Mangrove Foundation of India

No: 42, Mosque Street,
Jameelabath, Pulicat Post,
Ponneri Taluk, Tiruvallur,
Tamil Nadu - 601205.

MANGROVE FOUNDATION OF INDIA

EDUCATE | RESTORE | SUSTAIN

PROCUREMENT POLICY

Policies, Procedures and Guidelines Governing the
Purchase of Goods, Works and Services

Document Owner: Governing Board / Trustees
Applicable to: All Head Office, Regional and Project/Field Offices
(Chittoor, ASR, Nellore, Kadapa, Prakasam & Kurnool (AP), Anantapur (AP), Ponneri (TN))

Document Control

Attribute	Detail
Policy Title	Procurement Policy
Organisation	Mangrove Foundation of India (MFI)
Approved By	Governing Board of Trustees
Version	1.0
Effective Date	21/08/2024
Next Scheduled Review	recommended every 2 years, or sooner if required by a major donor
Policy Owner	Chief Functionary / Executive Director
Custodian	Finance & Administration Department

Table of Contents

1. Introduction and Purpose

2. Scope and Applicability

3. Guiding Principles

4. Procurement Governance Structure

5. Procurement Planning

6. Procurement Methods and Process

7. Vendor Registration and Management

8. Conflict of Interest

9. Contract Management

10. Asset Management, Inventory and Disposal

11. Documentation and Record Retention

12. Monitoring, Internal Control and Whistleblower Protection

13. Environmentally and Socially Responsible Procurement

14. Exceptions, Interpretation and Amendment

Annexure A — Delegation of Financial Authority

Annexure B — Purchase Requisition Form

Annexure C — Comparative Statement of Quotations

Annexure D — Purchase Order Format

Annexure E — Goods Received Note / Completion Certificate

Annexure F — Annual Conflict of Interest Declaration

1. Introduction and Purpose

Mangrove Foundation of India (MFI) ("MFI", "the Foundation", "the Organisation") undertakes conservation, restoration, education and community-livelihood work relating to mangroves, wetlands and coastal ecosystems, funded through a combination of grants, donations, government schemes and corporate/institutional support. Sound stewardship of these resources requires that every purchase of goods, works and services be made in a manner that is transparent, competitive, ethical, and demonstrably in the best interest of the Organisation's mission and its donors/funders.

This Procurement Policy ("the Policy") sets out the principles, authorities, procedures and controls that govern how MFI plans, sources, evaluates, approves, contracts, receives and pays for all goods, works and services, at the Head Office and at every Regional/Project/Field Office.

1.1 Objectives

- To ensure that MFI obtains the best possible value for money (optimal combination of cost, quality, and timeliness) in every purchase.
- To ensure fairness, transparency, non-discrimination and healthy competition among vendors and service providers.
- To safeguard the Organisation's funds — whether general funds, restricted grants, or institutional/CSR contributions — and ensure compliance with donor-specific procurement requirements and applicable Indian law (including the Foreign Contribution (Regulation) Act, 2010 where FCRA funds are used, the Income Tax Act provisions applicable to charitable organisations, and applicable GST/TDS requirements).
- To prevent fraud, corruption, conflicts of interest and misuse of organisational funds.
- To define clear roles, responsibilities, approval limits and accountability at every stage of procurement.
- To maintain complete, auditable documentation of every procurement transaction.
- To promote environmentally and socially responsible procurement consistent with MFI's conservation mandate.

2. Scope and Applicability

This Policy applies to:

- All employees, consultants, volunteers and office-bearers of MFI who initiate, approve, or process any purchase on behalf of the Organisation.
- All offices and project sites of MFI, including the Head Office and field/project offices at Chittoor, ASR, Nellore, Kadapa, Prakasam, Kurnool and Anantapur (Andhra Pradesh) and Ponneri (Tamil Nadu), and any office established hereafter.
- All procurement of goods (e.g., saplings, nursery material, field equipment, IT hardware, stationery, vehicles), works (e.g., construction of nurseries, boundary/bio-fencing, minor civil works) and services (e.g., consultancy, training, printing, transport, hired venues, audit and professional services), irrespective of the source of funds (unrestricted/general funds, restricted grants, government funds, or CSR/institutional contributions).

Where a specific donor agreement, grant contract or government sanction prescribes procurement procedures that are more stringent than this Policy, the donor's/funder's procedures shall prevail for that specific grant, and

staff must consult the Finance Head before initiating procurement under that grant. Where donor rules are silent or less stringent, this Policy shall apply.

