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RULES FOR PROCUREMENT

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Principles

Financial Regulations, Rule 11

1. Procurement functions include all actions necessary for the acquisition, by purchase or lease, of property, including products and real property, and of services, including works. The following general principles shall be given due consideration when the procurement functions of the Inter-Parliamentary Union are exercised:

- (a) Best value for money;
- (b) Fairness, integrity and transparency;
- (c) Effective international competition;
- (d) The interest of the Union.

2. Equipment, supplies and other requirements shall be procured through an open competitive process, except where the Secretary General deems that, in the interests of the Union, a departure from this regulation is desirable.

General Provisions

- 1) No purchase of goods or services shall be authorized unless it is in compliance with the Financial Regulations and Rules for Procurement. Goods and services that are obtained without following the aforementioned provisions will not be accepted, and any invoices will not be processed for payment.
- 2) Goods and Services that are not subject to these rules are listed in Schedule "A"
- 3) Consistent with the principles set out in Financial Regulation 11 and except as otherwise provided in Rule 33, procurement contracts shall be awarded on the basis of effective competition, and to this end the competitive process shall, as necessary, include:
 - a) Acquisition planning for developing an overall procurement strategy and procurement methodologies;
 - b) Market research for identifying potential suppliers;
 - c) Consideration of prudent commercial practices;
 - d) Formal methods of solicitation, utilizing invitations to bid or requests for proposals on the basis of advertisement or direct solicitation of invited suppliers, or informal methods of solicitation such as requests for quotations.
 - e) Public bid openings.
- 4) The Inter-Parliamentary Union encourages innovation and the use of technology in order to ensure the utilization of the most efficient and effective processes and standards, specifically, this includes purchasing over the internet.
- 5) Requisitions or purchase orders shall not be arbitrarily structured to circumvent the limits of delegated authority or the authorized purchasing procedures.
- 6) No provision of the Rules precludes the Director of Support Services from recommending an award to Secretary General where, in the opinion of the Director of Support Services, it is in the best interest of the Union to do so.

- 7) The Inter-Parliamentary Union reserves the right to accept or reject any submission of a bid, quotation, proposal or other offer.
- 8) Disputes shall be resolved as follows:
 - a) meeting between the bidder and the Director of Support Services
 - b) if (a) does not lead to a resolution, the decision can be appealed to the Secretary General.

Requirement for Approved Funds

- 9) The exercise of authority to award a contract is subject to the identification and availability of sufficient funds in appropriate accounts within the approved budget.
- 10) Where goods and services are routinely purchased or leased on a multi-year basis, the exercise of authority to award a contract is subject to:
 - a) the identification and availability of sufficient funds in appropriate accounts for the current year within the approved budget,
 - b) the requirement for the goods or services will continue to exist in subsequent years and, in the opinion of the Director of Support Services, the required funding can reasonably be expected to be made available, and
 - c) the contract having a cancellation clause.

Responsibilities and Authorities

- 11) The Director of Support Services is responsible for the procurement functions of the Inter-Parliamentary Union, shall establish procurement systems and shall designate the officials responsible for performing procurement functions.
- 12) The Director of Support Services is responsible for:
 - a) The procurement process for all items greater than CHF 50,000;
 - b) Providing professional procurement advice and services to other staff engaged in procurement;
 - c) Delegating authority to staff members for purchases not exceeding CHF 50,000;
 - d) Monitoring compliance with the Financial Regulations and Rules for Procurement;
 - e) Reporting to the Secretary General whenever the specifications of a Tender Call, a Request for Quotation, or a Request for Proposal cannot be met by two or more suppliers;
 - f) Notifying the Secretary General, in advance if possible, of non-compliance with the Financial Regulations and Rules for Procurement, and
 - g) Rejecting all purchase requisitions for services where the services could result in the establishment of an employee – employer relationship.

- 13) Delegated staff members:
 - a) Have responsibility for all procurement activities within their delegation of authority and accountability for achieving best value while following the Rules for Procurement;
 - b) Have authority to purchase items not exceeding CHF 50,000.

