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| Procurement Policy (FM-PO-01) | |
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1. INTRODUCTION

Purpose

1.1 The purpose of this policy is to provide a framework to govern how procurement is administered and managed by the Institute. The Institute is mindful of the fact that it has been entrusted with both public and private funding to carry out its mandate. Expenditure involving procurement processes is a significant proportion of the annual budget. This policy aims to ensure that accountability is an intrinsic part of the procurement function and that all staff members involved comply with and adhere to the guiding principles. It also aims to ensure that the commitment of funds is carried out in the best interests of the Institute while balancing the need for effective and efficient programme implementation.

The Policy outlines what must and should happen when carrying out a procurement process. First, it lays out the administrative framework, guiding principles, roles and responsibilities, and control mechanisms (review, approval and authorization). Next, it describes the types and methods of procurement, documentation and contract management. Finally, it sets out the exceptions to the policy. Definitions of the most commonly used procurement terms are provided in Chapter 13. The policy is based on current best practice and meets the standards required of an intergovernmental organization funded by a range of public and private sector donors.

2. ADMINISTRATIVE FRAMEWORK

Policy Authority

2.1 - The Policy is established under the framework of the Institute's Finance Regulations and Finance Rules. In accordance with section 8.1 of the Finance Regulations, the Secretary-General has the ultimate authority in relation to the Policy and he/she may delegate authority downwards. The Director Executive Division (ED) is the "owner" of the Policy. He/She has the right to rule on any cases of ambiguity in the interpretation and application of the Policy.

Scope and Applicability

2.2 - The scope of the Policy extends to all the activities of the Institute, which can be broadly described under the following procurement categories:

- Services procured from individual consultants, companies and organizations;
- Services related to Lease Agreements;
- Goods (fixed assets) and supplies; and
- Events.

The Policy applies to all staff members at the Institute. It may also apply to partners engaged under a Cooperation Agreement, depending on the terms and conditions of that agreement.

Associated Documents: Procurement Procedures and the Operations Manual

2.3 – The procurement procedures that are linked to this Policy provide more detail on the routines to follow in the implementation process. A number of procedure documents are available on the intranet:

- Procurement Procedure: Services, leases and consultants (FM-PR-01);
- Procurement Procedure: Supplies / Goods and Events (FM-PR-03);

In addition, there is a chapter on procurement in the Operations Manual that provides an overview of the procurement function and the main areas of importance.

Policy Guidance and Assistance

2.4 - Finance and procurement staff are tasked with overseeing procurement processes, providing guidance and ensuring compliance with the policy. The Senior Finance and Procurement Officer (based at HQ) has primary responsibility for providing guidance and resolving problems. In addition, assistance may be sought from grant and project finance staff at HQ, and the finance and administrative staff in the regional and field offices.

Delegation of Authority

2.5 - Authority to approve and authorize procurement documents, commitments and expenditure on behalf of the Institute must be in line with the Institute's current Delegation of Authority and any related decisions. Staff without the relevant authority cannot proceed to commit the resources of the Institute.

Segregation of Duties

2.6 - The Policy aims to respect the principle of segregation of duties for the various steps involved in the procurement process. Typically, the three main areas—planning and requisition, review and control, and payment—will involve separate staff members/units.

Registration and Archiving

2.7 - In line with generally accepted accounting and auditing principles, the process must be documented, and all commitments must be registered in the contract module of the Institute's Enterprise Resource Planning (ERP) system. Electronic copies of the relevant contract and supporting documents must be archived on the ERP system. Hard copies of the signed contracts must be filed in the office responsible for the procurement. Records must remain available for any authorized audit or inspection process.

Public Disclosure

2.8 - In line with the guiding principle of transparency, the Institute publishes the following information on its procurement activities on its website: a list of direct awards; a list of tender awards; the procurement policy, and the General Contract Conditions.

Revisions and Updates

2.9 - The procurement policy may be reviewed and updated from time to time to ensure that it remains relevant and in line with best practice. It may also need to be reviewed if there are changes to the Finance Regulations and Rules. Consultation on any proposed changes and approval will follow the process outlined in the Management System.

Definitions

2.10 - Section 13 lists and explains the main terms and abbreviations used in this Policy.

3. GUIDING PRINCIPLES

Best Interests of the Institute

3.1 – It is an overarching principle that procurement should only be carried out if it is in the best interests of the Institute. In some instances, this could conflict with the other guiding principles outlined below. In such situations, the professional experience and judgment of the appropriate management personnel will be required to ensure that the correct balance is achieved.

Value for Money

3.2 - The selection of suppliers will be made by balancing quality and cost to ensure that best value for money is achieved. This does not necessarily mean the lowest price option. Other factors appropriate to the procurement in hand will also be considered, such as quality, sustainability and whole-life cost.

Competition

3.3 - Procurement will be carried out on a competitive basis and respect the prescribed competitive thresholds. Requests for Direct Awards where a competitive process should normally apply should be limited to exceptional cases.

Equitable and Unbiased Selection

3.4 - No candidate / bidder shall be unjustifiably discriminated against and no candidate / bidder shall receive an unfair competitive advantage.

Transparency

3.5 - Procurement and selection will be carried out in a transparent manner. Selection criteria will be clearly stated and publicized (in the case of open competition). The appropriate documentation substantiating the methods of selection and evaluation must be filed and made available for audit inspection. Direct and tender award contracts will be publicized on a regular basis, quarterly as a minimum, on the website of the Institute.

Efficiency and Effectiveness

3.6 - Procurement should be carried out in a manner that makes efficient use of the Institute's resources. It should also be effective in that it meets the needs of the end-user and achieves the objectives of the Institute.

Risk

3.7 - There are a variety of risks inherent in the procurement process. The impact of any unwanted event occurring and the likelihood of that happening will vary depending on the nature and value of the procurement. Staff involved in procurement are required to consider risk when planning procurement processes and in the management of contracts. Guidance on how to assess and manage risk can be found in the Institute's Risk Management Procedure (RM-PR-01).

Planning

3.8 - Sufficient time should be allowed for a procurement process to ensure timely and successful implementation of activities and to ensure compliance with the principles of the procurement policy. It is recommended that project managers establish an annual procurement plan in conjunction with the annual programme and budget. This is especially relevant in relation to the

organization of events, the production of Knowledge Products, and high-value procurement that involves a public tender process.

Retroactive Financing and Unregistered Commitments

3.9 - Retroactive financing is not permitted. The commitment must be approved, and the relevant contract agreements put in place before activities begin. Unregistered commitments put the organization at risk of presenting and using inaccurate financial data.

Socially Responsible and Sustainable Procurement

3.10 - As an Intergovernmental organization in receipt of public funds, the Institute has a role in setting an example and taking social considerations and sustainability into account in its procurement activities. The aim is to ensure that the procurement activities of the Institute respect the environment and human rights as defined by the United Nations. Examples of social considerations would be to ensure that suppliers comply with local labour legislation and engage in best environmental practices.

Adherence to the general principles outlined in this policy can ensure that social considerations are taken into account to a certain extent. However, the Institute can also use the procurement policy as an opportunity to actively promote certain issues. For example, the Institute could promote the provision of opportunities to female suppliers.

It is recommended that the Institute adopt practices that take social considerations into account when defining requirements, specifications and criteria. It may not be possible to integrate such considerations at all stages of the procurement process and they may not always be relevant. A case-by-case approach should therefore be adopted. For example, when carrying out a procurement process to select a printing supplier it may be possible to require suppliers to use recyclable paper products or give such a supplier additional marks in the selection criteria.