This Policy does not cover recruitment of salaried staff (governed by the HR Policy) or acceptance of in-kind donations (governed by the Donation/Gift Acceptance Policy), although goods purchased using donated funds are covered.

3. Guiding Principles

3.1 Value for Money

Procurement decisions shall balance price, quality, service life, delivery timelines and after-sales support. The lowest price alone shall not be the sole determinant; "best value" is the standard.

3.2 Transparency and Fairness

Procurement processes, criteria and decisions shall be documented and open to scrutiny by the Governing Board, donors, auditors and regulators. All eligible vendors shall be given a fair and equal opportunity to compete.

3.3 Competition

Except where specifically exempted under this Policy (see Section 6.5, Single-Source/Emergency Procurement), purchases above the prescribed thresholds shall be based on competitive quotations or tenders.

3.4 Segregation of Duties

No single individual shall control an entire procurement transaction from requisition to payment. The functions of requisitioning, sourcing/evaluation, approval, and payment shall be performed by different individuals wherever organisational size permits.

3.5 Accountability and Documentation

Every procurement decision shall be supported by written records (requisitions, comparative statements, approvals, purchase orders, delivery/completion proof, and invoices) retained for audit and donor review.

3.6 Integrity and Zero Tolerance for Fraud

MFI has zero tolerance for bribery, kickbacks, collusion, bid-rigging or any form of corrupt practice by staff or vendors. Any such conduct shall result in disciplinary action, vendor blacklisting, and referral to law enforcement where warranted.

3.7 Responsible and Sustainable Procurement

Consistent with MFI's environmental mission, preference shall be given, where feasible and cost-comparable, to vendors and products that are environmentally responsible (e.g., locally sourced native saplings, recycled/low-impact materials, energy-efficient equipment) and to local/community-based suppliers in project areas, to support local livelihoods.

4. Procurement Governance Structure

4.1 Governing Board / Trustees

Approves this Policy and any amendments; approves the annual budget within which procurement occurs; approves procurement above the highest delegated threshold; reviews the annual procurement/audit report.

4.2 Chief Functionary / Executive Director

Overall responsibility for implementation of this Policy; approves procurement within delegated limits; constitutes the Procurement Committee; escalates exceptions to the Board.

4.3 Procurement Committee

For purchases above the "Limited Quotation" threshold (see Section 6), a Procurement Committee of not fewer than three (3) members shall be constituted, comprising, at minimum, a representative of the Finance function, the Programme/Project Head concerned, and one independent member (a Trustee, Advisory Board member, or senior staff member unconnected with the requisition). The Committee shall open and evaluate quotations/tenders jointly, record its evaluation in writing, and recommend the award.

4.4 Finance & Administration Department

Verifies budget availability and donor eligibility before approval; checks vendor documentation (PAN, GST, bank details); processes payment only against a complete, approved procurement file; maintains the vendor master list and procurement register.

4.5 Requesting/Project Officer

Initiates the purchase requisition with specifications and justification; certifies receipt/completion of goods or services; does not have authority to approve their own requisition.

4.6 Delegation of Financial Authority

The following table sets out indicative approval limits. Actual values shall be fixed annually by the Board and recorded in Annexure A; they should be reviewed if inflation, organisational turnover or donor requirements change materially.

Value of Purchase (INR)	Method Required	Approving Authority	Committee Required?
Up to ₹5,000	Direct purchase / petty cash	Project/Programme Officer	No
₹5,001 – ₹25,000	Minimum 3 verbal/written quotes	Programme Head / Office In-Charge	No
₹25,001 – ₹1,00,000	Minimum 3 written quotations (Limited Quotation)	Finance Head + Chief Functionary	Recommended
₹1,00,001 – ₹5,00,000	Formal Request for Quotation (RFQ) to ≥3 vendors	Chief Functionary, on Committee recommendation	Mandatory (3 members)
Above ₹5,00,000	Open Tender / Request for Proposal (RFP)	Governing Board (or sub-committee it authorises)	Mandatory (≥3 members incl. 1 Trustee)

Note: These thresholds are indicative for a small/medium NGO and must be adjusted to MFI's actual scale and inserted formally in Annexure A once approved by the Board. Where a donor's own threshold is lower/stricter than MFI's, the donor's threshold applies to that grant.

5. Procurement Planning

Effective procurement begins with planning, not with an urgent requisition. Project and programme heads shall, at the start of each financial year or grant cycle:

1. Prepare an annual/project procurement plan listing anticipated purchases of goods, works and services, aligned to the approved budget.
2. Identify items that can be aggregated across projects/offices to obtain volume discounts (e.g., stationery, nursery inputs, fuel, printing).
3. Flag long-lead-time items (vehicles, IT equipment, construction material) for early initiation.
4. Share the plan with the Finance Department for budget confirmation before the year/grant begins.

