



INTOSAI Development Initiative Procurement Policy

2014

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Preface

INTOSAI Development Initiative (IDI) has established itself as a trusted and long term partner of international development partners in the field of providing quality capacity development support to Supreme Audit Institutions in developing countries.

IDI has been following sound procurement policies drawing on the Norwegian Government regulations and international best practices. This document is an effort to institutionalize the practices into a policy for the IDI to lead by example in the SAI community. This will further IDI's efforts in its quest for quality and providing the developmental partners value for their grants made to the IDI.

This procurement policy is set in place to govern the process of acquiring goods and services needed by the IDI to function efficiently and ensure sound spending and value for money. Buying goods, works and services more efficiently will release funds that can be used to deliver results that contribute to the achievement of IDI's mission to support SAIs in developing countries in enhancing their performance, independence and professionalism.

Dated: 18 December 2014

**Einar Gørrissen
Director General**

1. Introduction

1.1. This policy is based on the Norwegian government's procurement principles adjusted to IDI's organisation and IDI's legal status of a non government foundation¹. The policy also incorporates the necessary principles mandated by international development agencies for making procurements out of development grants and is aligned to good international practices related to procurement.

2. Applicability of the Policy

2.1. Direct Procurement: This policy is applicable to all direct procurement of goods and services that are made by the IDI through the designated staff.

2.2. Procurement through local partners including INTOSAI regions/ SAIs: The policy is also applicable to any agency /IDI stakeholder including SAIs, INTOSAI regions etc. which make procurements on behalf of the IDI. Further details about such procurements are provided in section 13.1.

3. Definition of Goods and Services

3.1. Goods: Goods purchased by the IDI shall include all physical items including furniture, computers, software, stationery, office consumables, fixtures, spares, instruments, machinery, equipment etc. It also covers books, publications, periodicals, etc. for the IDI library.

3.2. Services: IDI's hiring of external professionals, consultancy firms or consultants for a specific job, which is well defined in terms

of content and time frame for its completion or outsourcing of certain services like IT, printing etc., shall constitute procurement of services. This shall include services like insurance, banking, travel support, hotels etc.

4. Roles and Responsibilities

4.1 All IDI staff are required to follow the policy while making procurements. Respective roles of the IDI staff are detailed in the explanation to the different stages of the procurement life cycle in the IDI.

5. Basic Principles

5.1. Competition: All procurements should to the maximum extent possible be based on competition to ensure true value for all procurements.

5.2. Transparency: All procurements should be done in a transparent manner in order to ensure proper information for all concerned stakeholders including vendors.

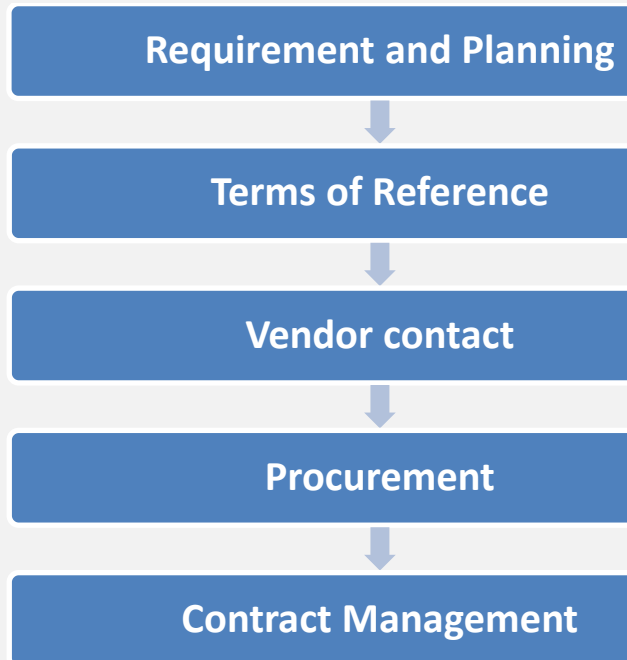
5.3. Ethics: Relevant principles of the IDI Code of Ethics have to be followed in procurements to guard against unethical and corrupt practices in procurement.