A number of International conventions provide guidance on the definition of social responsibility and these should be consulted when applying the principles:

- The UN Universal Declaration of Human Rights
- UN Global Compact
- OECD Guidelines for Multinational Companies
- Agenda 21 (UN Conference 1992): an Action Plan for Sustainable Development
- ILO Conventions: focus on acceptable working conditions

Procurement Ethics

3.11 - Trust in the integrity of the procurement function is essential to the Institute. All parties involved must observe the highest ethical standards during all stages of the procurement process. Contracts must not be awarded to organizations/individuals who have been involved in illegal or fraudulent practices. Staff Members are prohibited from accepting any gift, payment, consideration or benefit of any kind that could be considered an inducement for the award of a contract.

All staff members must sign the Standards of Ethical Conduct on appointment. This form outlines a number of standards that also apply to ethical behaviour in relation to procurement. In any procurement situation, the onus is on the staff member to declare any conflict of interest or highlight any information that they are aware of that could have a negative impact on the outcome. Criminal

acts will be reported to the relevant authorities. The disciplinary procedures of the Institute will also be invoked in cases of suspected corrupt practice.

Conflict of Interest

3.12 - A conflict of interest can be broadly defined as a situation in which the impartiality of a person could be questioned due to an actual or potential clash between their personal and professional interests. Conflicts of interest are not necessarily unethical or wrong, but they do have to be declared and managed where they exist. Conflicts of interest in procurement must be considered from two perspectives: that of staff members and that of contractors.

Staff Members

3.12.1 - A staff member who assesses that he/she has a personal interest that might give the appearance of influencing the outcome of a procurement exercise must disclose that interest to their line manager. The staff member must also disclose whether 'related parties' are under consideration during the procurement process. Related parties would include: direct family members; and relatives or persons/organizations linked or related to staff members, donors and member states who might appear to have an unfair advantage due to this relationship. In no situation can a staff member directly supervise the work of a related party or a related party be given a Direct Award. Competition will always apply in such cases.

On receiving any such disclosure, the line manager will make a decision in consultation with the ED on whether the staff member should excuse her/himself or continue with the process. Written evidence of the disclosure and outcome must form part of the supporting documents for the procurement. As stated in section 3.11, all staff members must sign the Standards of Ethical Conduct, which obliges them to self-declare when they find themselves in any potential conflict of interest situation.

Consultants

3.12.2 - Consultants are required to provide professional services at all times and hold the Institute's interests paramount, without any consideration for future work, and to strictly avoid conflicts with other competing assignments or interests. They must not be contracted for any activities that would be in conflict with their prior or current obligations to other parties, or that might place them in a position of not being able to carry out the assignment in the best interests of the Institute. The General Conditions, which form part of the Institutes standard contract agreement, contain a clause on the Code of Conduct with which contractors are required to comply when undertaking a contractual assignment.

Eligibility

3.13 The procurement process at the Institute is open on equal terms to all legal and natural persons, regardless of their origin, nationality, gender or other characteristics, as applicable. However, individuals/companies/organizations will be excluded from consideration if:

- they have been declared bankrupt, are in the process of going into liquidation or in receivership.
- they have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a terrorist or criminal organization or any other illegal activity;
- they have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata;

- they have been found guilty of grave professional misconduct proven by any means;
- they have been declared to be in breach of contract for failure to comply with their contractual obligations in previous assignments.

4. DIVISION OF RESPONSIBILITIES IN PROCUREMENT

Tasks and Responsibilities

4.1 – The assignment of responsibilities and the appropriate controls outlined in Chapter 6 form the basis for the work flow and for the organization of the procurement process. In the Institute, responsibility is broadly divided between the Programme/Institutional Units and the relevant Finance and Procurement Staff (both at HQ and in the field). Programme/Institutional Units typically perform the tasks of planning, drafting specifications/terms of reference, sourcing suppliers, and negotiating and managing contracts. The finance staff and procurement staff are responsible for providing guidance, oversight, ensuring compliance and controlling financial matters. A number of committees are also involved in the process (see Section 4.2). In practice, the optimal process involves close collaboration between all sides while maintaining clear lines of responsibility for individual duties.

Table 4.1 An overview of the main tasks and the related responsibilities of those involved in a procurement process or cycle

Note: the more complex, and costly, the procurement, the more tasks and staff members are involved.

| | PROCUREMENT TASK | PROGRAMME/ INSTITUTION | FINANCE AND PROCUREMENT | COMMITTEES |
|---|--|--|---|-------------------|
| 1 | Planning/defining needs; ensuring funds available; drafting specifications/terms of reference | Project Manager (in discussion with other technical experts if required) | Might review documentation | |
| 2 | Deciding on Method of Procurement: no competition; restricted competition; open competition | Project Manager (in discussion with Finance and Procurement) | Provides guidance on method to Project Manager | |
| 3 | No competition: Sourcing supplier and negotiating contract. Restricted Competition: Sourcing suppliers and receiving offers | Project Manager (supported by administrative staff) | Approves the contract agreement in the ERP system | |

| | | | | |
|---|---|--|--|---|
| 4 | Open Competition and the process of advertising the tender: full duration of process from drafting documents to evaluation stage. | Project Manager prepares tender documents and responds to requests for clarification (supported by administrative staff) Programme Managers and Directors to review and approve the tender documents before advertising | Reviewing documents and overseeing process | Tender Opening Committee to open tender submissions |
| 5 | Evaluation of Offers: required for Restricted and Open Competition | Project Manager decides on composition of committee Administrative staff organize meeting of the Tender Evaluation Committee | Overseeing process Chairing evaluation meetings | Evaluation Committee for restricted competition Tender Evaluation Committee for open competition |
| 6 | Negotiating contracts and contract award | Project Manager manages process; Oversight provided by Programme Manager/Director as appropriate | Reviews documents and provides guidance | |
| 7 | Contract management, including troubleshooting, initiating addendums if required and contract termination/closure | Project Manager (supported by administrative staff) | Reviews documents and provides guidance on contract management | |
| 8 | Monitoring the deliverables of the contract: ensuring that deadlines are met, and the final deliverable is satisfactory | Project Manager | Ensures contract closed in ERP system | |
| 9 | Administrative support for all the above tasks: completing and compiling | Programme/ Institution's administrative staff | Provides guidance and oversight | |

| | | | | |
|--|--|--|--|--|
| | <p>contract documentation; circulating for signature; liaising with suppliers; processing invoices; registering commitments on the ERP system; filing; providing administrative support for all stages of the tender processes</p> <p>Note: Project Managers can delegate some of their tasks to their respective administrative support staff but will remain responsible for the outcomes.</p> | | | |
|--|--|--|--|--|

Committees

4.2 - Procurement that involves a competitive process requires the use of committees, which serve to evaluate suppliers' quotes and open and evaluate tenders. Their main purpose is to provide oversight and assist with decision-making and selecting suppliers. To ensure that the roles are represented in the process, these committees are made up of Programme, Institutional and Finance staff members. Table 4.2 lists the types of committees used at the Institute.

