendor.
- 2- Requisition number.
- 3- Unit price
- 4- Date goods are required.
- 5- Place of delivery.
- 6- Discount terms.
- 7- Applicable Taxes.
- 8- Item code for stock item.
- 9- Description of item requested.
- 10- Other commercial terms agreed between Procurement and Vendor.

In preparing a purchase order, the following points require special attention:

- 1) **Price:** purchase order needs to specify the price by referencing a price quotation or an agreed-upon pricing arrangement. The requesting department must authorize approval of the vendor's evaluation sheet before proceeding with the order (in case of technical specifications). It should be clarified whether the offered prices include applicable taxes, and if not, the vendor must clearly state the tax percentage.
- 2) **Currency:** All local orders should be prepared in EGP, if approval to use other currencies was obtained or in case of international purchase, then the related purchase order should state that the related payment will be processed at the FX rate of Central Bank of Egypt on the day of delivery.
- 3) **Payment Terms:** purchase order payment term should indicate one of the University approved payment terms. In the case that the exact payment term wording is not among the standard list, a new payment term should be added to be able to create the new order.
- 4) **Discounts:** The purchase order should show the appropriate discount.
- 5) **Purchasing Terms & Conditions:** The Purchasing Terms & Conditions should be attached to any local purchase order after indicating that on the purchase order header.
- 6) **Delivery Requirements:** The document should show the date materials/assets/services are to be delivered to the destination.
- 7) **Approvals:** Mentioned in this policy organize limits of approvals. Purchase Orders should be stamped by the Procurement Department stamp.

Adding New Vendors

The following documents should be submitted by the vendor to the sourcing team:

- 1) Vendor company profile, along with the products and services that they will be able to provide.
- 2) Recent commercial registry (6 months)
- 3) Tax Card (for local vendors)
- 4) Commercial Registration Card.
- 5) VAT certificate.
- 6) Vendor's authorization to let Procurement Department to make all needed communication with clients for reference checks.

Vendor Evaluation and Selection:

- Vendors will be evaluated based on Vendor Score Card criteria (Annex 1), including quality, cost-effectiveness, reliability, and sustainability. The selection process will be documented and communicated to relevant authorities.
- This applies to all the university purchases, to define the responsibility, and provide basic guidelines for, Vendors/Suppliers selection.
- The sourcing Function & Procurement Function is accountable for choosing Vendors/Suppliers, which involves evaluating various factors. When making these selections, Buyers will collaborate closely with other departments to acquire appropriate and rational specifications. Whenever feasible, gathering brand names or detailed information is essential to ensure accurate fulfillment of orders.
- The Procurement Department staff should constantly check vendor' score card, supplier's legal position, the nature of the guaranty and warranty of the product, its price, and the quality.

Vendor/Supplier Relations

1. **Communication:** Open and effective communication channels from sourcing & procurement staff will be maintained with vendors to foster positive and collaborative relationships.
2. **Performance Evaluation:** sourcing function must conduct regular assessments of vendor performance will be conducted to ensure ongoing quality, reliability, and adherence to contractual obligations.
3. **Diversity and Inclusion:** The university is committed to promoting diversity and inclusion in its supplier base and will actively seek opportunities to engage with diverse vendors.

Sourcing and Procurement:

A. Purchase Request General Procedures:

The requisition process is broken down into the following steps:

1. The end user (Initiator) identifies business need and creates goods/service purchasing requisition, which is followed by the appropriate approval from the Direct Manager and Level 2 according to Authority Matrix
2. The requesting should be linked to the Approved budget plan.
3. If the requested item is not available in budget plan, then a business need analysis will be conducted and communicate by budget manager, budget owner, sourcing manager, supply chain director, and in some circumstances approval from CFO/ President will be essential before proceeding with purchase order, this should follow the Authority Matrix approval limits.
4. The purchase order is created with the appropriate approvals, transmission, and acknowledgements.
5. The purchase order is ready for execution and delivery.
6. The goods receipts should be done through the General warehouse.
7. In case of a requested Service, end user will receive and sign on service completion directly using supplier provided delivery note.
8. The invoices should be received from the vendor to accounts payable accountant, a specified place and person will be shared with vendors to apply.
9. Verification of invoices and a 3-way match must be done by accounts payable.
10. The Accounts payable must ensure the payment approval as per the Authority Matrix and release the payment.
11. Payment shall be delivered to the vendor in the shape of check or transfer, in some minor cases can be in cash considering approvals according to Authority Matrix, and exceptional approval to pay in cash should be secured from Supply chain Director and Finance Director.