5.4. Environmental concern: While making the procurements the relevant clauses of the IDI Environment Policy should be considered for addressing environmental concerns.

5.5. Social Responsibility: All procurements should be based on fair trade practices and guard against any form of direct or indirect discrimination or exploitation of any community or group including minorities, women and children.

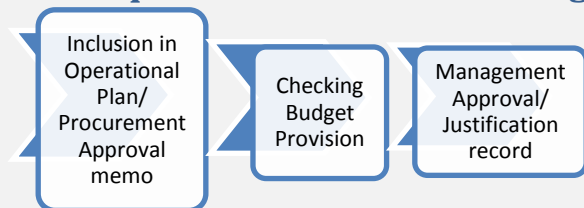
¹ Registered as a Norwegian foundation, IDI is not eligible to use the Doffin and other databases/systems available to government agencies

6. Procurement Life Cycle in IDI



6.1 The procurement policy is shaped around the procurement life cycle in the IDI. Cost threshold specific requirements have been covered under ‘Procurement’ in clause 10 of the policy.

7. Requirement and Planning



7.1. The requirement for procurement should normally be included in the IDI Operational Plan and the corresponding budget. This is implicit for regular procurements necessary for conducting IDI programme activities as part of the IDI Operational Plan.

7.2. If not included in the Operational Plan, emergent procurements shall involve the drafting of a Procurement Memo by the concerned IDI staff and shall be presented to

the concerned DDG/DG member for approval. Approval from the DDG/DG must be obtained only when the value of the procurement is above NOK 30 000 or the concerned IDI staff is not delegated with powers to make procurements below this amount. When the IDI Staff is delegated to make procurements below NOK 30 000 the concerned DG/DDG should be kept informed about the initiation and completion of the procurement. The concerned staff shall however keep the procurement memo in support of justification of the procurement and archive it in terms of the IDI archiving policy of saving in the Archive room and in Websac.

7.3. The procurement memo shall clearly mention:

- a) Details of the item/ service to be procured.
- b) Purpose served.
- c) Estimated total cost.
- d) Period of the good/service (dates/years).
- e) Substitutes and alternatives, if any.
- f) Suggested Procurement Process⁷

7.4. The memo may be in the form of electronic communication to the concerned DDG/DG which shall be retained for further reference. Alternately paper memo may also be used and retained as per IDI archiving policy of saving in the Archive room and in Websac.

7.5. While approving the Procurement Memo, the availability of budget for the procurement shall be ensured. Any deviation from the amounts indicated in the budget shall be justified.

7.6. The following conditions should also be observed during this phase:

- a) The procurement should meet the requirements of financial prudence as explained in Clause 5.1.3 of the IDI Code of Ethics.
- b) The purpose served by the procurement and the estimated cost projection should be in terms of the above provision.

7.7 This stage results in justification for moving on to the subsequent stages of the procurement process.

8. Terms of Reference Document



8.1. The next stage involves drafting and approval (if beyond the delegated thresholds in clause 10.1) of the Terms of Reference Document for the procurement. The addition from the previous phase involves determining the criteria for procurement and elaborating the specifications for the good/service to be procured.

8.2. Thus the Terms of Reference Document should contain:

- a) Details of the item to be procured including Specifications of the good/service in terms of quality and quantity.
- b) Purpose served.
- c) Estimated cost(optional depending on the need to invite economical quotes).
- d) Date of delivery of good or period of service.
- e) Procurement Plan.
- f) Criteria for selection to be determined in terms of the vendors’ prior record, brand

reputation, warranty conditions and overall value for money in terms of price and quality. If required a weighted matrix should be prepared.

- g) Eligibility of vendors.
- h) Nature of contract i.e. whether one off agreement or a continuing contract.
- i) The terms of procurement will also be determined based on the threshold amounts as explained clause 10 of this policy.

8.3. Examples of Terms of Reference documents are saved in W 012.1. These may or may not be used as templates depending on the specific nature of the procurement being made.