| | Committee | Purpose of Committee | Committee Membership |
|----|-------------------------------|---|---|
| | | | |
| 1. | Supplier Evaluation Committee | Used in Restricted Competition Method to evaluate the quotes/CVs/proposals received | <p>Three staff members required:</p> <p>One staff member must be from the HQ Finance and Procurement team (or their delegate)</p> <p>The two remaining staff members must have relevant expertise on/experience of the goods/services being procured</p> <p>Note: For IT purchases the HQ IT Manager must be on the committee</p> |

| | | | |
|---|-----------------------------|---|--|
| 2 | Tender Opening Committee | Used to oversee the opening of bids/proposals submitted in response to a publicly advertised open competition. | <p>Three staff members are required to attend any tender opening.</p> <p>Two staff members must be members of the standing Tender Opening Committee.</p> <p>The Senior Finance and Officer, HQ (or their delegate) will attend to oversee the process.</p> <p>The Tender Opening Committee will be a standing committee appointed according to a formal decision.</p> |
| 3 | Tender Evaluation Committee | <p>To ensure the objective evaluation of bids/proposals submitted in response to a publicly advertised open competition</p> <p>To make decisions in relation to any questions arising during the tender process and to make interpretations in cases of ambiguity or concern.</p> | <p>A minimum of five members.</p> <p>One staff member from Finance and Procurement and one administrative staff member will act as Chair and Secretary, respectively.</p> <p>One committee member must be a Management Committee Member (or their delegate).</p> <p>The other members should have relevant expertise in /experience of the subject matter of the tender.</p> <p>External members may be invited to join the committee if in-house expertise is not available or external expertise is considered an advantage.</p> |

Table 4.2 The types of committees used at the Institute

5. REVIEW, APPROVAL AND AUTHORIZATION

There are a number of steps involved in procurement designed to ensure that an appropriate level of internal control is maintained throughout the process. The level of review, approval and authorization required depends on the value, procurement category and procurement method, as well as whether any exceptions have been applied. This chapter should be read in conjunction with Chapter 4 as they complement each other.

Review

5.1 - In any procurement process a number of staff may be required to review the documentation/process on the basis of their technical expertise. This may involve providing input/comments at the draft stage and/or conducting a final review. When signing off as a reviewer a

staff member is confirming that they agree with how the procurement or the process has captured their area of expertise. Note: a multi-staff review is not necessary in every case; when required, this should be confined to the relevant staff members.

Mandatory Review

5.1.1 - For certain types of procurement, a mandatory review is a requirement. Table 5.1 sets out which staff members should carry out these mandatory reviews.

| Procurement Category | Staff Member to Review |
|---|---------------------------------|
| Intellectual property services, which involve copyright issues (e.g. a person commissioned to write/edit texts to be included in a publication) | HQ Publications Manager |
| IT equipment and services | HQ IT Manager |
| Purchase of fixed assets (non IT equipment) | Director ED (or their delegate) |
| Property leases | Director ED (or their delegate) |
| Individual consultants contracted for more than 12 months | HQ Head of Human Resources (HR) |
| Contracts with a value greater than €10,000 | HQ Finance and Procurement |
| | |

Table 5.1 Staff members who carry out mandatory reviews

External Review

5.1.2 In some situations it may also be necessary to seek input into the review from external experts. This could arise where the procurement is significant or there is a lack of expertise in the area internally. It would normally only apply in the case of a tender process.

Approval

5.2 - In normal circumstances only one staff member is responsible for providing approval for the procurement, and this would be the Project Manager. The Project Manager is the person named in the Delegation of Authority and responsible for one or more projects included in the annual

Programme and Budget. When signing off as the approver, the Project Manager is confirming that the procurement is necessary, the funds are available, the procurement policy has been complied with and the final documentation is complete and correct.

However, if an exception has been applied (see Section 12) approval will also be required from the Director, ED or SG, as appropriate. Examples of such a situation would be a Request for a Direct Award (RDA), which requires pre-approval from the Director ED. Once this step has been carried out, final approval must then be given by the Project Manager.

Authorization

5.3 - The staff member responsible for authorizing a procurement is the person with the Delegated Authority to sign for that level of expenditure. Essentially, it is the person with the authority to say whether a procurement can go ahead after completing the review and approval process.

Use of Circulation Slip

5.4 - The Institute uses a standard template known as a Circulation Slip (TE-04-FM-PR-01) to record the staff names and titles of those who have a role in the review, approval and authorization of a particular procurement. It forms the cover sheet for the contract/tender documents that require approval. A Circulation Slip is not required in every situation, especially for a simple and straightforward procurement. As a rule of thumb, a Circulation Slip will be required in the following circumstances:

- the procurement is above the authorization threshold of the individual Project Manager responsible for the procurement, and so requires more senior approval and review;
- the procurement is above €10,000 and so must be reviewed by HQ Finance and Procurement;
- the procurement requires review by technical experts (publications, IT, facilities, finance, external expertise etc.);
- the procurement involves exceptions and so needs review/approval by the Director/Director ED/SG.
- the procurement relates to a tender process and so the tender documents need to be circulated before being advertised.

6. PROCUREMENT CATEGORIES

The types of procurement relevant to the Institute can be divided into several categories.

Services

6.1 - Procurement of services refers to the procurement of expertise, skills and competencies not available within the Institute. Services can be sourced from specialized service providers (individual consultants, companies and other organizations) according to the specifications/requirements prepared by the Institute. The types of services procured by the Institute can be broadly divided into the following sub-categories:

Intellectual Property

6.1.1 - The procurement of intellectual property may involve the commissioning of papers or other original works, or services where part or all of the end product is original work for which the Institute

needs to acquire the copyright (e.g. studies, research papers, translations of copyrighted material, layout design, videos, films, other media products etc.). Even if the initial plan does not include publishing it is important that consultants commissioned to do such work are engaged under an agreement that includes the correct copyright terms and conditions. In general, this relates to the production of what the Institute classifies as Knowledge Products.

Technical/Professional Services

6.1.2 - Services of a technical or intellectual nature where the end product is not an original work for which the Institute would be interested in obtaining the copyright (e.g. legal and accounting services, IT services, interpretation and the provision of training, printing, cleaning, etc.);

Consultancy Services from Individual Consultants

6.1.3 - This also refers to the types of services described in 6.1.1 and 6.1.2. However, the distinction is that the services are provided by an individual consultant and relate to non-staff tasks. This is generally an individual who operates in their capacity as a freelance consultant and provides services that involve the delivery of a service/product that is time bound and specified in terms of reference. A detailed terms of reference, outlining the tasks to be performed, deliverables and timelines must form part of the contract agreement, which will be monitored by the Project Manager. A copy of the consultant's CV must also be provided in order to justify the selection of the consultant and the fee rate applied.

Individual consultants are expected to serve in their independent, individual capacity and not as representatives of a government or any other organization/institution, including International IDEA. Consultants will be considered neither staff members nor officials of International IDEA.

During the period a consultant is engaged by International IDEA, the individual consultant is expected to adhere to the Institute's standards of independence and impartiality, and to exercise discretion in all matters relating to the performance of their functions. While engaged by the Institute, the consultant may not engage in any activity that is incompatible with the discharge of their duties.

Unless specifically authorized by the Secretary-General, consultants may not communicate at any time with the media or any institution, government or external authority, any information that has not been made public and which is known to them as a result of their engagement with the Institute.

The Institute differentiates between the engagement of national and international consultants. The distinction between the two categories is not based on their nationality but rather on where the consultant is located in relation to the Office procuring the service.

National Consultants

6.1.3.1 - Fees for national consultants should be based on the local market context and in line with common practice. The basis used for determining the consultancy rate should be clearly documented.

