

Policy PO-GL-proc-03
Updated 23 March 2010

Global

CIET Policy on procurement

The CIET Procurement Policy

1. Introduction

The executive director directs the operations of CIET, part through a set of policies. The purpose of this policy is to set out procurement guidelines to ensure the most cost-effective and cost-efficient methods are used to purchase goods and services for the organisation.

This policy governs the procurement activities of the all CIET operations.

Exceptions to this policy may occur where a contract signed with a funding source contains specific provisions relating to procurement. Such exceptions are applicable only to the project for which the funding is received.

2. Guiding Principles

The following principles guide the procurement practices of CIET:

- (a) The procurement policy provides a direction for the expenditure of funds to purchase goods or services needed to complete programmes and projects approved by the executive director.
- (b) The procurement policy and procedures should provide the most cost efficient and cost effective methods to purchase and dispose of all goods and services for operations of CIET.
- (c) The procurement process should be open, fair, and consistent.
- (d) The total cost of acquisition should be considered. Costs such as repair cost, staff training, operation cost, and disposal should be considered rather than just the basic invoice price.
- (e) Procurement methods should encourage competitive bidding for the supply of goods and/or services.
- (f) CIET should use only those suppliers who can be expected to provide satisfactory performance, based on (i) past performance, (ii) previous contracts, (iii) evidence that the supplier has the financial and other resources to complete the contract, and (iv) references.
- (g) Opportunities to partner with civil society to provide services to and for CIET in a cost effective and cost efficient manner are encouraged.
- (h) CIET seeks to procure goods and services with due regard to the preservation of the natural environment and to encourage suppliers to supply goods incorporating recycled materials where practical.

3. Definitions

- (1) Bid - Refers to a competitive bid received as a consequence of a Request for Quotation, a Tender or a Request for Proposal.
- (2) Procuring researcher - refers to the individual arranging the procurement on behalf of CIET
- (3) Public Request for Submission - refers to Tenders, Call for Proposals, Two Phase Bids etc.,

that are required when the value of the items procured exceeds US\$ 10,000.

4. General

- (1) This policy applies to all employees, researchers and consultants over whom CIET has jurisdiction.
- (2) CIET will be under no obligation to accept the lowest bid or any bid received in response to a verbal or written request.
- (3) CIET may remove a supplier name from consideration for a contract for up to three years based on poor performance or non- performance on a contract.
- (4) The procuring researcher shall work with other entities in CIET to combine requirements where possible and encourage overall standardization of items and thereby reduce the overall cost to CIET and its funders.

5. Authority of the executive director

- (1) The executive director (ED) has the authority to award contracts for services or purchase all goods or services that are within the budgets approved by CIET and as guided by this Procurement Policy.
- (2) The ED may authorize procedures consistent with this policy and may delegate the purchasing policy authority under this policy.
- (3) Financing purchases: The ED or his designate may authorize financing arrangements such as loans, leases, rentals, etc. for the purchase or rental of goods, services, equipment or property on behalf of CIET where the purchase is compliant with the other conditions and award limits within this policy and the period of financing does not exceed one year.

6. Purchasing Process

- (1) The following guidelines will be followed for purchase of goods and services for CIET:
 - (a) Up to US\$1,000 - Goods and services having a value up to US\$1,000 and not covered by a Price Agreement (see below) may be purchased by the procuring researcher in accordance with the principles set out in this policy.
 - (b) More than US\$1,000 but less than US\$10,000 - For the acquisition of goods and services with a value of at least US\$1,000 but less than US\$10,000, at least three quotations will be solicited by the procuring researcher in consultation with the researcher. These quotations should be written except in cases of minor purchases or standardized supplies. The requisition must be authorized by the procuring researcher (or designate) and the funds should be clearly identified in the approved operating budget.
 - (c) More than US\$10,000 - For the acquisition of goods and services with a value of at least US\$10,000 at least three written quotations will be solicited in consultation with the chief financial officer and the procuring researcher. The requisition must be authorized by the ED (or designate) and the funds should be clearly identified in the approved budget.

7. Methods of Procurement

The following are the Methods of Procurement to be used under this policy:

(1) Direct purchase of *low value items*:

Random purchase that are not included in CIET stock and whose value is less than US\$100 may be purchased by the researcher, using cash, cheque or credit card. These purchase costs are reclaimed on a monthly basis using the financial control sheets (FCS).

(2) *Price Agreements*:

In order to guarantee a continuous supply of various goods and services which are required on a day to day basis, the procuring researcher shall establish price agreements. These arrangements between CIET and the supplier commit the seller to provide goods or services at a specific price for a specific period of time. These agreements reduce the number of individual bids and reduce overall cost due to the higher volume gained by combining the requirements of a number of researchers or projects. Researchers can then draw supplies directly from these agreements. Price agreements are governed by the purchasing guidelines listed in this policy.