B. Purchase Request Procedures Additional Requirement for Capex:

1. End user defines business needs (budget, CAPEX plan...etc.)
In Case of Requesting a stock item available in Warehouse:
 - a) End user sends the approved Purchase Requisition to the warehouse.
 - b) Warehouse delivers the stock items and reflects on Inventory system.

In Case of requesting a non-stock item:

- a) The department manager analyses the business need and communicates need with other involved departments to issue purchase requisition.
 - reviews and approves all technical details and qualifications, academic impact, digital transformation, and engineering aspects if applicable.

- informs procurement to request for initial quotations from suppliers for budgeting purpose, align procurement on timeline and consult on spending phasing and delivery options, describe goods and/or projects very clear technically and its impact on university growth.
 - consults the finance planning and budgeting for funds confirmation and spending phasing.
 - Key department director or key department chef's approval is mandatory before approving business need from budget holder.
2. The budget holder reviews and approves the business' needs and purchase requisition.
 3. The budget owner approves the business' needs and Purchase requisition.
 4. Budget department approves budget availability. In case there are any recommendations regarding finance planning, the process returns to point 1 mentioned before.
 5. The Chief financial officer approves and discusses with the budget holder if needed.
 6. The president approves or rejects the business' need.
 7. The above approvals should follow the Authority Matrix.
 8. In case the item cost is more than EGP 1,000 K, the Initiator will issue a capital expenditure request and follow the above process.

Note:

For Procurement Work process – Overall Purchase to Pay cycle. Please refer to Annex 2

For Purchase Requisition Overall Cycle. Please refer to annex 3

For Capital Expenditure Request draft. Please refer to annex 4

For Authority Matrix. Please refer to annex 5

Payments

The current procedure for processing payments for local orders is usually 100% after delivery of the product or other credit facilities.

This procedure applies to all university purchases to give guidance for applicable payment terms, and to establish a uniform method of assuring prompt completion of purchase requests.

In some rare cases, the vendor may request a down payment; in that event, the letter of guaranteed requirement should be taken into consideration in case the advance payment.

Payment processing

a) Invoice receipt:

- Supplier's invoice must be original, serial and contain the vendor's tax ID and address.
- Invoices are then processed by the A/P department; the invoice shall indicate the P.O number to perform the three-way match.

b) Invoice processing:

- After receiving the invoice, A/P accountant processes the system three-way match and pays the supplier.


c) Cash Payment:

- AP accountant review supporting documentation and issue memo to summarize purchase and urgency and send for approvals according to DOA.

d) Down payments:

- Contractual Agreement: Advance to supplier based on contract agreement should be made upon receiving letter of Guarantee or certified check equivalent to the advance. (Such as construction, Design) in case of advance settlement exceeding 90 days should be signed off based on DOA.
- The Payment Terms include the payment details with respect to vendor's name, amount and currency, payment description and must be signed by the procurement personal and approved by his direct manager and must be approved from finance department by either the Financial Director if the payment amount is 5 M EGP to 10 M EGP or by the CFO if the payment is more than 10 M EGP.