International Consultants

6.1.3.2 - The Institute has defined the following basis on which to set fees when engaging international consultants. The fee rate is inclusive of all taxes, and is based on three levels (A, B and C), which refer to the academic/technical qualifications and experience of the consultant. The level of consultant to be engaged will depend on the complexity and importance of the assignment (see Table 6.1).

| Level | Monthly Fee (euro) | Daily Rate (euro) | Guidance on Level |
|-------|--------------------|-------------------|--|
| A | 3,000–5,200 | 150–260 | University graduate with a minimum of four years relevant experience |
| B | 4,800–9,000 | 240–450 | University graduate, highly trained with extensive experience and a minimum of eight years in the field of consultancy required. |
| C | 8,800–11,200 | 440–560 | To be used only for consultants who are known as a top authority in their speciality with many years' experience in the field. |

Table 6.1 Consultant bands and fee rates

Note: see also the exceptions in Chapter 12

A requirement to engage a consultant for a rate above the highest daily/monthly fee (euro 560 or euro 11,200) will require a justification and a request for approval from either the Director ED or the SG. A request to engage a consultant or extend the period of a consultancy for a period longer than 12 months must be reviewed by the Head of HR. Individual consultants hired as the result of a tender process will not be subject to the above rates. Their rates will be decided based on their tender proposal and the result of the evaluation process.

Repetitive services

6.1.4 - Services of a repetitive nature generally cover a medium to long period of time, normally more than six months. In such situations, the timing, frequency and exact quantities of the services to be requested are not known in advance, but these typically relate to the core or common activities of the Institute. Examples of such services are translation, printing, design, event catering, and so on. Framework Contracts (FC) should be negotiated where possible for such services.

Unit prices/fee rates are agreed at the outset and should remain fixed throughout the period of the FC. Alternatively, it may be agreed that rate will remain fixed for one year and be increased by an agreed percentage annually, for example in line with an agreed measure of inflation, for the duration of the contract. Service Orders are used on an ongoing basis to agree the individual assignments contracted under the FC.

This type of contract can be signed for any length of time, but the maximum period is five years. Thus, for example it would be possible to sign such an agreement for an initial period of two years and then extend it for a further three years. At the end of the five-year period, a new competitive procurement process must be carried out to select a supplier.

The threshold value for a FC/long-term contract is the estimated value of the contract over its expected duration. Thus, if the contract is to be for a period of five years and the expected annual

expenditure is €12,000, the threshold value would be €60,000. In this case the procurement method should be in accordance with the relevant method outlined in Chapter 7.

Renewable Services of a Medium- to Long-term Nature

6.1.5 - Renewable services are services that recur on a periodic basis, usually annually. In certain cases, they are non-negotiable as they are complementary to other services or legal requirements. Examples include subscriptions, licence agreements, insurance policies, utility agreements and mobile phone/landline agreements. In Field Offices examples of such services might be security services or driving services. The cost and scope of these services tend to be agreed at the start of the period and do not tend to change until the next renewal.

Renewable Service Agreements can be renewed on an annual basis for up to a maximum period of five years. It is recommended that any potential annual increase is in line with the general consumer price index, market norms or consistent with the type of service. For example, an insurance premium may increase in line with the previous year's claim history. Prior to the end of the five-year period, the situation must be reviewed. Following this review either a new competitive procurement process must be carried out or a decision taken to continue with the existing supplier for a further period. In the case of the latter decision a Deviation Form must be completed.

The format for use of such contract agreements tends to be a template provided by the supplier. For example, an Insurance Policy agreement would be that of the Insurance Company. If the supplier does not provide a template, then an FC /CPS template can be used as appropriate.

Services/Procurement Process Requiring the Use of an Intermediary Agency

6.1.6 - Certain services by their nature require the use of an intermediary agent/broker/expert during the selection process. The main examples are insurance policies, office rental agreements and the hiring of temporary staff. It may also be more beneficial in the case of a more complex and specialised procurement. In many cases these are also renewable services as described above. In such situations the Institute reserves the right to engage an intermediary agency to source and evaluate suppliers on its behalf. The documentation and recommendations of the agent should be reviewed and approved in accordance with the normal process. The final decision on when the use of an intermediary agency/broker/expert is appropriate will rest with the Director ED.

Services for Staff Training

6.1.7 - The Institute's Human Resources Unit is responsible for managing the training and development needs of staff members and oversees the budget for this activity. Individual staff training requests are authorized in accordance with the Training and Development Procedure (HR-PR-02). The Request for Training and Development form is used to support and authorize such requests. These types of request do not fall within the remit of this procurement policy. However, where a service provider/consultant is engaged to provide institutional training on a group basis, the method used to select the provider will depend on the cost threshold of the training and this procurement policy would apply.

Lease Agreements

6.1.8 - Lease agreements refer primarily to the lease of office property and items such as vehicles and equipment.

Property Leases

6.1.8.1 - Due to the geographic spread of its global operations, the Institute leases a number of offices. The leasing of property may arise when a new office is set up or an existing office has to renew a current lease or move office. In cases of the establishment of a new office or a move from a current office, a restricted competitive procurement method must be carried out. This is irrespective of the amount involved. A minimum of three quotes shall be required. The services of an intermediary agency may be used to research the market and obtain quotes. Documentary evidence of all the quotes received must form part of the procurement process and supporting documentation. In a situation where an informal property leasing market exists, the responsible project manager should document the process followed and provide photographs of the offices visited.

In a situation where an office lease has expired but there is an option to renew it for a further period, it is permissible to waive the requirement to obtain three quotes. This waiver is only allowed in circumstances where any increase in rent does not exceed 20 per cent of the existing rent. If the proposed rent increase is greater than 20 per cent, a restricted competitive process must be carried out.

Lease agreements must be reviewed by the Director ED in advance of final signature and due regard paid to the term of the lease, termination clauses and financial considerations.

Other Leases (vehicles, equipment, IT equipment, etc.)

6.1.8.2 – In addition to property, the Institute also tends to lease vehicles and office equipment such as photocopying machines and telephone systems. Prior to engaging in such leases, a comparative analysis of leasing versus buying must be carried out. This analysis should outline the relative costs involved and the advantages and disadvantages of each option. If the decision is to proceed with the leasing option, a restricted competitive process must be carried out and a minimum of three quotes obtained. Leases in this context generally refer to leases organized through lease financing companies. The maximum term allowed for this type of lease is three to five years. At the end of the five-year term, a new competitive process must be undertaken.

Supplies and Goods (Fixed Assets)

6.2 - Procurement of supplies/goods refers to the purchase of fixed assets such as office equipment, furniture, machinery and vehicles, small trackable inventory items and consumables. Additional costs related to certain types of supplies/goods can also include specialized services such as installation, the purchase of warranties and maintenance.

Supplies

6.2.1 - Supplies can be defined as trackable goods, such as a projector or a mobile phone, materials and consumables. They tend to be consumed or in use over the short- to medium-term but to have a shorter lifespan than fixed assets. Examples include mobile phones, items of stationery, IT supplies, kitchen supplies, and so on. Individually, these tend to be low cost items but because they are used or consumed in large quantities, to cost a significant amount in any one-year period. A review of historic accounts and supplier payments can provide an estimate of the annual cost of such supplies. This figure can then be used to determine whether there is a need to carry out a competitive procurement.

It is recommended that long-term arrangements should be established with a small number of suppliers in order to obtain favourable prices or discounts. A competitive process should be carried out at the beginning of a period, such as when an office is set up, in order to select the supplier(s). The competitive process could involve comparing the prices of a basket of goods (e.g. common stationery items) that the Institute commonly purchases. This could be a comparison of online stores.

It may not always be possible to sign a formal contract agreement with such suppliers as they tend to be online service providers or high street stores and purchasing often takes place on an ad hoc basis. However, an internal approval process for ordering supplies with an identified supplier up to an agreed annual amount should be carried out and registered on the ERP system as a commitment. Supporting documents would be a circulation slip signed by the relevant authority and evidence of a competitive process. The use of such suppliers must be reviewed at a minimum every five years and a competitive process carried out to ensure that the best value for money is still being obtained.