(3) *Tenders*:

An invitation to tender solicits competitive bids. It is used when detailed specifications are available that permit the evaluation of tenders against clearly stated criteria and specifications. A request for tenders is a formal, competitive, sealed- bidding process. It is normally used for the procurement of goods, services, equipment, and construction. The bids and prices are provided without condition or reservation and where an award can be made without negotiation. Submissions are compared to the specification and requirements contained in the tender documents. The award is normally to the lowest total cost bid received from a responsible bidder meeting the requirements of the tender.

(4) *Two-phase Bids*:

Where detailed specifications are not available or it is impractical to prepare a specification based on price, a two-phase bid may be issued, inviting the submission of bids as follows:

Phase one: one or more steps in which bidders submit proposals, for evaluation either with or without prices in a separate submission and

Phase two: Only those bidders whose bids were determined to be acceptable will be entitled to submit priced bids for consideration or, where prices have been separately submitted in phase one, such bids are opened and awarded to the lowest overall cost. This type of procurement has the advantage of a request for proposal in phase one and the advantages of a tender in phase two.

(5) *Request for Proposal*:

A Request for Proposal is a formal invitation to suppliers to describe how their services, methods, equipment or products can address and/or meet specific needs of CIET. It is used when a supplier is invited to propose a solution to a problem, meet a requirement, or accomplish an objective. Unlike tenders, responses to Requests for Proposals are compared to each other to assess the best proposal.

Negotiations may be conducted with bidders after the date for the receipt of proposals provided such negotiations are conducted to:

- award equitable treatment to each acceptable bidder with respect to an opportunity for discussion and the revision of the proposal;
- prevent the disclosure of the content of the discussion or negotiations with one bidder to another bidder.

Proposals submitted in response to a Request for Proposal need not be opened in public but will be opened in the presence of at least one witness. A list of the submissions will be available to the public and the proponents upon request.

An award of a contract based upon a Request for Proposal will be made to the supplier whose proposal is determined to be the most advantageous to CIET based upon criteria for evaluation set out in the Request for Proposal and equitably applied to all proposals.

(6) *Request for Quotation:* This is an informal request for prices for goods and services and is normally used where bid deposit and performance bonds are not required and where the cost of the work does not warrant the time and level of effort required for a formal tender process. Quotations should be written but can be verbal depending upon the cost of the goods or services and time constraints.

(7) *Negotiation:* Negotiations with one or more suppliers for the supply of goods and/or service will take place when any of the following conditions exist:

- (a) Due to market conditions, goods and/or services are in short supply
- (b) There is only one source of the goods or services
- (c) Efforts at differentiating between identical bids have previously been unsuccessful and the same goods or services are required again
- (d) All bids received are not acceptable or exceed the amount budgeted for the purchase
- (e) The extension or reinstatement of an existing contract would be more cost effective or beneficial to CIET. Extensions or reinstatements of existing contracts are subject to the approvals listed in Award of Contracts.

(8) *Sole Source Purchases:* This occurs when there is only one available supplier of a required product or service that meets the needs of CIET. Negotiation is the method of purchase used to complete the terms and conditions for this purchase. A single source purchase occurs:

- (a) Where the compatibility of a purchase with existing equipment, facilities or service is a paramount consideration and the purchase must be made from a single source;
- (b) Where items are purchased for testing or trial use;
- (c) Where CIET has a rental contract with a purchase option and such purchase option could be beneficial to CIET;
- (d) Where items are offered for sale by tender, auction or negotiation such purchase will be deemed to be a single source purchase and the ED may authorize the submission of a bid or the conduct of negotiations where the ED determines the purchase to be clearly in

the best interest of CIET.

(e) For matters involving security, police matters, or confidential issues, a purchase may be made in a manner that protects the confidentiality of the contractor or CIET. Such purchases may be made as a single source purchase. Purchases of this nature must be approved by the ED.

(9) Emergency Purchases:

An emergency purchase occurs when a situation creates immediate and serious need which may not be reasonably met by any other procedure and includes without limitation:

(a) A condition where lack of supplies or services may adversely affect the functioning of civic government, threaten public or private property or the environment, or jeopardize the health or safety of the researcher or public;

(b) Interim contractual arrangements following the expiration or breach of a contract, or the receipt of unacceptable or uncompetitive bids. Emergency purchases are completed using the most expedient method, but will take economy into consideration.

Limits for emergency purchases shall be as indicated in Section 6. However, in each case the authorizing person is required to report the emergency purchase, in writing, to the next level of authority with a copy to the ED.