Annex 1:

| Supply Chain Office | | Vendor Score Card | | | |  |
|---|---|--|--|--|-------------|---|
| *Prior to use* Procurement will update criteria as needed to be consistent with RFP according to Project or buying case, and update basis for scoring to have qualitative scoring details for awarding and contracting Vendors | | | | | | |
| *Scores available are 2/4/6 with specific examples | | | | | | |
| Criteria Check List | Basis for Score | Score | | | Evaluator | |
| | | 2 | 4 | 6 | | |
| 1.Adherence with RFP Instructions | | | | | | |
| Vendor legality to work with BUE | Legal Documents presentation | Not Presented or there is a risk | Accepted requires insurance of risk | Presented and approved | Legal | |
| Timelines | arrived by deadline | Very late | Late | on time | Procurement | |
| Competencies | completed all sectors | missing 50% | missing 25% | Completed | Procurement | |
| Overall quality and level of professionalism | technically complies with RFP requirements | Low profile | medium profile | Complies | Procurement | |
| Overall response | overall quality very high | Low professional | Professional | Professional and add value | Procurement | |
| 2.Vendor Information | | | | | | |
| Finance viability | Proof of Financial viability | Small size business | medium size business | Recommended according to company size or market feedback | Finance | |
| Organization structure | explained structure and org chart | representative/ Distributer | Agent | Original Manufacturer | Procurement | |
| Experience with similar Projects | proof of similar sized projects | Not available | Presented small projects | Presented exactly matching our project | Procurement | |
| Service department | service 24/7 | Not providing | providing during working hrs | provided 24/7 | Procurement | |
| References | positive reference from 5 same size Clients | Negative feedback received and documented | positive feedback with success stories | Highly recommended with proof of doing the required. job | Procurement | |
| Partnerships | proven external partnerships | No partnerships | Can secure partnership | Partnership with international brands | Procurement | |
| 3.Project understanding | | | | | | |
| Overall comprehension of project objectives | written section shows comprehension | Low professionalism in presenting solutions | Determined project objectives and presented solution | Determined Objectives and presented solution and initiatives to innovate | Procurement | |
| Understanding of the University requirements | written section shows comprehension | Low professionalism in presenting required technical specs | Determined project technicalities and presented solution | Determined Requirements and presented solution and initiatives to innovate | End User | |
| 4.Technical Requirements | | | | | | |