Procurement Procedures

REQUEST FOR TENDER

- 14) Tender means a sealed bid which contains an offer in writing to provide specified services or supply specified goods at a certain price in response to a publicly advertised request for bids.
- 15) Request for Tender procedures shall be used where:
 - a) the purchase could be greater than CHF100,000;
 - b) the requirement can be fully defined; and,
 - c) best value for the Union can be achieved by an award selection made on the basis of the lowest bid that meets specifications.
- 16) The tendering procedure requires that:
 - a) The requisitioning division shall provide to Director of Support Services a purchase request in writing containing the relevant specifications, budget authorization, approval authority and terms and conditions for the purchase of goods, services or construction.
 - b) The Director of Support Services shall be responsible for advertising the tender and arranging for the public opening of tender bids at the time and date specified by the tender call. There shall be in attendance at that time, at least:
 - i) Director of Support Services or their designate, and
 - ii) A representative from the requisitioning division.
 - c) The Director of Support Services shall forward to the requisitioning division a summary of the bids and may award of contract to the lowest responsive bidder, subject to review by the Requisitioning division regarding specifications and contractor performance.

REQUEST FOR QUOTATION

- 17) A quotation is a price for specific goods or services from a qualified vendor which is submitted verbally, in writing, or transmitted electronically in response to a request for quotation.
- 18) Request for quotation procedures shall be used where:
 - a) the purchase will not be greater than CHF100,000;
 - b) the requirement can be fully defined; and,
 - c) best value for the Union can be achieved by an award selection made on the basis of the lowest bid that meets specifications.

- 19) Where the requirement could exceed CHF 50,000:
 - a) The requisitioning division shall provide to Director of Support Services a purchase request in writing containing the relevant specifications, budget authorization, approval authority and terms and conditions for the purchase of goods, services or construction.
 - b) The Director of Support Services shall advertise the purchase requirement and shall obtain at least three written quotations.
 - c) Director of Support Services shall forward to the requisitioning division a summary of the quotations and recommend the award of contract to the lowest responsive quote subject to review by the requisitioning division regarding specifications and contractor performance.
 - d) The Requisitioning division shall be responsible to review the quote submission and verify that all specifications of the quote are met.
- 20) Where the purchase will be less than CHF 50,000, the staff member delegated under Rule 13 shall obtain three oral or written quotations and shall award the contract to the lowest responsive quote.
- 21) Internet offers with firm prices from legitimate suppliers may be received as quotations. The Director of Support Services may authorize the use of a commercial search engine on the internet which compares offers of multiple independent suppliers.

REQUEST FOR PROPOSAL

- 22) The Request for Proposal procedure shall be used where:
 - a) the requirement is best described in a general performance specification;
 - b) innovative solutions are sought; and,
 - c) to achieve best value, the award selection will be made on an evaluated point per item or other method involving a combination of mandatory and desirable requirements.
- 23) Evaluation criteria may include factors such as qualifications and experience, strategy, approach, methodology, scheduling and past performance, facilities, equipment, and pricing. Cost will always be included as a factor, as best value includes both quality and cost.
- 24) The Request for Proposal requires that:
 - a) The Requisitioning division shall provide Director of Support Services with a purchase request in writing containing the budget authorization, approval authority, terms of reference and evaluation criteria to be applied in assessing the proposals submitted.
 - b) The Director of Support Services shall advertise the purchase requirement and shall obtain at least three written proposals.
 - c) A Selection Committee, composed of a minimum of one representative from the Requisitioning division and a representative of the Director of Support Services, shall review all proposals against the established criteria, reach consensus on the

- final rating results, and ensure that the final rating results, with supporting documents, are kept in the procurement file.
- d) Director of Support Services shall forward to the Requisitioning division an evaluation summary of the procurement, as well as the Committee's recommendation for award of contract to the supplier meeting all mandatory requirements and providing best value as stipulated in the Request for Proposal. Where the lowest bid is not accepted, the Requisitioning division is responsible for documenting the determination of best value, in a confidential report Secretary General prior to award of contract.
- 25) During the proposal process all communication with bidders shall be through Director of Support Services.
- 26) Unsuccessful proponents may, upon their request, attend a debriefing session with Director of Support Services to review their bid submission. Discussions relating to any bid submissions other than that of the proponent present will be strictly prohibited.