8.4. The Terms of Reference Document will be drafted by the concerned IDI staff and approved by the concerned DDG/DG if beyond the delegated thresholds in clause 10.1.

8.5. Clause 5.1.3 of the IDI Code of Ethics shall be considered while drafting the Terms of Reference Document. While drafting the specifications and criteria the requirements of open and fair competition shall be clearly considered. Under no circumstance should any procurement be split up to bring it under a threshold value to avoid the requirements of clause 10 of this policy.

9. Vendor Contact



9.1. The first part in this phase involves the identification of potential vendors from diverse sources including information from IDI

stakeholders and public domain including websites and yellow pages.

9.2. The Request for Proposal document may be drafted by the concerned IDI staff in the form of a letter or e-mail.

9.3. Subject to quality check and any related comments, management approval should be obtained and sent out to the identified vendors for their response.

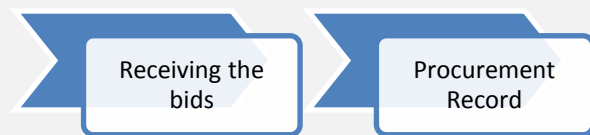
9.4. The Request for Proposal shall contain:

- a) Time frame for providing the quotation.
- b) Period of validity of bids.
- c) Contact details of the IDI Staff.
- d) Terms of Reference Document as appendix.

5 000-30,000	Three quotes sought where possible	Yes (When more than 1 quote obtained)	As per delegation; inform concerned DDG/DG
30,000-100,000	Minimum 3 quotes sought	Yes	Concerned DDG/DG
100,000-500,000	Open tender or minimum 5 quotes sought	Yes	Purchase Committee comprising two members of the IDI Management Team (2 DDGs/DG)
>500,000	Open tender/ or minimum 5 quotes sought	Yes	Purchase Committee: must include DG

10. Procurement

Cost threshold specific requirements for the preceding stages of the procurement cycle have also been covered in this section.



10.1. Thresholds² and Requirements at a Glance

Threshold (NOK)	Quotes	Procurement Record	Approval
<5 000	No	No	As per delegation; inform concerned DDG/DG

² All threshold values are exclusive of VAT

10.2. Other Relevant Issues for Procurements up to 5 000 NOK

10.2.1. The preceding three stages of procurement may be consolidated into a single memo for such procurements for the sake of simplification of procedure.

10.3. Other Relevant Issues for Procurements between 5 000-30 000 NOK

10.3.1.. Three quotes should be sought wherever possible. Otherwise depending on the nature of the procurement one quotation should be obtained with full specifications of the good or service. This will not be applicable in case of local purchases of stationary and consumables purchased for projects which may have to be done on a 'walk-in' basis from a retailer. The quotations may be obtained by direct contact with the vendors. This is normally a case of closed tendering where only some pre-qualified bidders are invited.

10.3.2. The preceding three stages of procurement may be consolidated into a single memo for such procurements for the sake of simplification of procedure.

10.3.3. All vendors that are being approached should be genuine and credible in terms of the basic principles of the procurement policy. Efforts may be made to approach more than the prescribed number of vendors as mentioned in the policy.

10.3.4. However, all requirements in terms of details involved in different stages, as well as the general procurement principles and ethical requirements need to be followed without exception.

10.3.5. Wherever more than one quotation is considered, a **Procurement Record** has to be prepared. This will be prepared by the concerned IDI staff.

10.3.6. The concerned IDI staff should invite the quotations to his/her official e-mail account with a copy necessarily to the official e-mail account of the concerned DDG/DG and he/she will be entirely responsible for the proper handling and confidentiality of the proposals received.

10.3.7. The procurement record will be in the form of a comparative statement covering:

- a) Evaluation of all the quotations against the specifications of the good/service.
- b) Evaluation of all the quotations against the criteria for selection mentioned in the Terms of Reference Document and Request for Proposal.
- c) Selection of vendor with best quotation.
- d) Justification for selection.

e) Informing the concerned DDG/DG member of the selection.

f) The procurement record needs to be more stringent in case of higher value procurements with due weighting of criteria on the basis of which the procurements are being made. This will also be helpful in addressing complaints should they arise.