Ad-hoc/unplanned purchases remain permitted where genuinely necessary but must still follow the approval and documentation requirements of this Policy.

6. Procurement Methods and Process

6.1 Purchase Requisition

Every procurement (other than petty cash purchases below ₹2,000) shall begin with a written Purchase Requisition Form (Annexure B) specifying: description and quantity of goods/works/services required; estimated cost; budget line/grant code against which it will be charged; justification; and required delivery date. The requisition shall be signed by the requesting officer and countersigned by the relevant Programme/Project Head.

6.2 Budget and Donor Eligibility Check

Before any sourcing begins, the Finance Department shall confirm that (a) budget is available under the relevant head/grant, and (b) the item is an eligible cost under the applicable donor agreement, government sanction, or FCRA norms, where relevant.

6.3 Sourcing Methods by Value

(a) Petty/Direct Purchase (up to ₹5,000)

Low-value, routine or emergency items (e.g., minor stationery, field consumables) may be purchased directly against a cash memo/bill, subject to petty cash limits and subsequent recording in the petty cash register.

(b) Quotation-Based Purchase (₹5,001 – ₹1,00,000)

A minimum of three (3) quotations shall be obtained from different, unrelated vendors, in writing (email, letter, or vendor portal) wherever the value exceeds ₹25,000. Quotations shall be compared on a Comparative Statement (Annexure C) covering price, specification compliance, delivery period and payment terms. The lowest responsive/compliant quotation should normally be selected; selection of a non-lowest quotation must be justified in writing and approved by the next-higher authority.

(c) Request for Quotation (above ₹1,00,000)

For higher-value purchases, works or services, a formal Request for Quotation (RFQ) with a clearly defined scope of work/specification, evaluation criteria, and submission deadline (minimum 7–14 working days, depending on complexity). Bids shall be received in sealed covers or a secure email inbox, opened jointly by the Procurement Committee, and evaluated against the pre-disclosed criteria.

(d) Single-Source / Sole-Vendor Procurement

Permitted only where: the item is proprietary or available from a single supplier; it is a continuation of an existing contract/warranty; genuine urgency exists (e.g., disaster response, urgent field intervention) where competitive process would cause unacceptable delay; or the value is below ₹5,000. Every single-source purchase above ₹25,000 requires written justification and approval by the Chief Functionary, recorded in the procurement file.

6.4 Vendor/Bid Evaluation and Award

Evaluation shall be based on pre-defined criteria (typically: price, technical/quality compliance, delivery timeline, after-sales support, vendor track record and, where relevant, local/community sourcing). The Procurement Committee's evaluation and recommendation shall be recorded in writing and signed by all members before the award is approved by the competent authority under Section 4.6.

6.5 Emergency Procurement

In genuine emergencies (e.g., natural disaster response, cyclone/flood relief, urgent life-safety field situations), normal competitive timelines may be abridged with the approval of the Chief Functionary (or, in their absence, the most senior available officer), provided that: the emergency is documented in writing; at least verbal/telephonic quotations are obtained and recorded wherever feasible; and a formal ex-post-facto Procurement Committee review and ratification occurs within 15 working days of the emergency purchase.

6.6 Purchase Order / Work Order / Contract

On approval, a formal Purchase Order (Annexure D) or, for works/services above ₹1,00,000, a signed contract/work order shall be issued to the selected vendor, specifying item/scope, price, quantity, delivery/completion schedule, payment terms, quality/acceptance criteria, and penalty/termination clauses where applicable. No goods/services shall be procured without a Purchase Order or signed contract, except petty cash purchases.

6.7 Receipt, Inspection and Acceptance

On delivery/completion, the requesting officer (or a designated store-in-charge) shall inspect the goods/works/services against the Purchase Order/contract specifications and prepare a Goods Received Note (GRN) or Completion/Acceptance Certificate (Annexure E). Discrepancies (short supply, damage, non-conformance) shall be recorded and the vendor notified for rectification or replacement before payment is processed.

6.8 Invoice Verification and Payment

The vendor's invoice shall be matched against the Purchase Order and the GRN/Completion Certificate (a "three-way match") by the Finance Department before payment. Payments shall be made by account-payee cheque, bank transfer (RTGS/NEFT/UPI) or other traceable banking channel; cash payments above the limit prescribed under the Income Tax Act (currently ₹10,000 per day per vendor, subject to statutory revision) are prohibited. Applicable TDS shall be deducted and deposited, and GST compliance verified, in accordance with prevailing law.