Fixed Assets

6.2.2 - A fixed asset can be defined as a tangible item of property with a useful life of longer than one year and which exceeds the cost level set by the Institute for capitalizing assets. According to the Institute's accounting policies, any individual item with a cost above €2,000 is considered a fixed asset. As a general rule, the Institute does not purchase large quantities of fixed assets on a regular basis, but only when new offices are being set up or existing offices refurbished.

Procurement of fixed assets should be planned carefully, and a comprehensive list of requirements drawn up in advance. Once the list is drawn up, a budget can be established and research on the suppliers in the market carried out. The budget provides the basis for the cost threshold, which will determine which type of procurement method needs to be used—sole sourced, restricted competition or open competition. It may be more cost-effective to source all the items from a single supplier, or to break the items into lots depending on the nature of the item, and source from different suppliers.

Events

6.3 - 'Events' is used as an umbrella term to cover all types of meetings, training sessions, workshops, seminars and other similar events required as part of the programmed and institutional activities of the Institute. The supplier that provides the venue for the event is treated as the main supplier for an event. It is the expected price of this contract that determines whether the procurement method should be a non-competitive or a competitive process. Contracts with other suppliers for services related to the event (e.g. translation services) should follow the procurement method for services as outlined in section 6.1.

Event Categories

6.3.1 - The following are the typical categories of event staged by the Institute:

- External events organized by International IDEA, which take place at an external venue generally involving a combination of participants, staff and other experts as relevant.
- Institutional/programme events organized by International IDEA that involve the hiring of external meeting facilities.
- Institutional/programme events organized by International IDEA that take place at International IDEA's office premises (HQ, Regional and Field).

- Institutional/programme events organized jointly by International IDEA in cooperation with a partner. In this situation, the partner may be responsible for organization with International IDEA and making a contribution to the costs as per the relevant agreement. If International IDEA contributes by transferring funds to the partner, this should be the subject of a cooperation agreement and the partner will be responsible for arranging any contracts. If the agreement is that International IDEA contracts with and pays the service provider direct, then this procurement policy applies.

Event Services and Costs

6.3.2 - The Institute typically procures services while organizing events that can be classified under the following cost categories:

- Venue costs (typically provided by a hotel or event centre and may be an inclusive package that includes the event room, catering, participants' accommodation etc.)
- Logistical services (e.g. transport, hiring of external technical equipment etc.)
- Professional services (e.g. interpreters, facilitators, expert speakers, translators, etc.)
- Participants' costs (e.g. travel, accommodation, per diem etc.)

Note: the rules to use for participants' costs can be found in the relevant sections of the travel policy (AM-PO-01)

Event Planning

6.3.3 - The project manager with the support of the administrative staff is responsible for organizing the event and ensuring that the correct procurement process is followed. A preliminary budget should be created at the outset, outlining the main costs under the above event cost categories. The budget can be more detailed if the information is available. This budget must be included with the contract documents as part of the supporting documentation. The final signed event participation list should be uploaded with the contract on to the ERP system once the event has taken place.

Reservation Conditions

6.3.4 - Where possible it is recommended that the following conditions are negotiated with venue suppliers:

- A penalty equivalent to one night no show. This will vary depending on whether it is a group booking.
- Maximum advance payment of 30 per cent of the expected cost before the event/workshop takes place.

Note: in cases where the venue supplier requires an advance payment of more than 30 per cent, approval must be given by the Director of the Programme/Unit in question. If the advance exceeds the authorization limit of the Director, it must be approved by the SG. This approval must be recorded on a circulation slip attached to the contract documents.

Framework Contracts with Hotels

6.3.5 – It is recommended that a Framework Contract (TE-21-FM-PR-01) is established with a hotel or a number of hotels when it is expected that the hotel will be used regularly for events or for accommodation associated with events.

7. METHOD OF PROCUREMENT (How to Source a Supplier)

7.1 - The Institute uses a number of procurement methods to source and select a supplier of goods/services. The method used depends on the procurement category and the expenditure threshold. Table 7.1 outlines the categories and current thresholds. The main methods used by the Institute are:

Pre-authorized Purchases

7.1.1 - This method is only to be used by the HQ Facilities staff and Finance & Admin staff in the Regional and Field Offices. It is used primarily for low-value purchases required for the running of the office, such as office supplies and sundries. The monthly maximum expenditure allowed under this method is €500. Evidence of the purchases such as receipts and invoices must be submitted to the relevant Finance Office to account for the purchases. An annual decision giving pre-approval for the relevant staff member to use this purchasing method should be made by the relevant Director.

No Competition Required (Sole Sourcing)

7.2 - The upper threshold for no competition required (sole sourcing) is €10,000 for services and €5,000 for events, goods and supplies. If the contract value is expected to fall below these amounts, then a non-competitive process can be used. The Project Manager should source and negotiate an agreement with one supplier and it is not necessary to obtain three quotes. Note: the following supporting documentation is required for this method of procurement:

- A specification document (terms of reference for services; a list of specifications for goods and supplies); and
- A CV for the selected consultant (where the service is provided by a consultant).

Restricted Competition

7.3 - The threshold for restricted competition is between €10,001 and €50,000 for services and between €5001 and €50,000 for events, goods and supplies. This is a competitive process where quotes are sought from a number of identified suppliers. A minimum of three quotes must be sought. The quotes are evaluated, and a supplier chosen based on the selection criteria. Note: the following supporting documentation is required in the case of restricted competitions:

- A specification document (terms of reference for services; a list of specifications for goods; a list of requirements for an event);
- A summary budget for an event;
- Evidence to show that the specification/requirements document has been sent to a minimum of three providers/suppliers;
- Evidence of the quotes received; and
- Evidence of an evaluation of the quotations received (a completed and signed Identification-Selection of Contractor Form).

Open Competition/Tender

7.4 - The current threshold for carrying out an open competition is €50,000 (depending on procurement category). Procurement of goods or services with an expected value over this amount must be carried out by public tender (unless procured through an intermediary agency). This can be: the procurement of goods; a one-off assignment; or the procurement of a service to take place over a longer period (e.g. translation services from a selected translator for a period of three

years). Although not a requirement, an open competitive process can also be carried out when the value is expected to be less than the €50,000. This could arise if a Project Manager considers it advantageous to explore the market on a wider scale in order to source a supplier.

An open competition is a tender that is publicly advertised in which qualified suppliers are asked to submit a bid or proposal to provide specific goods or services. The tender is advertised on the Institute’s website and in other media outlets as appropriate. The purpose of an open competition is to ensure that the Institute selects suppliers in a fair and transparent manner and ensures best value for money. Public tenders require careful planning and sufficient time to complete the process. In some cases, this may be up to six months. They also require careful monitoring and oversight during the process as any weakness or failure in the procedure could call the integrity of the process into question and leave it open to challenge. The following are the general principles that must be adhered to when carrying out an open competitive process:

- When preparing tender documents, due care must be taken to ensure that the requirements and evaluation criteria are clearly stated.
- Tender documents must be circulated for review, approval and authorization before advertising.
- The tender must be advertised publicly and for a minimum of ten working days.
- Correspondence with potential bidders is only allowed through the official tender email address and limited to requests for clarification.
- Submissions can only be made to the official tender submission email address.
- Access to the tender email address is limited to authorized staff members.
- All related documents must be filed in an archive box and in the network folder, leaving a clear audit trail.