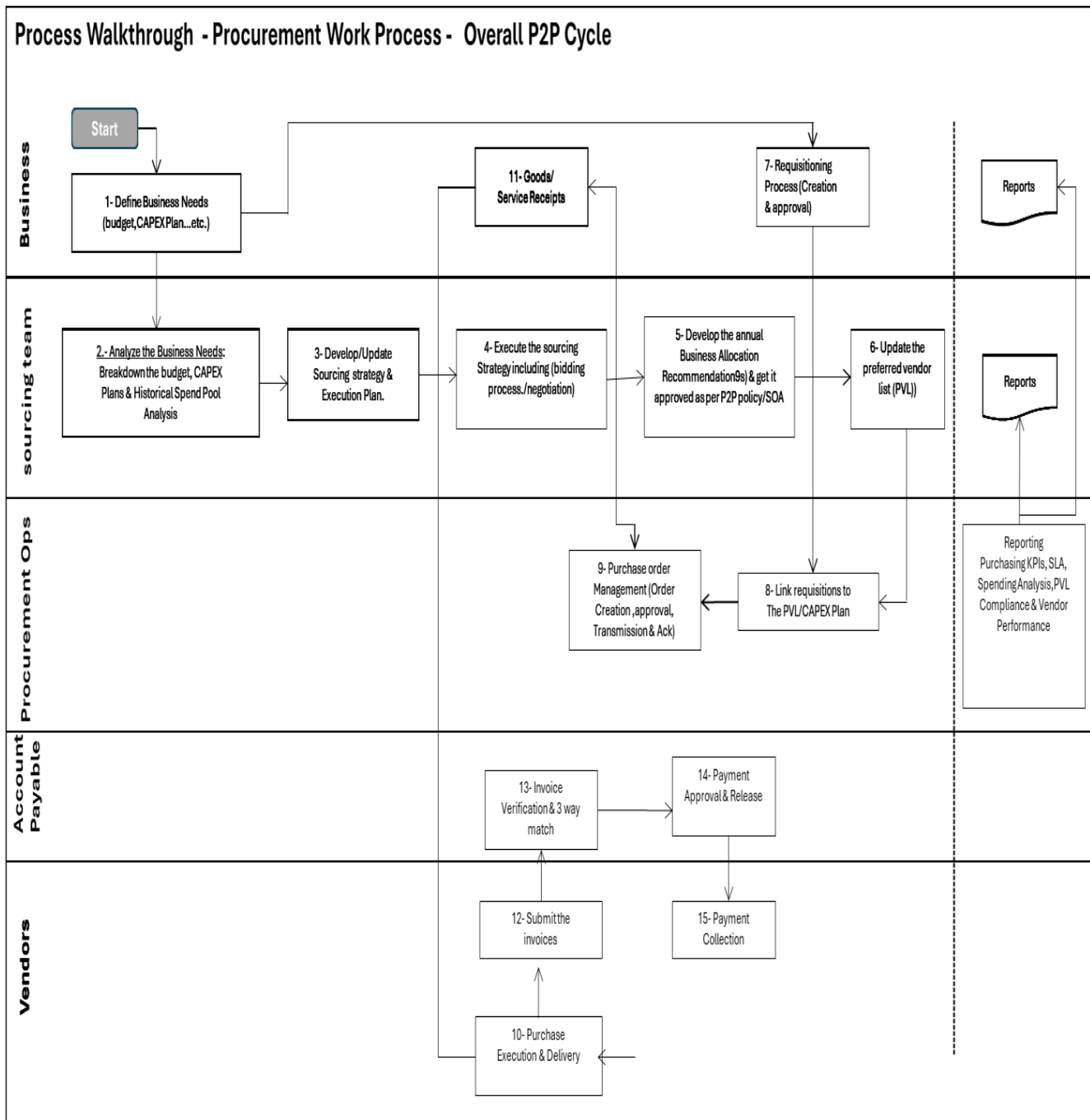
| | | | | | |
|--|---|--|--|---|-------------|
| Vendor ability to meet requirements | fully technically complies | Rejected poor quality and risk | alternative Quality with no previous records | Accepted high quality and used before | End User |
| Technology is sustainable | track roadmap of future product development | Product is at risk to sustain | Local manufactured or imported from Asia not required to sustain | Product sustainability is tracked, easily imported, and manufactured in EU or USA as an international brand | End User |
| Product development life cycle | life cycle is realistic | No developments shared by Vendor | normal developments adds cost | initiatives to develop product and cut cost | End User |
| Technology is accepted | Matched University needs | Rejected | Competing technology | original technology international brand | End User |
| Right quality | Proof of quality performance records | Quality not used before and no market feedback | Product required Quality but OEM | Required quality and OEM | End User |
| 5.Prices, Terms and Conditions | | | | | |
| Final Negotiated Prices | Prices comparison | High prices | Competes | Accepted | Procurement |
| Delivery lead time | Required actual delivery and buffering more time | Late delivery or long time may lead to risk | Delivery on time with no delays | Ex stock or delivery within one week from contract or PO | Procurement |
| Payment terms | highest payment terms | Reasonable PT | Competing PT | Recommended PT | Procurement |
| Warranty | highest warranty | 1 Year | 2 Years | 3 Years | Procurement |
| Maintenance rates | lowest rates | Reasonable rates | Competing rates | Accepted rates according to budget | Procurement |
| Spare parts availability | available in market and easy reach | Imported and complicated | Imported and available | Available local and imported | Procurement |
| Other commercial terms as an add on | Bank Guarantees, Retention, Delivery Bonds, added values, Rebates | Vendor rejects RFP terms required | Vendor negotiates heavily to provide added value terms | Vendor accepted all required terms and added value to specific areas | Procurement |
| Vendor classification in PVL (Preferred Vendor List) - Total Score Points 156 | | | | | |
| Should gain 120 points and Over Full business year OR by Project | | | | | A |
| Should gain from 80-120 points Full business year OR by Project | | | | | B |
| Should gain 40 - 80 points Full business year OR by Project | | | | | C |
| gain 0 - 40 points Full business year OR by Project (In Active Vendor) | | | | | D |

