



## **Contract and Procurement Policy**

### **Introduction**

This policy establishes guidelines for managing contracts and procurement processes, ensuring compliance with the Public Procurement Act and promoting transparency and fairness in vendor and subcontractor selection. By adhering to these principles, the firm aims to maintain high ethical standards and mitigate risks related to conflicts of interest or non-compliance.

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### **1. Purpose and Scope**

- To provide a robust framework for drafting, reviewing, and managing contracts in alignment with the Public Procurement Act.
  - To promote transparent and conflict-free procurement practices for selecting vendors and subcontractors.
  - To mitigate risks associated with contractual disputes and ensure compliance with regulatory requirements.
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### **2. Contract Management Framework**

#### **2.1 Contract Development**

- **Clear Terms and Conditions:** Draft contracts with clear, concise, and enforceable terms covering deliverables, timelines, payment terms, and dispute resolution mechanisms.
- **Regulatory Alignment:** Ensure contracts with government energy agencies comply with the Public Procurement Act and any relevant sector-specific guidelines.
- **Legal Review:** Submit all contracts for legal review before execution to identify and address potential risks or ambiguities.

#### **2.2 Contract Monitoring and Execution**

- **Documentation:** Maintain comprehensive records of all contractual documents, including amendments, communications, and performance reports.
- **Performance Evaluation:** Monitor contract performance periodically to ensure compliance with agreed terms and timelines.
- **Change Management:** Implement a formal process for managing changes or amendments to contracts, ensuring mutual agreement and documentation.

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## 2.3 Dispute Resolution

- **Internal Resolution:** Attempt to resolve disputes amicably through dialogue and negotiation.
  - **Arbitration and Legal Recourse:** Escalate unresolved disputes to arbitration or legal proceedings as outlined in the contract.
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## 3. Procurement Practices

### 3.1 Vendor and Subcontractor Selection

- **Transparent Process:** Use a competitive bidding process to ensure fair and unbiased vendor selection.
- **Pre-Qualification Criteria:** Evaluate vendors and subcontractors based on pre-defined criteria, including experience, capacity, and compliance with Nigerian regulations.
- **Conflict of Interest Avoidance:** Require all employees involved in procurement to disclose potential conflicts of interest and recuse themselves when necessary.

### 3.2 Ethical Standards

- **Code of Conduct:** Require vendors and subcontractors to adhere to a code of conduct emphasizing ethical business practices.
- **Bribery Prevention:** Implement measures to prevent bribery or undue influence in the procurement process.

### 3.3 Due Diligence

- Conduct thorough background checks on vendors and subcontractors to verify credentials, legal standing, and financial stability.
  - Ensure selected vendors comply with local content requirements, where applicable, in line with the Nigerian Oil and Gas Industry Content Development Act (NOGICD Act).
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## 4. Monitoring and Compliance

### 4.1 Regular Audits

- Conduct periodic audits of contract and procurement processes to ensure compliance with the Public Procurement Act and company policies.





- Review vendor and subcontractor performance to identify and address non-compliance or underperformance.

#### 4.2 Risk Mitigation

- Establish a risk management framework to identify and address potential issues in contract execution or procurement practices.
- Maintain a contingency plan for managing vendor defaults or contract breaches.

#### 4.3 Feedback and Continuous Improvement

- Gather feedback from clients, vendors, and employees to improve contract and procurement policies.
- Update policies regularly to reflect changes in regulations or industry best practices.

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### 5. Consequences of Non-Compliance

- **Internal Violations:** Employees found violating procurement policies or engaging in unethical practices will face disciplinary action, including termination.
- **Vendor Non-Compliance:** Vendors or subcontractors failing to meet contractual obligations or ethical standards may have contracts terminated and face legal consequences.
- **Regulatory Penalties:** Non-compliance with the Public Procurement Act may result in fines, sanctions, or reputational damage.

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### 6. Training and Capacity Building

- Provide training for employees involved in contract and procurement management on regulatory requirements and ethical practices.
- Conduct workshops for vendors and subcontractors on compliance expectations and company standards.

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### 7. Conclusion

This policy ensures the transparent and efficient management of contracts and procurement processes, fostering ethical practices and compliance with the Public Procurement Act. By adhering to these guidelines, Wetclay supports the integrity and sustainability of its operations in Nigeria's energy sector.

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