7.5 Thresholds

| PROCUREMENT CATEGORY | EXPENDITURE THRESHOLD (euro) | PROCUREMENT METHOD |
|-----------------------------|-------------------------------------|---|
| Services | 0 – 10,000 | No Competition Required (Sole Source) |
| Services | 10,001 – 50,000 | Restricted Competition (minimum three Quotes) |
| Services | 50,001 and above | Open Competition (Tender or Expression of Interest) |
| | | |

| | | |
|---|--|---|
| Services (sourced through Intermediary Agency/Broker) | Any value | Restricted Competition/Pre-qualification (carried out by Intermediary Agency/Broker/Expert) |
| | | |
| Lease of Property | Any value Exception for lease renewal (see 6.1.8.1) | Restricted Competition (minimum three Quotes) |
| Lease (Other) | Any value | Restricted Competition (minimum three Quotes) |
| | | |
| Supplies and Goods | 0 – 5,000 | No Competition Required (Sole Source) |
| Supplies and Goods | 5,001 – 50,000 | Restricted Competition (minimum three Quotes) |
| Supplies and Goods | 50,001 and above | Open Competition/Tender |
| | | |
| Events | 0 – 5000 | No Competition Required (Sole Source) |
| Events | 5001 and above | Restricted Competition (minimum three Quotes) |
| | | |
| | | |

Table 7.1 Main thresholds used by the Institute

Note: In a situation where the total cost of a number of small contracts with the same supplier exceeds €10,000 for services or €5,000 for goods/supplies/events in a 12-month period, a competitive process must be carried should a further contract with this supplier be requested (see also Section 12.3).

8. OTHER METHODS/PROCESSES

Expressions of Interest

8.1 - A request for Expressions of Interest (EOI) is a method used to advertise a particular/general assignment and solicit suppliers who are interested in being considered for inclusion on a shortlist. Suppliers are generally required to submit a CV or a proposal. This can be a cost-effective way of testing the market and identifying potential suppliers of services and goods. The purpose can be to create a shortlist for future use or to allocate a particular one-off assignment. Depending on the purpose, the request for an EOI may include specific shortlist criteria or not.

A request for an EOI comprises a written notice indicating the general nature of the services/goods required or details of a specific assignment and the shortlist criteria if applicable. It could also include detailed terms of reference in the case of a specific assignment. The request should be advertised on the Institute's website and on other media sites as deemed appropriate.

Calls for Papers

8.2 – Occasionally, the Institute carries out a “Call for Papers” whereby consultants are requested to submit an abstract of a paper based on a specified subject. The purpose is to select a shortlist of consultants to write a longer paper, based on the abstract, in connection with a specific project activity. The amount involved is usually low and so does not fall over the threshold for an open competition. However, it does involve the need to openly advertise and must therefore follow a transparent process. In this situation, the recommendation is to use a process similar to a request for an EOI as outlined above.

Pre-qualification

8.3 - Pre-qualification is a procurement method used to establish whether suppliers are qualified in accordance with predetermined criteria to carry out a particular assignment or service. It is carried out in advance of a formal competitive process but only those suppliers who qualify are then invited to bid or submit a proposal for the assignment in question. The Project Manager in collaboration with Finance and Procurement staff will carry out an initial market search to identify the relevant suppliers and evaluate them against predetermined criteria. An intermediary agency may also be used in this process. The documents sent to the pre-qualified supplier will be standard tender documents, such as an invitation to submit a proposal and the terms of reference.

Pre-qualification is a method suited to the following types of procurement:

- a complex or specialized type of assignment (e.g. an ERP system);
- a service which is procured on a regular basis where it is useful to have a roster of qualified service providers available;
- a service that presents risk concerns;

Pre-Qualification Process

8.3.1 - The process involves the following steps:

- Defining the pre-qualification criteria;
- Preparation of an Invitation to pre-qualify;
- Advertisement of pre-qualification on websites or other appropriate media, or direct invitation;
- Evaluation of the submitted proposals; and
- Preparation of a pre-qualified shortlist

9. CONTRACT TEMPLATES AND SUPPORTING DOCUMENTATION

Once a supplier has been selected, the next stage in the process is to negotiate and agree a formal contract. The Institute uses standard templates to formalize contract agreements with suppliers. In addition, the suppliers own standard template may be used where it is considered more appropriate and their terms and conditions are acceptable.

The templates used by the Institute range from a simple one-page Service Order to a more detailed contract document with annexes outlining the general terms and conditions, the terms of reference and a budget. The type of template used depends on the procurement category, the nature of the service and the value of the contract.

In addition to the contract documents, which are sent to the supplier, a number of internal supporting documents may be required to provide evidence that the procurement process has been followed correctly. These documents together with the contract form the file, which must be archived on the ERP system under contract registration. More detail is provided in section 9.2.

Standard Contract Templates

9.1 - Table 9.1 lists the standard templates and provides guidelines on when they should be used. All these templates, together with instructions on how to complete them, are available on the Institute's intranet site. The table also indicates where it is more appropriate to use the templates of suppliers.

Table 9.1 List of Templates

| No. | Template Name and Reference No. | Explanation of Use |
|-----|-----------------------------------|---|
| 1. | Service Order (TE-13 - FM-PR-01) | <p>This should be used for simple services of a one-off nature, limited in duration and follow-up (e.g. facilitation, interpretation, small-scale consultancy).</p> <ul style="list-style-type: none">- can be for technical/professional/consultancy services;- is generally used for lower value assignments of up to €2,000 but can also be used for contracts over €2,000 if it is for a simple service. <p>Service Orders are also used to agree assignments with suppliers who have a Framework Contract with the Institute.</p> |
| 2. | Purchase Order (TE-38 - FM-PR-03) | <p>A Purchase Order should be used for the purchase of supplies and goods where no appropriate format is available from the supplier.</p> |

| | | |
|----|---|--|
| 3. | Contributor Agreement (TE-32 - FM-PR-01) | A Contributor Agreement must be used for the procurement of Intellectual Property services that involve copyright issues. |
| 4. | Contract for Provision of Services (TE-10 - FM-PR-01) | A Contract for Provision of Services must be used for the procurement of technical/professional/consultancy services that are of fixed duration, generally involving staged milestones and deliverables. <ul style="list-style-type: none"> - based on fees and reimbursable expenses; - not required when making an agreement based on a global price. |
| 5. | Framework Contract (TE-21 - FM-PR-01) | A Framework Contract must be used when a supplier is engaged to provide services over a longer period in accordance with an agreed price/fee rate. |
| | | |
| 6. | Supplier Templates | Suppliers own templates can be used where it is more appropriate because of the nature of the procurement. Examples include: <ul style="list-style-type: none"> - Events (hotel/venue agreements) - e.g. an email confirmation from a hotel indicating details and a counter agreement from the organization; - Professional services such as those of auditors and legal advisers; - Technical services such as IT services, software development, cleaning services; - Purchases of goods (e.g. where warranties apply); - Lease agreements; - Insurance policies. |

Other Supporting Documents for Internal Use

9.2 - In addition to the contract documents, which need to be signed by both parties, there may be other supporting documents that are required to be circulated with the contract and filed internally as part of the procurement process. The purpose of these supporting documents is to provide a clear audit trail of the process carried out. The level of supporting documents required typically depends on the value, complexity and category of the procurement. More documentation will also be required if exceptions have been applied.