BLANKET CONTRACT PURCHASES

- 27) A Blanket Contract may be used where:
- a) one or more clients repetitively order the same goods or services and the actual demand is not known in advance, or
 - b) a need is anticipated for a range of goods and services for a specific purpose, but the actual demand is not known at the outset, and delivery is to be made when a requirement arises.
- 28) Director of Support Services shall establish and maintain Blanket Contracts that define source and price with selected suppliers for all frequently used goods or services.
- 29) To establish prices and select sources, Director of Support Services shall employ the provisions contained in this Policy for the acquisition of goods, services and construction.
- 30) More than one supplier may be selected where it is in the best interests of the Inter-Parliamentary Union and the bid solicitation allows for more than one.
- 31) Where purchasing action is initiated by a division for frequently used goods or services, it is to be made with the supplier or suppliers listed in the Blanket Contract.
- 32) The expected quantity of the specified goods or services to be purchased over the time period of the agreement will be as accurate an estimate as practical and be based, to the extent possible, on previous usage adjusted for any known factors that may change usage.

NON-COMPETITIVE PURCHASES

- 33) The requirement for competitive bid solicitation for goods, services and construction may be waived by the Director of Support Services under the following circumstances:
- a) the required goods and services are reasonably available from only one source by reason of the scarcity of supply in the market or the existence of exclusive rights held by any supplier or the need for compatibility with goods and services previously acquired and there are no reasonable alternatives or substitutes;
 - b) where only one source of supply would be acceptable and cost effective;
 - c) where the nature of the requirement is such that it would not be in the public interest to solicit competitive bids as in the case of security or confidentiality matters;
 - d) where in the event of an "Emergency" as defined by Rule 36, a requirement exists;
 - e) When the proposed procurement contract is the result of cooperation with other organizations pursuant to Rule 37;
 - f) When offers for identical products and services have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive;
 - g) When, within a reasonable prior period, an attempt to purchase the required goods and services has been made in good faith using a competitive process which has failed to identify a successful supplier and it is not reasonable or desirable that a further attempt to purchase the goods and services be made using a method other than Direct Negotiation
 - h) When the proposed procurement contract relates to obtaining services that cannot be evaluated objectively;
 - i) When the Director of Support Services otherwise determines that a formal solicitation will not give satisfactory results;
 - j) When the value of the procurement is below CHF 5,000.
- 34) When a Requisitioning division intends to select a supplier to provide goods, services or construction pursuant to Rule 33, a written report indicating the compelling rationale that warrants a non-competitive selection will be submitted by the Director of Support Services for approval prior to the selection.
- 35) When a determination is made pursuant to Rule 34 above, the Director of Support Services shall record the reasons in writing and may then award a procurement contract, either on the basis of a directly negotiated contract, to a qualified vendor whose offer substantially conforms to the requirement at an acceptable price.

PROCUREMENT IN EMERGENCIES

- 36) Where, in the opinion of the Secretary General, an emergency has occurred, the Director of Support Services on receipt of a requisition authorized by a Requisitioning division and the Secretary General may initiate a purchase order in excess of the preauthorized expenditure limit; and any purchase order issued under such conditions together with a source of financing shall be justified and reported to the next meeting of the Executive Committee following the date of the requisition.

COOPERATION

- 37) The Director of Support Services may cooperate with other organizations to meet the procurement requirements of the Inter-Parliamentary Union, provided that the regulations and rules of those organizations are consistent with those of the Inter-Parliamentary Union. The Director of Support Services may, as appropriate, enter into agreements for such purposes. Such cooperation may include carrying out common procurement actions together or the Inter-Parliamentary Union entering into a contract relying on a procurement decision of another organization or requesting another organization to carry out procurement activities on behalf of the Inter-Parliamentary Union.

WRITTEN CONTRACTS

- 38) Written procurement contracts shall be used to formalize every procurement action with a monetary value exceeding CHF 5000. Such arrangements shall, as appropriate, specify in detail:
- (i) The nature of the products or services being procured;
 - (ii) The quantity being procured;
 - (iii) The contract or unit price;
 - (iv) The period covered;
 - (v) Conditions to be fulfilled, including the Inter-Parliamentary Union general conditions of contract and implications for non-delivery;
 - (vi) Terms of delivery and payment;
 - (vii) Name and address of supplier.
- 39) The requirement for written procurement contracts shall not be interpreted to restrict the use of any electronic means of data interchange.