Supply Chain Office

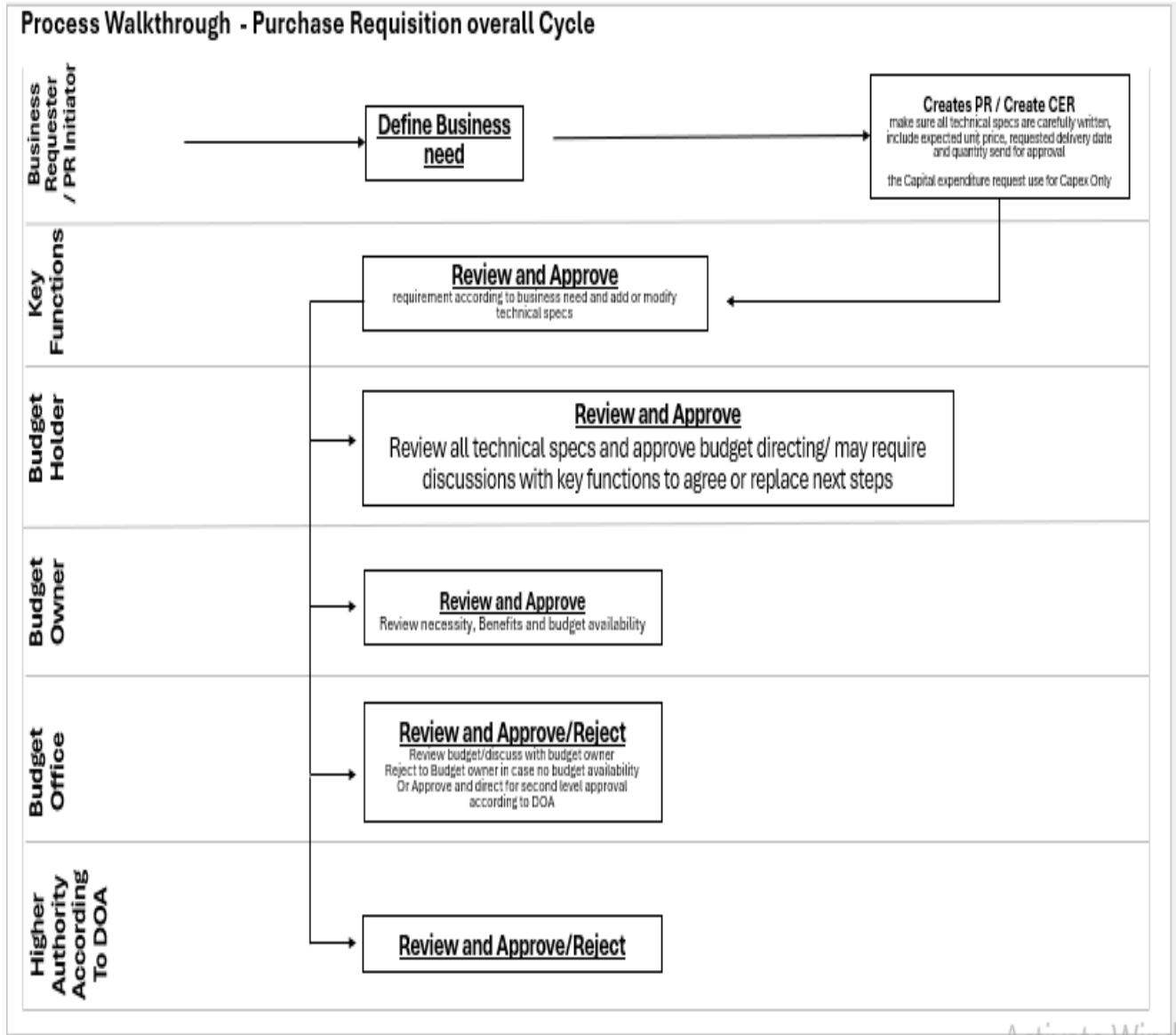
A Vendor scorecard is a document that lists the criteria and basis that you use to assess and rank different vendors, the criteria and basis can vary depending on the nature of purchases or the business need.

Annex 2:

Process Walkthrough - Procurement Work Process - Overall P2P Cycle



Annex 3:



Annex 4:

Capital Expenditure Request

(Name) Faculty – Amount ??