7. Vendor Registration and Management

7.1 Vendor Empanelment

MFI shall maintain a Vendor Master List for recurring categories of purchase (e.g., nursery/sapling suppliers, stationery, printing, transport, IT). Vendors seeking empanelment shall submit basic KYC documentation: PAN, GST registration (if applicable), bank account details/cancelled cheque, address proof, and a brief profile of

goods/services offered. The Finance Department shall verify these documents before adding a vendor to the Master List.

7.2 Vendor Due Diligence

For contracts above ₹1,00,000, or for any vendor providing professional/consultancy services, basic due diligence (references, past work verification, litigation/debarment check where feasible) shall be conducted and documented before award.

7.3 Vendor Performance

Significant vendors (recurring or high-value) shall be informally evaluated on delivery reliability, quality and responsiveness after each major transaction; consistently poor performance shall be a ground for removal from the Master List.

7.4 Blacklisting

A vendor found to have engaged in fraud, collusion, bribery, supply of counterfeit/substandard goods, or serious breach of contract shall be blacklisted by the Chief Functionary on the Procurement Committee's recommendation, for a period determined case-by-case, and the decision recorded and reported to the Board.

8. Conflict of Interest

No employee, Trustee, Advisory Board member or their immediate family (spouse, parent, child, sibling) shall participate in the requisitioning, evaluation, approval or payment of any procurement transaction in which they, or their immediate family, hold a financial interest (as owner, partner, director, or significant shareholder of the vendor), except as permitted below.

- All staff and Committee members involved in procurement shall sign an annual Conflict of Interest Declaration (Annexure F).
- Any conflict arising during a specific transaction must be disclosed immediately in writing to the Chief Functionary, and the conflicted individual shall recuse themselves from that transaction.
- Procurement from a Trustee, staff member, or their related concern is discouraged and permitted only in exceptional circumstances (e.g., sole local supplier in a remote project area), with full disclosure, at arm's-length/market pricing, and prior written approval of the Governing Board.
- Gifts, hospitality or benefits from vendors to staff involved in procurement decisions, beyond nominal/token value, are prohibited and must be reported if offered.

9. Contract Management

For works and service contracts (construction, consultancy, training providers, retained professional services), the following shall apply in addition to Sections 6.6–6.8:

- Contracts shall clearly define deliverables, timelines, payment milestones, quality standards, confidentiality (where sensitive data/ecological survey data is involved), indemnity, and termination provisions.
- Advance payments shall be limited to what is customary for the trade (typically not exceeding 20–30% of contract value) and secured, for larger contracts, against a bank guarantee or equivalent assurance where feasible.

- Contract performance shall be monitored by the concerned Programme Head against agreed milestones, with issues documented and escalated as needed.
- Any variation to an approved contract (scope, value, or timeline) exceeding 10% of original contract value requires the same level of approval as the original contract.

10. Asset Management, Inventory and Disposal

10.1 Asset Register

All fixed assets purchased (vehicles, equipment, furniture, IT hardware, field/nursery equipment above ₹5,000 unit value) shall be entered in a Fixed Asset Register showing description, date and cost of purchase, funding source/grant, location, custodian and unique asset tag.

10.2 Physical Verification

Physical verification of assets shall be conducted at least annually and reconciled with the Asset Register; discrepancies shall be investigated and reported to the Chief Functionary and, where material, the Board.

10.3 Donor-Funded Assets

Assets purchased with restricted grant/donor funds shall be marked and tracked separately, as most donor agreements require assets to be used only for the project's purpose during and, in some cases, after the grant period, and may require donor consent before transfer or disposal.

10.4 Disposal of Assets

Obsolete, damaged, or surplus assets shall be disposed of only with the approval of the Chief Functionary (assets below ₹25,000 book/estimated value) or the Governing Board (above ₹25,000), through a transparent method (sale by quotation/auction, or donation/write-off with justification recorded), and the disposal recorded in the Asset Register with reference to any applicable donor consent.

11. Documentation and Record Retention

A complete procurement file shall be maintained for every transaction above ₹5,000, containing: the Purchase Requisition; quotations/tender documents received; the Comparative Statement/Committee evaluation; the approval record; the Purchase Order/contract; the GRN/Completion Certificate; the vendor invoice; and proof of payment.