8. Award of Contracts

(1) All publicly advertised tenders and requests for proposal shall be presented to the ED for approval except as noted below. A report of the purchasing process and details of the purchase will be prepared by the procuring researcher and approved by the ED (or designate).

(2) Awards less than US\$2,500 can be committed by the Project Manager

(3) Awards over the value of US\$2,500, but below the value of US\$5,000, can be committed by the Project Manager in consultation with the ED.

(4) The ED or his designate may approve the award of contracts under the following conditions:

(a) Where the funds and project are in line with other policies of CIET, have gone through the normal project planning and budget process and the expenditure will not result in an over-expenditure of the entire budget.

(b) Where the purchase was the result of a public procurement process conforming to CIET procurement policy.

(c) Where the tender is awarded to a supplier with the lowest cost, or highest revenue, meeting specifications.

(d) Where the award of a Request for Proposal is made to the highest scoring proponent based upon evaluation criteria within the Request for Proposal.

(e) Where the award does not exceed US\$10,000.00 for the purchase of goods, equipment, services, or construction.

(f) Where the purchase is a sole source purchase not exceeding US\$5,000.00.

(g) Where there is no legislative requirement to obtain any additional approval.

(5) A monthly report of awards of contracts over the value of US\$5,000 approved by the ED or his designate shall be made available to CIET and shall show the name of the contract, the name of the successful bidder, the amount of award, any person or company to whom a single or sole source contract has been awarded, and the amount of award.

9. Supplier Performance

(1) Suppliers may be subject to disqualification if there is sufficient evidence of consistent failure to meet the standards specified by CIET. The procuring researcher will maintain supplier performance files. Suppliers may be evaluated based on competitive price quality of a product, contract adherence and performance, after sales service and replies to invited tenders. Upon reasonable notice in writing to the supplier involved, and after a reasonable opportunity for response, a supplier can be disqualified for a period not exceeding three years from participation in a solicitation for goods or services

(2) Suppliers shall be disqualified in cases of:

(a) conviction for a criminal offence of a person or a director or official or such person relating to obtaining or attempting to obtain a contract or subcontract.

(b) An indication of lack of business integrity or honesty which directly and seriously affects the responsibility of the contractor.

(c) Serious breach of contract indicating an unwillingness to perform a contract in accordance with the terms and conditions or specifications or a record of unsatisfactory performance of one or more contracts in accordance with the terms and conditions thereof or in accordance with its specifications or both.

(d) The offer of any gratuity to an employee of CIET by a supplier or contractor for consideration.

(3) A written decision shall be issued to the person disqualified or suspended setting out the reasons for disqualification or suspension, to the usual business address of that person as shown in the records of the purchasing section.

(4) Disqualification shall be approved by the ED.

10. Disposal of Surplus Equipment

(1) The procuring researcher shall accumulate surplus assets from the completed projects. Items that are likely to be of use to other entities of CIET can be transferred to these entities, after notice is given to all entities of the availability of these items.

(2) Surplus assets over the value of US\$10,000 shall be disposed of by Public Tender and contract for disposal of such assets shall be awarded by the ED.

(3) In other cases surplus assets shall be disposed of by public tenders, request for quotation or auction as reasonably practical in the circumstances.

(4) The ED may award the disposal of surplus material without competition to any non-profit corporation, association, or entity.

11. Contract Documents, Bid and Performance Securities and Specifications

(1) The ED may from time to time approve such standard forms including bid and performance securities, if any, for purchases by Invitation to Tender, Request for Proposals, Request for Quotations, single source, or emergency purchases as well as forms of contract for types of purchase including but not limited to construction, supplies and installation or service as he may deem advisable.

(2) Bid bonds, Performance bonds and other securities including Labour and Material bonds shall be required for such purchases in such form and in such amounts, as the ED deems advisable.

12. Environmental Considerations

(1) To procure necessary goods with due regard to the environment CIET will ensure that wherever possible, specifications are amended to provide for expanded use of products and services that contain the maximum level of post-consumer use? and/or recyclable content. This will be done without significantly affecting the intended use of the product or service.

13. Special services

(1) Legal Services - Legal Services will be acquired by staff based upon work requirements from recommendations based upon qualifications, experience, services offered, past performance, proposed fees and other relevant considerations. The selection of the lawyer in an individual case shall be based upon the particular expertise required for that case. Legal services having a value of less than US\$5,000 may be acquired by the project manager who must inform the ED of their acquisition. Legal services having a value of US\$5,000 or more shall be approved by the ED (or designate).