10.3.8. Some model procurement records have been saved in W: 012.1. These may or may not serve as templates depending on the nature of the procurement being made.

10.3.9. The concerned IDI staff will be responsible for archiving the procurement record according to the IDI archiving policy of saving in the Archive room and in Websac.

10.3.10. All the bidders shall be informed about the final selection.

10.3.11. In case only one quotation is received, the comparative procurement record need not be prepared. However a procurement note justifying the selection of the provider should be prepared and the concerned DDG/DG should be informed.

10.4. Other Relevant Issues for Procurements between 30 000-100 000 NOK

10.4.1. At least three vendors must be contacted for obtaining quotations. The quotations may be obtained by direct contact with vendors. This will also be a case of closed tendering where only some pre-qualified bidders are invited. A Procurement Record has to be prepared for final approval of the concerned DDG/DG as per clause 10.1 above. The differences here compared to the previous clause 10.3 regard the mandatory requirement

of three quotations, and approval must be by a DDG/DG, rather than delegated approval.

10.4.2. In case of the procurement being initiated by a DDG, the approval has to be obtained from the DG or another DDG.

10.4.3. All vendors who have taken part in the tender must be notified in writing. The notification has to include information regarding the selection and deadline for submitting complaints (normally within 4 working days of them being informed). Efforts may be made to maintain the anonymity of complaints.

10.4.4. Any questions raised by the competitors during the tender process, and the IDI's response, should be distributed to all who take part in the competition.

10.4.5. All other roles and responsibilities regarding the procurement record mentioned in section 10.3 have to be followed.

10.5. Procurements between 100 000 NOK - 500 000 NOK

10.5.1 All procurements within this threshold shall involve open tendering or contacting a minimum of five vendors for quotes. Open tendering may be done by publishing the Tender Notice in newspapers, trade journals, on the IDI website or other bulletins. Efforts should be made for obtaining international quotations. However, the criteria and specifications for the good/service to be procured should justify whether open tendering is being followed. Eg. Need to diverge in case of hotel procurements as mentioned in clause 10.8 below.

10.5.2. All quotations in this threshold shall be evaluated by a **Purchase Committee** comprising the concerned IDI Staff and two DDGs/DG. Joint

approval has to be provided by both the DDGs/DG.

10.5.3. All vendors who have taken part in the tender must be notified in writing. The notification will include information regarding the selection and deadline for submitting complaints (not more than 4 working days).

10.5.4. All other roles and responsibilities regarding the procurement record mentioned in the previous sections 10.3 & 10.4 shall be followed.

10.6 Procurement over NOK 500 000

10.6.1. The requirements for this threshold group are largely the same as clause 10.5 including the role of the Purchase Committee. The only difference being that the decision of the Purchase Committee has to be approved by the DG if the DG is not part of the Purchase Committee.

10.6.2. The IDI requires all vendors to present a tax (VAT / Sales Tax etc.) certificate if the value of the contract exceeds NOK 500 000 excl. VAT. For works (construction and service contracts) to be carried out in Norway, all vendors shall present a Health, Environment and Safety self-assessment to the IDI.

10.7 Exemptions

10.7.1. Single Source Procurements

There may also be some emergent requirement to hire specialists or subject matter experts with specific skills who are otherwise not part of the framework agreement and also do not have any substitutes for IDI to approach for requesting multiple quotes. Services of such individuals may be obtained through single source procurement after justification that they are singularly placed to deliver the services. Such

procurements have to be approved by the Director General.

Single source procurement may also be made in case of patented goods or books from relevant publishers. However, in case of purchasing these goods from resellers, the policy provisions will be applicable.

10.7.2. Emergency Procurement and Management Approval

Ex post facto management approval may be obtained in cases of procurements done under extreme emergency when no DDG/DG was available for providing approval. Efforts shall be made to contact all DDGs/DG over telephone before proceeding with the procurement. As such procurements would be by their very nature emergent, single sourcing may be done with post facto justification. In cases of emergency procurements under delegated powers, the concerned DDG/DG shall be informed at the earliest opportunity. All emergency procurements being made without informing any member of the IDI Management Team have to be limited to NOK 100 000.