Procurement records shall be retained for a minimum of eight (8) years from the date of the transaction, or for the period specified in the relevant donor agreement or under the Income Tax Act/FCRA rules, whichever is longer, to support statutory audit, donor audit, and regulatory inspection (including CSR, FCRA and 12A/80G compliance reviews, as applicable).

Records may be maintained in physical or scanned/digital form, provided they are securely backed up and readily retrievable.

12. Monitoring, Internal Control and Whistleblower Protection

12.1 Internal Review

The Finance Department shall periodically (at least quarterly) review a sample of procurement files for compliance with this Policy and report findings to the Chief Functionary.

12.2 Statutory and Donor Audit

All procurement records are subject to review by MFI's statutory auditors, internal auditors (if any), and donor/government auditors, and staff shall extend full cooperation.

12.3 Reporting Irregularities

Any employee, volunteer, vendor or member of the public who becomes aware of suspected fraud, corruption, collusion or serious policy violation in procurement may report it, without fear of retaliation, to the Chief Functionary or, where the concern involves the Chief Functionary, directly to the Chairperson of the Governing Board, in line with MFI's Whistleblower Policy (or, pending adoption of a separate policy, under the protections set out in this clause).

12.4 Sanctions

Violation of this Policy by staff may result in disciplinary action up to and including termination; violation by vendors may result in blacklisting, contract termination and, where warranted, legal/police action.

13. Environmentally and Socially Responsible Procurement

In keeping with MFI's conservation mission, procurement decisions should, where practical and cost-comparable:

- Prefer locally and sustainably sourced planting/nursery material, and vendors following ecologically sound practices.
- Minimise single-use plastics and non-biodegradable packaging in field operations and events.
- Give preference to community-based organisations (CBOs), self-help groups and local vendors in project areas, to strengthen local livelihoods consistent with MFI's community-engagement approach.
- Favour energy-efficient and durable equipment over lowest-first-cost, lower-durability alternatives, where lifecycle cost is comparable or better.

14. Exceptions, Interpretation and Amendment

Any exception to this Policy must be approved in writing by the Chief Functionary (for exceptions up to the Chief Functionary's delegated authority) or the Governing Board (for higher-value exceptions), with reasons recorded.

This Policy shall be reviewed by the Governing Board at least once every two years, or earlier if required by a change in law, a major donor's requirements, or organisational scale. Interpretation of any ambiguous provision rests with the Chief Functionary, subject to the Board's oversight.

This Policy takes effect from the date of Board approval recorded in Section "Document Control" above and supersedes any prior informal procurement practice.

Annexures

Annexure A — Delegation of Financial Authority (to be completed and approved by the Board)

Value Band (INR)	Sourcing Method	Approving Authority	Committee (Y/N)

Annexure B — Purchase Requisition Form

Attribute	Detail
Requisition No. / Date	
Requesting Office/Project	
Description of Goods/Works/Services	
Quantity / Unit	
Estimated Cost (₹)	
Budget Line / Grant Code	
Justification	
Required-by Date	
Requested By (Name, Signature, Date)	
Approved By (Name, Signature, Date)	

Annexure C — Comparative Statement of Quotations

Item / Specification	Vendor 1	Vendor 2	Vendor 3	Remarks / Recommendation
Price (₹)				
Delivery Period				
Payment Terms				
Specification Compliance				

Evaluated and recommended by (Procurement Committee members' names, signatures, date):

Annexure D — Purchase Order Format

Attribute	Detail
PO No. / Date	
Vendor Name & Address	
Vendor PAN / GSTIN	
Item Description, Quantity & Specification	
Unit Price & Total Value (₹)	
Delivery Schedule / Location	
Payment Terms	
Quality/Acceptance Criteria	
Authorised Signatory (Name, Designation, Signature)	

Annexure E — Goods Received Note / Completion Certificate

Attribute	Detail
GRN No. / Date	
PO Reference No.	
Item(s) Received / Work Completed	
Quantity Ordered vs. Received	
Condition / Quality Check (Satisfactory / Discrepancy noted)	
Received / Certified By (Name, Signature, Date)	

Annexure F — Annual Conflict of Interest Declaration

I, _____ (Name), holding the position of _____ at Mangrove Foundation of India, declare that:

5. I have no financial or personal interest in any vendor currently supplying, or seeking to supply, goods/works/services to MFI, EXCEPT as disclosed below.
6. I will immediately disclose in writing any conflict of interest that arises in relation to a specific procurement transaction and will recuse myself from that transaction.
7. I have not accepted, and will not accept, any gift, favour, or benefit from a vendor or prospective vendor beyond nominal/token value.

Disclosed interests (if any): _____

Signature: _____ Date: _____