Table 9.2 outlines which supporting documents are commonly required in which procurement situation. Additional documents may be required in more complex procurement processes. This should be reviewed on a case-by-case basis.

| | TYPES OF SUPPORTING DOCUMENTS | REQUIREMENT FOR USE IN SUPPORTING THE PROCUREMENT PROCESS |
|----|---|--|
| | | |
| 1. | CIRCULATION SLIP- TE-04(FM-PR-01) | Used as a cover sheet to provide a record of the names and signatures of those involved in the process (see section 5.4) |
| 2. | CONSULTANT CV | Provides evidence of the Consultant’s experience and qualifications and justification of the fee paid |
| 3. | DEVIATION FORM – TE-01(FM-PO-01) | A completed and signed Deviation Form is required when there has been a deviation from the procurement policy (see section 12.2). |
| 4. | EVENT BUDGET | An event budget should be prepared for those events which need to go through a competitive process. It does not need to be in great detail but should show the main headings. This document provides justification that the selection of the supplier is in line with the budget and of the expected cost (see section 6.3 for more detail on events). |
| 5. | IDENTIFICATION –SELECTION OF CONTRACTOR FORM (TE-07-FM-PR-01) | To be completed and signed for all Restricted Competitive Processes; provides evidence of why a particular supplier has been selected instead of others who were considered. |

| | | |
|----|---|--|
| | | Copies of the CVs/proposals of the competing suppliers should also be uploaded as a record. |
| 6. | REQUEST FOR DIRECT AWARD (RDA) (TE-15-FM-PR-01) | A completed and signed RDA is required when a request is made to grant a Direct Award to a supplier instead of carrying out a competitive process (see section 12.1). |
| 7. | REQUIREMENTS/SPECIFICATIONS LIST | <p>When requesting quotes for goods/supplies it is necessary to draft a list of what is required.</p> <p>This list can be sent to a number of suppliers in order to seek quotes. This provides evidence that the suppliers have been asked to quote for the same items and that the quotes are comparable.</p> |
| 8. | THIRD PARTY EVIDENCE | In certain procurement cases, third party evidence may be required to justify the procurement method followed. This may be the case if, for example, the Institute is working with a partner and is required to use a particular hotel for an event. In such cases an official letter from the partner would provide the third-party evidence. |
| 9. | <p>TENDER PROCESS DOCUMENTS</p> <ul style="list-style-type: none"> - Signed Evaluation Report (TE-06-FM-PR-01) - Signed Evaluation Scoring Grid (Annex A) - Proposal of successful bidder. | <p>A completed and signed Evaluation Report and Scoring Grid must be circulated with the contract for signing and also uploaded on to the ERP contract registration system.</p> <p>The proposal by the successful bidder forms part of the contract annexes and must also be uploaded on to the ERP contract registration system.</p> |
| | | |

Table 9.2 Commonly required supporting documents

Language of Documentation

9.3 All the contract templates used by the Institute are in English. Provisions have been made for the translation of some of the templates into Spanish and French. All contracts with a value of €10,000 or more should be in English. They must be translated if this is not the original language of the contract. If this is not feasible then an English summary of the main terms and conditions will suffice.

10. CONTRACT MANAGEMENT

The contract management stage can be defined as the period between the signing of the contract or agreement and the satisfactory completion of the assignment. The value and complexity of the contract will determine the amount of time required to manage a contract. The Project Manager is the staff member responsible for managing the contract. He/she may delegate some of the administrative aspects of contract management to an administrative staff member but will remain responsible for the contract outcome.

Contract Start-up Meeting (Pre-activity)

10.1 - It is recommended that a start-up meeting should be held between the parties to large or complex contracts. This should be a formal meeting recorded by a minute taker. It should review the main terms and conditions of the contract and the work plan. The responsibilities of the parties and the representatives authorized to correspond on the contract should also be clarified.

Contract Monitoring

10.2 - The Project Manager is responsible for: ensuring that the work plan is followed; adherence to milestones; monitoring deliverables; troubleshooting and ensuring that any modifications are documented in a timely manner. He/She is also responsible for reporting any issues of note regarding contract performance that could negatively affect the project/Institute.

The administrative staff are responsible for processing invoices and ensuring that documentation related to the contract such as any changes/addendums are actioned and registered on the ERP system.

Contract Closure

10.3 - A contract can be ended once the deliverables have been satisfactorily received and all related payments made. Currently, the Institute does not have a formal system in place for evaluating the performance of suppliers. It is therefore useful to share information on the performance of suppliers with colleagues on an informal basis.

11. MODIFICATIONS/ADDENDUMS TO CONTRACTS

Contracts may have to be modified if the circumstances affecting project implementation change after the contract is signed. In general, this will be linked to changes in scope and/or duration. Contract modifications must be formalized in an addendum to the contract signed by both parties. However, minor changes such as a change of address may simply be notified by the contractor in writing. A change of bank details should be formalized through an addendum to the contract.

Note: a 'grace period' of ten working days will apply to all contracts that experience delays, during which the need for an addendum will be waived. Any further delays to the performance period will require a formal written addendum.

General Principles

11.1 - The following principles must always be applied to the modification of a contract:

- Contracts may only be modified within the lifetime of the contract;
- Major changes, such as a fundamental alteration to the Terms of Reference or Description of Action, **may not** be made by means of an addendum.
- Unit prices, particularly fee rates, **may not** be changed by means of an addendum.
- Under a contract, activities already under way **may be extended to include complementary services** that it has become necessary to perform due to unforeseen circumstances. These complementary services must be technically and economically inseparable from the main contract, and the value of the complementary services cannot exceed **30 per cent** of the value of the original contract. If a greater value is required, this must be approved by the relevant Director.
- Activities already under way may be extended to include supplementary services that consist of the repetition of similar services entrusted to the contractor under the initial contract, provided that the value of the extension does not exceed **30 per cent** of the value of the initial contract. If a greater value is required, this must be approved by the relevant Director.
- The price of complementary/supplementary services shall be calculated on the basis of the unit rates included in the original contract.
- The duration of the contract cannot be extended by more than **30 per cent** of the original contract period. If a longer extension period is required, this must be approved by the relevant Director.

Contract Price and Duration

11.2 – It is recommended when preparing contracts that the Project Manager considers carefully the contract price and duration. These should be set realistically in relation to the terms of the assignment. For example, a contract end date can be set later than the final delivery date and this allows time to finalize any outstanding issues. Attention to these details when planning the contract will reduce the need for addendums and additional paperwork.

Change Control Procedure

11.3 – In the case of high value/complex contracts it is likely that due to changing circumstances, modifications to the scope/work plan/deliverables will be required during the contract. It is therefore recommended that a "Change Control Procedure" annex forms part of the initial contract. This document outlines the types of modifications allowed and the procedure to be followed.

12. EXCEPTIONS AND SPECIAL CONSIDERATIONS IN THE PROCUREMENT PROCESS

The Institute recognizes a number of exceptional cases in which not following the formal procurement methods outlined above may be justified. In all such cases the overarching principle of the best interests of the Institute will be applied.

Request for Direct Award

12.1 - A supplier that should normally be selected using a competitive method may be sole-sourced and given a Direct Award in the following circumstances:

- a) In cases of urgency where the activities are not included in the Institutional Programme and Budget and where a rapid selection is essential.
- b) For services directly related to and deriving from a previous contract with the same supplier, which essentially puts the supplier in a de facto monopoly position. **Only two** directly awarded contracts can be awarded to the same supplier in a 12-month period. If additional contracts are required, this would indicate that it is more appropriate to use a Framework Contract/long-term agreement with that supplier.
- c) Where only one supplier with appropriate qualifications is available for the assignment. (Third party evidence to this effect should be submitted as part of the supporting documentation for the contract.)

The RDA must be in writing, with justifications by the Project Manager and the approval of the Director of Executive Division. All such contracts will be made public on the Institute's website.

Note: if a competitive process is carried out—either restricted or open—and only one supplier responds as a result, an RDA is not necessary. However, the documentary evidence that a competitive process was carried out must be supplied.

Deviation from the Procurement Policy

12.2 - In certain cases it may be considered in the best interests of the Institute to deviate from the procurement policy. Only the SG and the Director ED have the authority to waive the application of certain provisions of the Policy and related procedures. This should only apply in exceptional circumstances that call for exceptional measures. If this waiver is applied, the case must be sent to the Finance & Audit Committee for review at its next meeting.