10.8. Procurement of Hotel Services

Procurement of hotel services for IDI programmes are by their nature different from other procurements. They shall be governed by the following provisions.

10.8.1. Procurement of hotels are generally not well suited for open tendering owing to their localized requirements. In case five hotels cannot be contacted (due to fewer hotels at the location), this should be justified in the procurement memo but a minimum of three shall be contacted. This provision may however be relaxed with full justification and approval by

DG/DDG in case less than three hotels are available at a venue.

10.8.2. As procurement of hotel services are required to be confirmed at the earliest owing to high possibility of price changes/unavailability, the complaint clause may be waived for procurement of hotel services. However, all bidders have to be invariably be informed.

11. Framework Agreements

11.1. Framework agreements are an effective way of ensuring value for money in the procurement of small consultancy services. IDI will maintain a framework agreement(s) with a list of pre-approved consultants, from which IDI staff can enter into draw down contracts at pre-agreed fee rates. Draw down contracts may be done through justified selection from the consultants on the framework agreement, or through a competitive process between consultants on the framework agreement.

11.2. IDI framework agreements shall normally last for a period of four years. In case of specific services which require a period of trial or review these may be operated on a 1+3 or 2+2 year basis They shall be established through an open competitive procurement process, under which consultants will be assessed against the required skill set of the framework agreement. Daily fee rates shall be agreed for the duration of the framework agreement, in either NOK or another specified currency. An upper limit on the total value of draw down contracts for each consultant shall be specified in the Terms of Reference Document for the framework agreement. This upper limit shall determine the procurement approval requirements (as per section 10.1).

Framework agreements may also be drawn up for procurement of recurrent services like telephone, insurance etc.

12. Contract Management

12.1. Contract Management begins with the signing of the contract between the IDI and the selected vendor. The contract is signed by the concerned DDG/DG who has approved the selection of the vendor or in whose functional department the delegated procurement has been approved by another IDI staff.

12.2. The concerned IDI staff initiating the procurement will be responsible for managing the contract and ensuring the necessary clauses in the contract for meeting the IDI's requirements. Special attention shall be given to the specifications, quality and timeliness of delivery.

12.3. The concerned IDI Staff will be responsible for proper inventorying of the good(s) procured and in terms of the IDI Asset Management Policy once that is developed.

12.4. **Performance Security and Bank Guarantee:** For high value contracts above 500 000 NOK provision for Bank Guarantee should be included in cases where upfront payments of at least 100 000 NOK is made prior to delivery of any good or service. In case of non inclusion of Bank Guarantee, this should be suitably justified. This is to protect the IDI from any breach in contract by the vendor.

13. Other considerations

13.1.. **Procurement through local partners:** Owing to the practical requirements inherent to the hosting of IDI events in other countries, IDI extensively relies on the support and

coordination from the host SAI/INTOSAI region. Only procurements directly related to the IDI event being hosted in the particular country like hotel services, air ticketing, stationary purchases and renting of computers/printers etc. may be obtained through the partner SAIs/regions. All efforts shall be made by the concerned IDI staff to get the cooperating partner(s) to follow the IDI procurement policy. Exemptions shall be made only in cases where the SAI/INTOSAI region is required to follow its own national procurement policy. In such cases the procurement in question may be treated as a grant provided to the region/SAI for supporting IDI organized event for obtaining directly relevant goods or services like those mentioned above. In such cases an assurance shall be obtained from the SAI/region that their national procurement policy has been followed while making the procurement. The concerned IDI staff shall consider, on a case by case basis, whether the value and nature of the procurement warrants further efforts from IDI to review the adequacy of the procurement policy and verify that it has been followed in practice.

13.2. **Delegation of purchasing powers:** List of delegation of purchasing powers for procurements between 5 000 NOK-30 000 NOK shall be maintained by the DDG (Admin.). The respective DDGs/DG may communicate their delegation to DDG (Admin.) for preparing this list.