Materials Management and Inventory Control

- 40) The Director of Support Services shall adopt and implement a system of materials management and inventory control methods so as to maintain an adequate level of commodities to support and supply all operations and services of the Inter-Parliamentary Union.
- 41) The Director of Support Services shall have the authority to sell or otherwise dispose of all surplus stock or supplies that have become unsuitable for use by the Inter-Parliamentary Union or to exchange or trade the same for new supplies.
- 42) Sales of surplus stock or supplies shall be made to the highest responsive bidder.
- 43) Notwithstanding Rule 42 above, the Director of Support of Support Services may transfer surplus stock or supplies to member parliaments, other governmental or non-governmental organizations, or charities when this is in the best interest of the Inter-Parliamentary Union.
- 44) The Director of Support Services will provide an annual report to the Secretary General on the disposal of surplus stock or supplies.

Schedule A
Goods and Services not Subject to the Rules for Procurement

- 1) Petty Cash Items up to CHF 200
- 2) Training and Education including:
 - a) Courses
 - b) Memberships
 - c) Seminar fees
 - d) Staff Development expenditures
 - e) Staff Relations
- 3) Refundable Employee Expenses including:
 - a) Cash advances
 - b) Meal allowances
 - c) Travel expenses
 - d) Accommodation
- 4) Employer's General Expenses including:
 - a) Payroll deduction remittances
 - b) Medical expenses
 - c) Insurance premiums
- 5) Licences, certificates and other approvals required.
- 6) Other Professional and Special Services up to CHF100,000 including:
 - a) Additional non-recurring Accounting and Auditing Services
 - b) Legal Services
 - c) Banking Services where covered by agreements.
 - d) Administration of Group Benefits
- 7) Ex Gratia payments
- 8) Real Property
- 9) Financial Instruments

Purchasing Guidelines

Guidelines are organized by objective as follows:

OBJECTIVE 1: Corporate Efficiency

Purchases under this authority must be for unique Divisional requirements, and therefore not duplicated in other Divisions or Boards/Commissions, such that Corporate purchasing power or standardization is not a factor in costing. Requirements cannot be split in order to qualify for this process.

OBJECTIVE 2: Competitive Process

A competitive process is undertaken whereby a minimum of 3 bids is obtained, and the lowest compliant bid is awarded the contract. Care must be taken as to how bids are sought, bidders lists are maintained and how competition is encouraged. Although a minimum of 3 bids is required, an open process without a minimum number of bids will be more competitive, and is encouraged.

OBJECTIVE 3: Open process

Divisional needs are communicated to bidders, who are able to bid on goods or services they are qualified to provide. There should be no limitation of bids to an established listing.

OBJECTIVE 4: Transparent process

The process is undertaken based on clear definition of the product or service requirement, and a clear outline of the review and criteria to be undertaken. The decision to choose the low bidder will be based solely on the requirements as documented, the bidder document, and the application of the review criteria. The same decision should be arrived at each time given the same set of facts, which will facilitate the dispute resolution process.

OBJECTIVE 5: Fair process

The process will be fair, such that no action is undertaken by Inter-Parliamentary Union staff to allow any given bidder an unfair advantage. This does not however, require Inter-Parliamentary Union action to ensure that existing conditions are changed to ensure that any conversion costs from an incumbent to another supplier are ignored in an evaluation – it is in the best interest of the Inter-Parliamentary Union to ensure that such “levelling of the playing field” is not required.

OBJECTIVE 6: Insurance and Risk Management

The Inter-Parliamentary Union’s standard Insurance form must be completed and forwarded to Insurance Risk for review and input into the Insurance Program. WSIB certificates of clearance must be submitted to Accounts Payable at the commencement of the project and periodically as the work is completed. The Inter-Parliamentary

Union's standard Performance and Labour and Material Bonds are to be maintained and updated throughout the contract and released upon completion.

OBJECTIVE 7: Authorization for Expenditure

Purchase Orders must be completed, ensuring that the general ledger account has sufficient funds to pay for the contract.

OBJECTIVE 8: Reporting of items conducted under delegated authority

The Requisitioning division shall supply to the Director of Support Services a report of all items carried out under delegated authority.

OBJECTIVE 9: Standardization

In order to assist in cross-training, enable multiple bidders to understand the process requirements, and ensure that legal and insurance risks are controlled, standard formats should be followed for Requests for Quotation. These formats will be approved by Director of Support Services and will be updated as appropriate.

OBJECTIVE 10: International Competition

As an international organization, the Union shall endeavour to open its purchasing to vendors from the country of any member parliament.