Where deviation from the policy in a specific procurement process is warranted, the rationale for the deviation should be documented and approved by both the SG and the Director ED. A Deviation Form (TE-01-FM-PO-01) must be completed along with any other relevant supporting documents to ensure that transparency and value for money are maintained. In accordance with the IDEA Rules of Procedure, under the mandate of the Finance and Audit Committee as outlined in section 4.4 of International IDEA Rules of Procedure, any such cases will be included in the management accounting report for review by the Finance & Audit Committee.

Continual Use of the Same Supplier Over a Period of 12 Months without a Competitive Process

12.3 - In some cases a supplier may be engaged for a number of small value contracts over a period of 12 consecutive months. Although individually the contracts do not exceed the threshold required for competition, when added together the total sum paid to this supplier in the 12-month period could end up exceeding the threshold of €10,000 for services or €5,000 for goods/supplies/events. If such a situation arises, and if a further contract with this supplier is required either a competitive process must be carried out or an RDA requested.

Note: this situation may also indicate that it would be more suitable to agree a Framework Contract with such a supplier, especially if it is intended to continue to use them on a regular basis.

Contracts with Individual Consultants for a Period Greater than 12 months

12.4 - A contract with an Individual Consultant for services sourced under a sole-sourced/restricted competitive procurement method can only be for a maximum of 12 months. If a longer period is required or an extension to an initial contract beyond 12 months is necessary, then the contract must be reviewed by the Head of Human Resources and approved by the appropriate authority. The purpose of this review is to ensure that the Institute remains in compliance with any local labour legislation.

Modifications to the General Conditions (Annex A) of contracts

12.5 - During the contract negotiation some suppliers ask for a derogation from one or more of the general conditions attached to the contract. A typical example is where an advance payment of more than 30 per cent is required. All such derogations from the general conditions must be approved by the ED.

Advance payments to Suppliers of Goods and Supplies and Event Venues

12.6 – In cases where the Supplier requires an advance payment of more than 30 per cent, approval must be given by the Director of the Programme/Unit in question.

Donor and Partner Requirements Regarding Procurement

12.7 - The Institute funds a number of its projects using donor funding which is the subject of a grant agreement. If the procurement terms of the donor are stricter than those of the Institute, then those of the Donor will take precedence.

Engagement of Former Staff Members as Consultants

12.8 – A former staff member may be engaged as a consultant in their individual capacity or as part of an organization providing services to the Institute provided that there has been a minimum of six months separation from the Institute and the person is not engaged to carry out the position they occupied before separation.

In addition, the former staff member must not have separated from the Institute for any of the following reasons:

- dismissal for misconduct;
- non-renewal of contract due to unsatisfactory service;
- termination of contract due to unsatisfactory service;
- resignation in lieu of disciplinary action; or
- abandonment of post.

The fee rate must be based on the nature of the consultancy assignment and not the level of remuneration the person received as a staff member.

13. DEFINITIONS

Definitions of Commonly Used Procurement Terms

13.1 – This section defines the main terms and abbreviations used in the procurement policy. It is intended to provide guidance for the reader

Approval: - approval for a procurement means that it is agreed that it is required as part of an activity/project, a budget is available, the procurement policy has been complied with and all the necessary documentation is in order. Approval can be considered the sanctioning of an action that has taken place—the procurement process. The Project Manager is responsible for approving a procurement process.

Authorization: - authorization refers to the sanctioning of an action that is going to happen. It refers to the staff member who can authorize the expenditure on procurement in accordance with the Institute's Delegation of Authority and give the final go ahead. This can be the Project/Programme manager, Head of Unit, Director or SG.

Audit Trail: - a term used to describe the file of supporting documentation that is compiled as part of carrying out a procurement process. It should include contract documents and annexes as well as any other relevant supporting documents. A review of this file should provide an auditor with the evidence to assess whether the process was carried out in accordance with the relevant policies and procedures.

Circulation Slip: - a standard template used by the Institute to record the names and job titles of those who have a role in the 'review, approval and authorization' of a procurement process. It can be considered a cover sheet.

Contract: - a contract is an agreement between two or more parties with specific terms and conditions. A CPS, a Contributor Agreement and a Framework Contract are three examples of the contracts used by the Institute.

Contractor: - a contractor is the generic term used to define the party who makes an agreement with the Institute.

Contract Manager: - the contract manager is the staff member responsible for the project and where the contract is charged. It is normally the Project Manager.

Deliverables: - the term used to describe the tangible outputs of a contract. Examples are a research paper, an evaluation study or hotel accommodation.

Deviation: - the term used to describe when a decision is made not to follow the procurement policy due to exceptional circumstances in the best interests of the Institute. For example, the procurement policy requires that an open competition is carried out for contracts over €50,000 but a decision may be made to deviate from the policy and undertake a restricted competition instead.

Director of Executive Division (ED): - the Director of Executive Division is responsible for the Executive Division unit and has overall management responsibility for the procurement policy.

Enterprise Resource Planning (ERP) system: - An ERP system is an IT system that is used by an organization to manage and integrate its data and work processes. In the Institute, the current system is called Maconomy. It handles all the accountancy and contract data and processes, among other things.

Expression of Interest (EOI): - a term used to describe inviting suppliers to indicate their interest in taking on a specific assignment or to join a roster. The idea is to create a shortlist of qualified suppliers who may then be requested to compete for a specific assignment or be considered for a future assignments

Institute: - the International Institute for Democracy and Electoral Assistance (International IDEA)

No Competition Required: - In the context of the Institute's policies, this term is used to describe the process of selecting a supplier without looking at alternative suppliers or obtaining quotes. It is also known as sole sourcing. It should be used when the prescribed thresholds allow but can also be used where a Request for Direct Award (RDA) has been approved (see below).

Open Competition/Tender: - A procurement method in which any qualified supplier in the open market can be invited to submit a quote to provide a service/good that is required by the Institute. It is also known as a public tender. This is the required method when a contract sum is above the threshold for restricted competition.

Project Manager: - The staff member named as the person responsible for one or more projects that form part of the current programme and budget. A Project Manager can be the staff member responsible for a single project or a Programme Manager/Head of Unit, depending on who is assigned in the Delegation of Authority.

Request for Direct Award: - In a situation where a supplier should normally be selected using a competitive process, an exception may be made and an RDA used instead. RDAs are only to be used in three circumstances, which are outlined in the RDA template, and approval must be sought from the ED.

Request for Proposal (RFP): - one of the soliciting documents used in an open competition to source a supplier to carry out a service. It informs a potential bidder of the requirements (e.g. qualifications, experience) necessary to carry out the assignment and also the procedures to follow in submitting a proposal.

Restricted Competition: - The term used to describe the process of selecting a supplier based on comparing a number of proposals/quotes from a limited range of identified suppliers.

Requirements:- a general term to describe the needs of a particular service/assignment. This is the term used when procuring services. Once the requirements have been established, more detailed terms of reference can be drafted.

Services: - a general term to describe the outputs to be provided by a contractor.

Specifications: - a detailed description of the attributes of an item, typically used when purchasing goods and supplies.

Supplier: - the generic term used in this policy to describe any contractor, service provider, consultant or vendor who is contracted to provide goods or services to the Institute.

Terms of Reference: - a detailed description of what is required from an assignment, outlining such matters as the context, scope of work, deliverables and deadlines; used in conjunction with the procurement of services.

Thresholds: -The monetary values prescribed by the Institute to establish which Procurement Method must be used in relation to the different procurement categories. For example a consulting service costing below €10,000 may be sole sourced while above €10,000 three quotes must be sought.