13.3. **Negotiations:** Well intentioned negotiations in the interest of the organisations are welcome in all procurements. However these have to be done in a transparent manner and documentation has to be maintained as part of the approval process.

13.4. **Language of quotations/contracts:** All quotations may be submitted preferably in English by the different vendors. Quotations may also be accepted in Spanish for OLACEFS related programmes; Arabic for ARABOSAI related programmes and French for CREFIAF related programmes. In limited cases where a vendor in Norway may express inability to provide a quotation in English, a Norwegian quotation may be accepted. However in the event of the quotation not being available in any of these languages, the language of the related country may be considered. The language requirements may also be followed for contracts.

13.5. **Other expenses:** Relevant information regarding costs towards transportation, delivery, insurance, import duties and currency conversion should be factored into all procurements.

13.6. **Joint bids:** Joint bids may be permitted from more than one vendor in case the lines of responsibility are clearly defined.

13.7. **Liquidated damages:** Liquidated damages shall be included when delays in delivery or non completion of services are likely to affect the IDI's activities.

13.8. **Force Majeure clause:** shall be ensured in all contracts to protect against failure to meet contractual obligations owing to conditions beyond the IDI's control.

13.9. **Arbitration:** All procurements made from vendors based in Norway shall be subject to jurisdiction of the Norwegian legal system. Procurements from other sources may also be preferably made subject to Norwegian legislation unless otherwise required by the provider and in such cases the requirements of

the provider and the legal requirements according to its country of origin/ registration may be followed.

13.10. **Rejection of all quotations:** IDI may reject all quotations if they do not meet the IDI's requirements. In such cases the specifications and criteria may be reworked and fresh procedure initiated.

13.11. **Corruption:** As per clause 5.1.3 of the IDI Code of Ethics, the IDI has zero tolerance to corrupt practices for IDI staff as well as vendors/vendors. This overrides all other considerations in the procurement process.

13.12. **Conflict of interest:** While identifying the vendors, the IDI staff involved in the procurement process shall provide a 'no conflict of interest' statement in each procurement record in terms of clause 5.2.1. of the IDI Code of Ethics. The Request for Proposal as also any previous or subsequent stage of procurement shall guard against clause 5.3.1. of the IDI Code of Ethics and no confidential information should be passed on to any vendor.

13.13. **Representational expenses³:** Norwegian government regulations will be followed in case of such expenses. Representational expenses are to be undertaken only with the approval of a member of the IDI Management team.

13.14. **Renting of office premises and procurement of office supplies** is done through Office of the Auditor General of Norway. The arrangements may be reviewed for economy every two years.

³ For meeting expenses towards courtesy lunches and dinners

Appendix 1. Checklist at a glance

- I. The procurement memo shall clearly mention:
 - a) Details of the item to be procured
 - b) Purpose served
 - c) Estimated cost
 - d) Period of service of the good/service(dates/years)
 - e) Substitutes and alternatives if any

- II. The Terms of Reference Document will contain:
 - a) Details of the item to be procured
 - b) Purpose served
 - c) Estimated cost
 - d) Date of delivery of good/ period of service
 - e) Specifications of the good/service in terms of quality and quantity.
 - f) Procurement Plan
 - g) Criteria for selection to be determined in terms of the vendors' prior record, brand reputation, warranty conditions and overall value for money in terms of price and quality. If required a weighted matrix should be prepared.
 - h) Eligibility of vendors
 - i) Nature of contract i.e. whether one off agreement or a continuing contract.
 - j) The terms of procurement will also be determined based on the threshold amounts as explained clause 10 of this policy.

- III. The procurement record will be in the form of a comparative statement covering:
 - a) Evaluation of all the quotations against the specifications of the good/service.
 - b) Evaluation of all the quotations against the criteria for selection mentioned in the Terms of Reference Document and Request for Proposal.
 - c) Selection of vendor with best quotation.
 - d) Justification for selection.
 - e) Informing the concerned DDG/DG member of the selection.
 - f) No conflict of interest statement