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FROM: Chief Executive Officer, Finance and National Planning

TO: All Chief Executive Officers and Heads of Departments

RE: AGENCY TENDERS BOARDS GUIDELINES AMENDMENTS & PURCHASE ORDER APPROVALS

1.0 OBJECTIVE

1.1 The objective of this circular is to inform ministries and departments of:

- (i) further amendments in the Agency Tenders Boards guidelines that was issued with Finance Circular 9/2006; and
- (ii) the processes for purchase order approvals for those ministries/departments that are currently online.

2.0 AGENCY TENDERS BOARDS GUIDELINES AMENDMENTS

Amendments to Definitions

2.1 As stated in section 2.0 of the ATB Guidelines, definitions of terms is amended as below:

- (i) “Project Officer” is defined as a person within a section or department of the agency responsible for the preparation of tender specifications and selection criteria. This person can be one or more officers within the agency.
- (ii) “Coordinator” is defined as a person within the agency, usually the Head of Section or Department, responsible for the calling of tenders, the preparation of tender documentation and the evaluation of tenders.
- (iii) “Board Secretary” is defined as a person from within the agency appointed by the Chair to be Secretary to the Agency Tenders Board and is not a member; also responsible for inviting tenders and other administrative roles as outlined in the guide.

Clarification of Roles

- 2.2 To assist agencies in differentiating between the roles of the officers involved in the tender process as outlined in the guide, these roles have been clarified further (attached as Appendix 1) to avoid confusion on the duties being performed by the individual officers.

Flying Minutes

- 2.3 Agency Tenders Boards should note that the use of flying minutes for evaluation and consideration of tenders would not be encouraged. Therefore, Agency Tenders Boards should refrain from using flying minutes as a basis for awarding tenders.

Advertising the Opening of Tenders

- 2.4 To ensure that representatives or group representatives of prospective tenderers are present at the opening of tenders, the Board Secretary must inform such groups of the opening date of tenders via an advertisement, memorandum, facsimile or E-mail where applicable.

Purchase of Vehicles

- 2.5 For the purchase of any government vehicle, ministries/departments should note that the authority lies with the Major Tenders Board and not the CEO or Agency Tenders Boards irrespective of the amount or value of the purchase (as was mentioned in Finance Circular 11/2006 dated 29/05/06). Thus calling for tenders, evaluation process and so forth is the responsibility of the Major Tenders Board and its secretariat.

3.0 PURCHASE ORDER APPROVALS ONLINE

- 3.1 Approval limits set up in the FMIS are according to those specified in the Finance Manuals of each ministry/department. The highest limit for CEOs is set at \$20,000. Purchase orders raised within the system are automatically routed to the various approvers depending on the dollar value of the purchase order.

Agency Tenders Boards Approvals Online

- 3.2 CEOs approval limits are set at \$50,000 in the system to cater for any purchasing approved by the Agency Tenders Board (ATB). Even if the CEO approves \$50,000 online, the ATB approval documents must be attached to the hard copy purchase order and sent to the CEO before he/she physically signs the purchase order. This will ensure a proper audit trail and control over purchases above the CEO's limits.

Major Tenders Board (MTB) Approvals Online

- 3.3 For purchases above the ATB \$50,000 approval limit, MTB approval will have to be sought. In such instances, the CEO will not be able to approve the purchase order online as it is above his/her limit of \$50,000.

- 3.4 Once MTB approval is obtained, the agency will have to forward a request to the FMIS Unit together with the MTB approval document requesting a change to the CEO's online approval limit. The FMIS Unit will only accommodate this change after sighting a copy of the MTB approval.
- 3.5 The FMIS Unit will notify the agency of the CEO's limit change. After the purchase order has been approved, the limit will be changed back to \$50,000. A 24-hour window from the time the CEO's approval is changed in the system will be allowed to accommodate the MTB approval. After a lapse of 24 hours the CEO's limit will be changed back to \$50,000.

Divisional Tenders Boards (DTB) Approvals Online

- 3.6 Divisional Commissioners will have a limit of \$50,000 set up in the system to accommodate purchase orders approved by DTBs. Commissioners must sight the DTB approval documents before signing the physical purchase order.
- 3.7 If DTBs approve purchase orders above \$50,000, the respective division must send a request to the FMIS Unit together with the DTB approval document requesting a change to the Commissioner's online approval limit. The division will be notified once the change is made. After a lapse of 24 hours the limit will be changed back to \$50,000.

4.0 PURCHASE ORDER TOLERANCE LEVEL

- 4.1 The ministries/departments that have gone 'live' with the new FMIS are using the Purchasing module to generate purchase orders. A facility on the FMIS is the tolerance level associated with the purchase order amount.
- 4.2 The tolerance level matches the purchase order amount to the invoice amount and if it matches then a voucher is added to the system for payment. All ministries/departments that are live with the FMIS are currently using "zero" tolerance which means that the purchase order and invoice should match exactly to the cent.
- 4.3 Most of the departments are finding difficulties with this "zero" tolerance as prices keep fluctuating and the vendors invoice amount varies from the purchase order amount.
- 4.4 The FMIS Unit is implementing a fifty cents tolerance level on each purchase order to allow vouchering and matching the purchase orders where the total does not match the vendor's invoice.
- 4.5 There will be a tolerance of fifty cents allowed on any one invoice, that is five (5) cents variance on Value Added Tax (VAT) and forty-five (45) cents variance on VAT exclusive amount. Thus, provided the total of the vendor's invoice is not more than fifty (50) cents greater than the total on the purchase order or not less

- than fifty (50) cents the total on the purchase order, a voucher will be created for the greater or lesser amount as applicable.
- 4.6 Ministries/departments will be able to process any invoice with a difference of up to fifty cents compared to the purchase order amount. Ministries/departments should note that the difference of fifty cents is on the total purchase order amount and not on individual line amounts in the purchase order.
- 5.0 CONCLUSION
- 5.1 Ministries and departments should note the amendments in this circular and ensure that they are followed.
- 5.2 For any clarifications on the contents of this circular, please contact Seini Tabete on phone 3307011 ext. 2183 or email stabete@govnet.gov.fj.

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