Date: _____ **Spending Year: 2023-2024**

| | |
|-----------------------|-------------------------------------|
| Operating Unit | Department or Faculty |
| Asset Category | Laboratory – Facility – IT – Others |
| Priority | High/Medium/can wait |
| Budget Status | Approved/not approved |

Investment Reason and Planned results (Initiator and Key department)

@ End user describes the reason for requesting investment and the expected results of this investment.

Investment Breakdown by Category (Initiator and Procurement department)

@ End user describes the cost breakdown (goods, service, installation, ..etc.)

Spending Estimate Overall and Commercial Conditions (Initiator and Procurement department)

@ End user describes the spending phasing and the payments schedule.

Supply Chain Input

@ Sourcing and/or Procurement department provides Budget estimate, suppliers names and quotation validity

Approvals

| Title | Name | Signature | Date |
|--|------|-----------|------|
| Budget Holder (Initiator) | | | |
| Key Partner Department Director | | | |
| Budget Owner | | | |
| Budget Office | | | |
| Supply Chain Committee | | | |
| Level 2 | | | |
| President | | | |

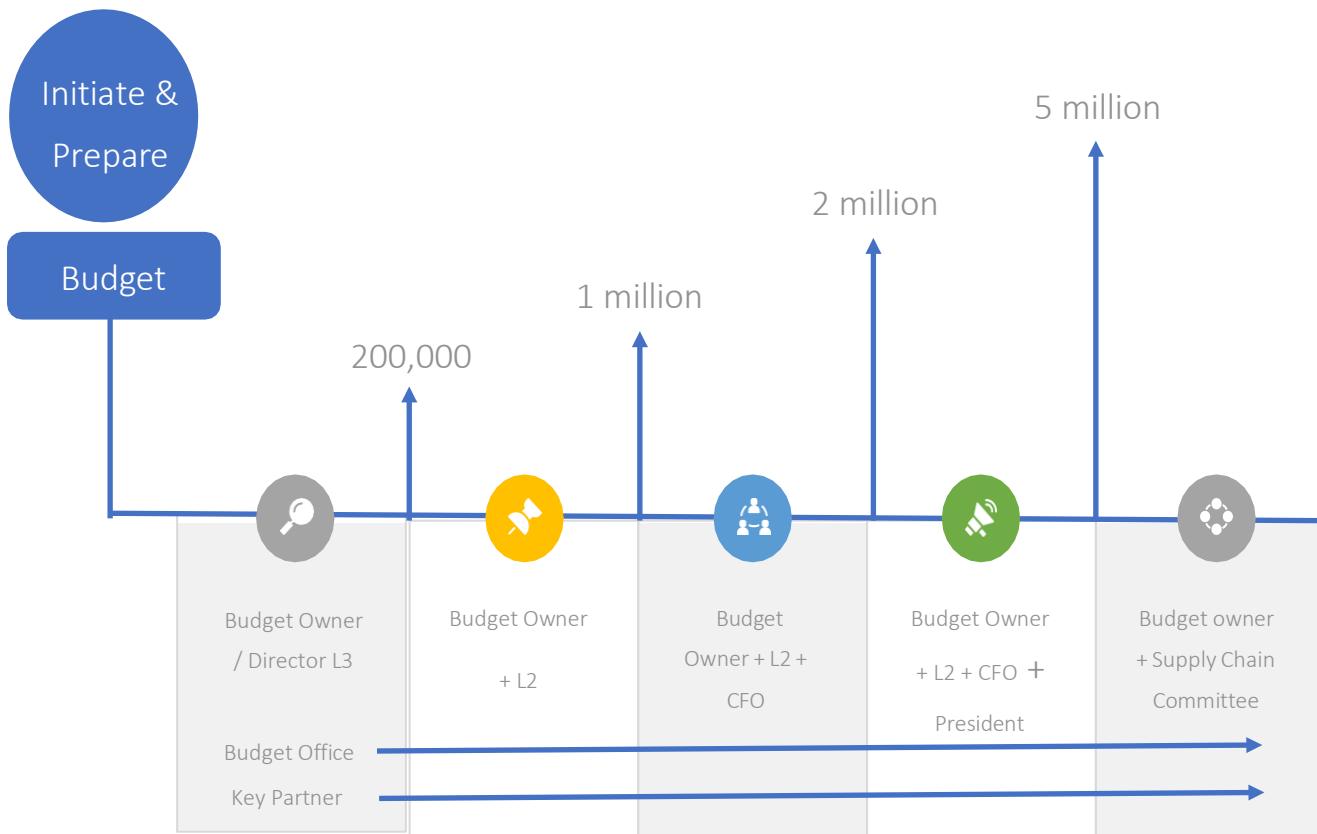
To be Attached

1. Offers analysis and comparison sheet.
2. Technical Feedback and recommendation correspondents.

Annex 5:

Authority Matrix

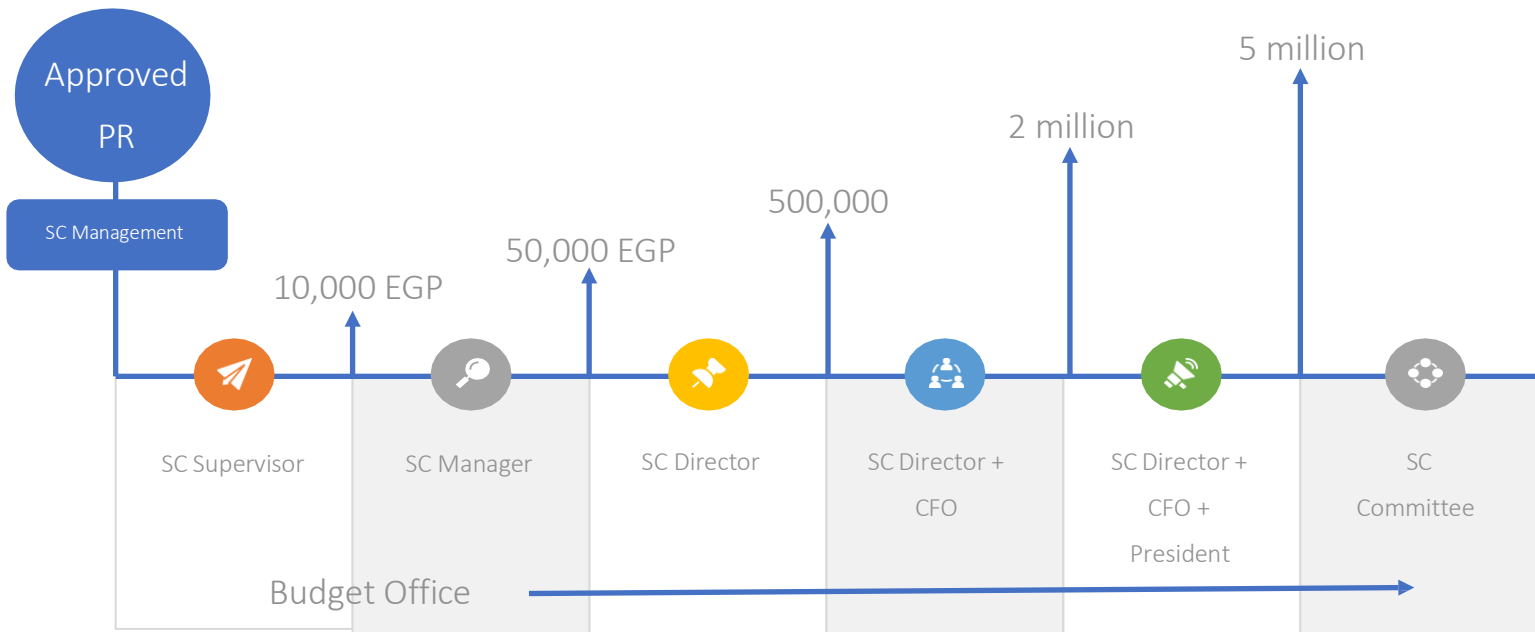
Purchase Requisition – PR



Annex 5:

Authority Matrix

Purchase Order



Contact information

Questions about policy content should be directed to the office of the policy owner- by role.

Role: Director Of Supply Chain

Extension: 2396

Email: usama.salama@bue.edu.eg