(2) Architectural repairs, vehicle services, and real estate service, when these services are less than US\$5,000, will be acquired by CIET on the basis of staff recommendations. Suppliers will be selected, by project, based upon qualifications, experience, services offered, past performance, proposed fees, and other relevant considerations. Required services over the value of US\$5,000 will be publicly advertised.

(3) Banking Services - General banking services will be acquired by decision of the ED and chief financial officer.

(4) Auditing Services - Services of external auditors will be acquired by decision of the ED and chief financial officer. These services may be contracted on a one year term to be renewed on an annual basis on terms satisfactory to CIET.

14. Tie Bids

In the case of a tie bid, the procuring researcher must request the tie bidders to submit a final offer. If this is not successful and a tie bid still occurs, the contract will be awarded on the basis of physical proximity.

ANNEX ON REIMBURSEMENT OF PURCHASES AND EXPENSES

OVERVIEW: CIET travel and other personal reimbursements from all sources of funding must follow the guiding principles below. These policies should be made available to all contractors and visitors who may need reimbursement for expenses incurred.

1. General

Only legitimate monetary expenses related to approved CIET business will be reimbursed. Once reimbursed, these same expenses cannot be used for any other reimbursement against other CIET funds or for any claim to another organization. Submitted Financial Control Sheets and Travel Claims that do not conform to these policies will be returned to the claimant.

2. Advances

Travel and project implementation advances may be obtained for approved expenses to be incurred in a scheduled CIET activity. All advances are considered accountable and subsequent accounting is required. Advances are only paid upon approval of a travel itinerary, specifying the purpose of travel and names of the travellers, or project activities described in a request for advance. In the event that an amount is to be returned to CIET, this will normally be done by an FCS adjustment.

The procedure for receiving advances is first, submit an electronic request for advance, explaining purpose, place, relevance to the project, amount required and timing. If approved, the money will be advanced to the agreed account and becomes accountable (it should be entered on the following FCS). All advances must be accounted for in full before requesting another advance.

3. Reimbursements

Expenditures related to CIET activities incurred personally by contractors or project leaders must be claimed via a CIET Financial Control Sheet in order to receive the appropriate approvals. The claimant and financial manager are accountable to ensure that the expenses are legitimate and an appropriate use of funds.

In regards to travel, all expenses (regardless of amount) must be reported on one FCS for that single trip. This report must include all costs paid directly by CIET, the claimant, or any other party, and must include those initially paid through advances.

Receipt Requirements: Original paper or electronic receipts are required for all expenses being claimed except for mileage claims, meal per diems, tolls, public transportation and gratuities if paid in cash. CIET will accept scanned receipts (gas, rental, taxi and parking), employment agreements and casual hire contracts. The Claimant must ensure that the printed copies are of good quality and readable. Credit card statements and invoices are required for travel reimbursement. Bookings and fare quotes are not acceptable.

A total claim for car travel must not exceed equivalent rail or economy airfare. Each claim (only one per trip, two people in the same vehicle cannot claim separately) must provide the starting point and destination. A claim cannot cover both mileage and gas. CIET is not responsible for damages to cars used for CIET business. The claimant must therefore ensure that his/her personal automobile insurance is adequate. Car rental must not exceed equivalent rail or economy airfare.

Unless part of a specific CIET activity, like training or meeting with lunch provided by CIET, no food or meal expenses will be reimbursed. No alcohol receipts will be reimbursed under any circumstance. Accommodation when in the field is based on actual costs.

Travel supported by research grants or contracts must comply with CIET regulations and policies, unless specifically indicated otherwise by the granting agency. Certain granting agencies have established guidelines concerning expenses eligible for reimbursement.

4. Responsibilities

All FCS and travel claims must be acknowledged by the Claimant and approved by the financial manager. The financial manager is responsible for ensuring that the expenses are legitimate and appropriate for CIET purposes only, are in accordance with CIET policy, are charged to the correct project account and conform to granting agency regulations and relate to research for which the grant/contract was awarded.

The Claimant is the person who incurred the expense and who will be reimbursed for the expenses being claimed. The claimant is responsible for ensuring that expenses are accurate and appropriate for CIET purposes, in accordance with CIET policy and will not be used for reimbursement against any other CIET funds. The claimant is also responsible for ensuring that all expenses previously paid by CIET and expenses reimbursable to the claimant by any other party have been deducted on the Expense Report. In the event that reimbursements for expenditures are subsequently received from other organizations, the related refund must be made to CIET in cases where paid expenses were originally charged to CIET.

Approval for all expenditure must be received by the named authority on every project, the nominated principal investigator or project leader who signed the grant conditions or contract. The operational project lead may replace the named authority if the named authority is the executive director or associate executive director who is serving in an institutional oversight role.