

Procurement Compliance

Mandatory Obligations for Suppliers of Goods, Works or Services



THE AUTHORITY TO PRE-COMMIT COMMITTEE
Department of Treasury
Department of Finance
Department of National Planning & Monitoring

For further information, email:
apccsecretariat@finance.gov.pg

Mandatory requirements for Government suppliers:

1



Must be a Legal Entity

- ✓ Formally registered under the relevant laws of **Investment Promotion Authority** and possess necessary certifications as required.
- ✓ Formally registered under the relevant laws of **Internal Revenue Commission** and possess necessary certifications as required.



2



Must have an Agreement and or a Contract

When receiving a request to provide goods, works or services to a Government agency, all suppliers must ensure to:

1. Check that the person who has entered into this agreement is legally delegated to do so. General rule is that only a **Head of a Government agency** can enter into a contract, not any other government officer;
2. An Elected Official (Member of Parliament or a State Minister) and persons employed for purposes of Ministerial Support Staffs cannot enter into a contract or financial commitment for a Government agency (public or statutory body).
3. If the total value of the expected procurement is between K100,000 and K1,000,000, a written agreement is required. No claim against the State will be enforceable if there is no documented evidence.
4. If the value of the goods, works, or services is more than K1,000,000, it must go through the procurement processes by the National Procurement Commission to ensure an APC and necessary Government approvals are obtained, or the claim will be void if not followed.



Less than K50,000

- ✓ Not Required.
- ✓ Provide Quote.

K50,001 to K100,000

- ✓ Engagement letter from Head of Govt agency.
- ✓ Provide Quote, or Affix Minor Contract/Service Agreement if necessary.

K100,001 – K1,000,000

- ✓ Engagement letter from Head of Govt agency.
- ✓ Affix Minor Contract/Service Agreement

Above K1,000,000

- ✓ Must go through mandatory procurement processes by the National Procurement Commission.

3



Invoice

- Submit a proper tax invoice for payment.
- False invoicing and/or over-billing for values of goods, works, or services are strictly prohibited.



4



Goods Receipt

When the required goods, works or services were provided, you have to issue documented proofs to confirm that it was delivered (eg; delivery receipt or docket signed by a government officer).



Section 45 of the Public Finances Management Act

- A claim for the price arising from the sale of property or stores or for the supply of goods or services to the State shall not be enforceable, through the courts or otherwise, unless the seller of the property or stores or the supplier of the goods or services produces:
 - ✓ A properly authorized Integrated Local Purchase Order or Claim (ILPOC); or
 - ✓ An Authority to Pre-commit Expenditure, relating to the property or stores or goods or services, the subject of the claim, to the full amount of the claim.
- **No claim against the state is legally enforceable for more than K1,000,000 if there was no properly executed contract for the goods, works or services and an Authority to Pre-Commit (APC) was not issued to authorize the execution of the contract.**



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Minor Procurement Checklist for Public and Statutory Bodies

PROCUREMENT PROCESS

Establish the need for goods, works, or services

FINANCIAL MANAGEMENT PROCESS

Establish annual budget, work plan, activity plan, and procurement plan

- Contract splitting is not allowed.
- Agencies shall not issue two or more contracts to the same supplier or contractor, or use multiple Suppliers or contractors for the same goods, works or services in order to reduce contract values.
- **Do not procure if not budgeted; Agencies shall not procure in excess of their budget appropriations.**

Proceed when in order

Procurement value for goods, works, or services:

Less than K50,000

K50,001 to K100,000

K100,001 to K1,000,000

Above K1,000,000

Before engaging your supplier:

1. Have you checked their status with IPA and IRC?
2. Does the supplier have a minimum of 3 years industrial experience and have demonstrated the capacity to deliver on the goods works and services?
3. Is the supplier capable to deliver the required goods, works, or services as expected?

Proceed when in order

Requirements per procurement value for goods, works, or services:

- ✓ 3 written quotations
- ✓ Supplier formally registered with IPA & IRC.
- ✓ **Do not procure if not funded.**

- ✓ 3 written quotations.
- ✓ Supplier formally registered with IPA & IRC.
- ✓ Engagement letter from head of a government agency.
- ✓ Minor Contract/Service agreement to be signed by head of a government agency **(Optional)**
- ✓ **Do not procure if not funded.**

- ✓ 3 written quotations.
- ✓ Supplier formally registered with IPA & IRC.
- ✓ Engagement letter from head of a government agency.
- ✓ **(Mandatory)** Minor Contract/Service Agreement.
- ✓ Agreement must be signed/executed by Agency Head.
- ✓ **Do not procure if not funded.**

- Must go through mandatory procurement processes by the National Procurement Commission (NPC).
- Departmental Heads **must not** procure further.
- Public and Statutory Bodies to consult NPC.
- Suppliers will have no claim against the State if there was no properly executed contract for the goods, works or services and an Authority to Pre-Commit (APC) was not issued to authorize the execution of the contract for procurements that are above K1,000,000.

Select contractor/supplier

Raise requisition forms (FF3 & FF4) and confirm funds availability

Required to proceed
S.32 Officer Signs

Generate an ILPOC

Required to proceed
Financial Delegate Signs

Execute contract by providing ILPOC to supplier

Contractor/Supplier delivers goods, works, or services

Re-confirm if supplier has delivered goods, works, or services as required

Supplier generates invoice

Claims examination process

Proceed if in order

Produce Cheque and pay supplier
(K100,000 and below – payment via Electronic Funds Transfer)

Proceed if in order

Note:

A cheque of more than K100,000 will not clear unless:

1. Secretary Finance clears the cheque.
2. Copies of supporting documentation to proof legality of the payment.
3. If a procurement, evidence that proper procurement occurred.
4. Copies of completed FF3 and FF4.
5. Register of correct appropriation code.
6. Copy of the Contract or Agreement.
7. Copy of the Authority to Pre-Commit (for more than K1,000,000).
8. If a payment from a trust account, copy of the trust deed.