



NATIONAL PROCUREMENT ACT PROCUREMENT INSTRUCTION

07/2019

1ST April 2019

SUBJECT: METHOD OF PROCUREMENT – TRANSITION FROM 1ST APRIL 2019

1.0 INTRODUCTION

1.1 Authority

This Procurement Instruction (hereafter PI), is issued under Section 45(2) of the National Procurement Act (hereafter NPA) whereby the National Procurement Commission (hereafter NPC) or the APC Committee (APCC) may issue Procurement Instructions or Guidelines, not inconsistent with the Act, which are necessary or desirable for carrying out or giving effect to the Act and in general for the better control and management of procurement.

1.2 Legality & Enforcement

Pursuant to section 9 of the NPA, the NPC has control and direction of all matters relating to the management of the procurements of the State.

2.0 PURPOSE

2.1 Conduct of Procurements on and after 1st April 2019

As at the commencement of the NPA on 1st April 2019, all public and statutory bodies, shall comply with this PI as to the conduct of all procurements, irrespective of whether those procurements are for goods, works or services. The purpose of this PI is to control the conduct of all procurements. This PI applies to all procurements by any public or statutory body, irrespective of the value of those procurements.

2.2 Procurement Less than or Equal to K5,000 value

2.2.1 Subject to this PI, any procurement of less than or equal to K5,000 shall be procured by –

- (a) the public or statutory body producing a short specification detailing what it is seeing to procure;
- (b) at least a single written quotation from a provider based on that specification, which attaches the providers IRC Certification of Compliance;
- (c) Where the public or statutory body is using IFMS, recording details of the procurement as part of the requisition. Where IFMS is not used, recording in a book specially kept for that purpose: the specification under

(a) and all written quotations under (b) and the decision of the relevant Section 32 officer under the Public Finances (Management) Act (hereafter the PFMA) in respect of which of the quotations has been accepted; and
(d) an ILPOC, within the meaning of the PFMA, generated under the Integrated Financial Management System (hereafter IFMS) if the public or statutory body has its operating account on IFMS, otherwise generated under the Public Government Accounting System (PGAS).

2.3 Procurement Greater than K5000 but Less than or Equal to K500,000 value

2.3.1 Subject to this PI, any procurement greater than K5,000 but less than or equal to K500,000 shall be procured by –

- (a) the public or statutory body producing a short specification detailing what it is seeing to procure;
- (b) at least three written quotations from providers based on that specification, which attaches the providers IRC Certificate of Compliance;
- (c) Where the public or statutory body is using IFMS, recording details of the procurement as part of the requisition. Where IFMS is not used, recording in a book specially kept for that purpose: the specification under (a) and all written quotations under (b) and the decision of the relevant Section 32 officer under the Public Finances (Management) Act (hereafter the PFMA) in respect of which of the quotations has been accepted; and
- (d) an ILPOC, within the meaning of the PFMA, generated under the Integrated Financial Management System (hereafter IFMS) if the public or statutory body has its operating account on IFMS, otherwise generated under the Public Government Accounting System (PGAS).

2.3.2 Subject to this PI, any procurement greater than K5,000 but less than or equal to K500,000 shall be supported by an executed Minor Contracts Agreement that complies with Financial Instruction No 2 of 2013.

2.4 Procurement Greater than K500,000 value

2.3.1 Subject to this PI, any procurement greater than K500,000 shall be procured only by the National Procurement Commission (including its Committees) in accordance with the NPA.

2.3.2 No public or statutory body may undertake any procurement that is within the jurisdiction of the NPC or its delegated Provincial, District or Special Committees.

2.3.2 For clarity –

- (a) the District Committees of the NPC have jurisdiction over procurements greater than K500,000 but equal to or less than K2,500,000 arising from a District Development Authority;
- (b) the Provincial Committees of the NPC have jurisdiction over procurements greater than K500,000 but equal to or less than K5,000,000 arising from a Provincial Government or District if the jurisdiction of the District Committee of the NPC is exceeded; and
- (c) the Special Committees of the NPC have jurisdiction over procurements greater than K500,000 but equal to or less than

K1,000,000 arising from a specified scope of jurisdiction of the Special Committee of the NPC
(d) in all other cases, jurisdiction lies with the NPC alone.

2.3.2 Subject to this PI, any procurement greater than K5,000 but less than or equal to K500,000 shall be supported by an executed Minor Contracts Agreement that complies with Financial Instruction No 2 of 2013.

3.0 Avoidance of Contract Splitting

3.1 All procurements, of a value of less than or equal to K500,000, shall not be executed without the prior written approval of the NPC Board if –

- (a) the recipient of the contract has a concurrent or back to back contract where the substance of this contract is for similar goods or services where the total of multiple contracts exceeds K500,000; or
- (b) this applies to all goods, works and services including consultancy agreement regardless of whether the work performed under the consultancy agreement is different.

5.0 FORMER GOOD PROCUREMENT MANUAL

Until advised, the Good Procurement Manual for the conduct and approach for procurements will continue to apply

6.0 ENFORCEMENT

6.1 Non-compliance with this and other PIs issued under the National Procurement Act, will invoke appropriate sanctions and/or penalties prescribed under the Act and/or under other relevant laws.

6.0 EFFECTIVE DATES OF PROCUREMENT INSTRUCTION

This Procurement Instruction is effective as of the date of signing by the Chairman of the Board of the NPC.

7.0 HELP DESK

Should you require further information the following should be contacted:

helpdesk@procurement.gov.pg



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