PROCUREMENT

Policy

IMS Procurement policy
## REVISION HISTORY

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1. INTRODUCTION
This policy aims at safeguarding IMS’s common commitments throughout IMS.

The policy is implemented:

- to ensure that appropriate internal control procedures are in place in order to meet requirements of good stewardship and administration and donors and
- to guarantee transparency, fair competition and accountability in IMS’ procurement procedures.

The purpose of this policy is to compile the body of rules and regulations issued by donors as well as IMS.

The scope of this policy applies to all IMS Operations but excludes the process of selecting implementing partners.

1.1 OWNERSHIP AND REVISION OF POLICY
The Deputy Director of Finance and Resources has the ultimate authority and responsibility for the procurement of goods and services necessary to support the operation.

The Deputy Director of Finance and Resources delegates, as he/she finds appropriate, the responsibility for the various elements of this task to employees according to their function but maintains ultimate authority over and responsibility for all issues regarding the procurement process.
## 1.2 DEFINITIONS

<table>
<thead>
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<th>Term</th>
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<tr>
<td>PROCUREMENT</td>
<td>The acquisition of products and services, specifically for a business purpose. It covers the entire process, from identifying the need of goods and services allocation of suppliers. These activities can involve the process of setting up a process, collecting bids, selecting suppliers, negotiating contracts etc.</td>
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<tr>
<td>TENDER(ING)</td>
<td>The process of going to the external market with a needs specification with the intent to collect, analyse and nominate bids.</td>
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<td>PURCHASING</td>
<td>The buying and selling of goods and services. As such, it belongs in a tier below procurement in the hierarchy.</td>
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<td>REQUESTOR</td>
<td>The IMS employee requesting/ordering the purchase of goods or services.</td>
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<td>APPROVER</td>
<td>The IMS employee approving the purchase and/or payment of goods or services.</td>
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<td>PAYER</td>
<td>The IMS employee or department approving and/or processing the payment of the supplier of goods or services.</td>
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<td>LINE MANAGER</td>
<td>The activity related manager of the requestor.</td>
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<td>BIDDER</td>
<td>A company, organisation or individual bidding on an IMS tender.</td>
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<tr>
<td>SUPPLIER</td>
<td>A company, organisation or individual supplying goods or services to IMS.</td>
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<tr>
<td>GOODS</td>
<td>Merchandise, supplies, and commodities that will be purchased by IMS for later use.</td>
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<tr>
<td>SERVICES</td>
<td>Not tangible goods purchased by IMS. Services is divided into two subcategories:</td>
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<td></td>
<td><em>Service Provision:</em> The act of performing a task for IMS in exchange for acceptable compensation. Hereunder travel agencies, hotels, cleaning companies, IT support and development and also telecommunications service providers, application service providers, storage service providers and Internet service providers.</td>
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<tr>
<td></td>
<td><em>Consultancy:</em> A business, agency or individual offering expert or professional advice in a field. At IMS this is typically media or safety consultants with great expertise closely related to IMS’ core or key activity areas.</td>
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2. PROCUREMENT POLICIES AND PRINCIPLES

2.1 GENERAL PRINCIPLES
IMS Procurement is governed by this policy, by IMS Procurement procedure documents and any pages on IMS’ intranet (Wire) that are mentioned in this policy or the IMS Procurement procedure documents.

The activities disciplined by the present policy must be conducted in compliance with the laws in Denmark (and respective countries where IMS has offices) and regulations in force, with the contracts of institutional donors, as well as the values defined in IMS’ Code of Ethics.

2.2 PROCUREMENT AND ETHICS
IMS, as a non-governmental organization, has a responsibility to promote fair and ethical procurement and business practices. These principles should be observed and followed by all IMS employees in all aspects of the procurement processes; including but not limited to, identification of requirements, bidder/supplier selection, tendering, bid evaluation, contract award, contract management and payment/contract closure.

IMS will only consider bidders and suppliers, who, to the best of IMS’s knowledge, observe ethical standards during the procurement and execution of contracts. To this end, IMS requires that all bidders who enter into a contract with IMS sign the Code of Ethics and subscribe to all it stands for.

2.3 SEGREGATION OF DUTIES
Responsibilities throughout the procurement process should be separated and delegated to several employees rather than entrusted to one employee. This provides a system of checks and balances to prevent errors, dishonest behaviour, or fraud. Proper segregation of duties is a crucial part of all procurement action.

In some IMS offices, it might not be possible to establish a complete segregation of all functions. When segregation is not possible the solution and mandates must be properly documented on file. It is paramount that the separation between the requestor and the payer always be maintained.

2.4 RULE OF NATIONALITY & ORIGIN
IMS accepts Bidders and Suppliers of any nationality and the supplies may have their origin in any country.

Exception: If donors have specific rules of nationality and origin, their rules apply and IMS’s procurement policy does not supersede the donor rules.

2.5 ETHICAL BUSINESS CONDUCT
IMS conducts procurement in an ethical manner with total impartiality, and without any preferential treatment:
2.6 CONFLICT OF INTEREST
Conflict of interest must be avoided.

- IMS employees conduct may not foster any suspicion of conflict between professional duty and personal interest.
- Bids may not be solicited from, and contracts may not be awarded to, any company that is owned, controlled or actively influenced by an IMS employee or by a relative of an IMS employee.
- IMS employees shall not have any economic interests in the companies of the suppliers in question.

2.7 ANTI-CORRUPTION
It is IMS policy to have zero tolerance on corruption.

IMS’ Anti-Corruption Policy and Procedures for dealing with irregularities are an integral part of all IMS’ operations and as such are an integral part of this policy.

2.8 CONFIDENTIALITY
The prices, terms and conditions of any and all tenders or purchases are strictly confidential.

2.9 SUSTAINABILITY
IMS’ procurement choices should take in to account the impact of each procurement on the environment.
3. SUPPLIER MANAGEMENT

3.1 PREQUALIFICATION OF SUPPLIERS
IMS reserves the right to conduct a prequalification assessment of the level of experience and capacity of suppliers expressing interest in undertaking a particular contract.

3.2 CONFLICT OF INTEREST
Conflict of interest must be avoided.

Suppliers may not participate in developing or drafting specifications for goods or services for which they subsequently submit an offer/proposal.

3.3 SUPPLIER SELECTION
Selection of suppliers will take its point of departure in the most economically advantageous offer, based on an evaluation and comparison of quotations, offers, and proposals taking into consideration a given set of acceptable specifications and/or conditions. The 3 keys of these being quality, time and cost.

3.4 PREFERRED SUPPLIER AGREEMENT
IMS will use the right to create Preferred Supplier Agreements between IMS and pre-qualified outside suppliers and suppliers in which the suppliers agree to provide value-added (lower prices, monthly billing, etc.) goods or services to IMS in return for preferred status as an IMS supplier. These agreements are primarily made for repetitive supply arrangements.

The establishment of any Preferred Supplier Agreement must in itself be the subject of a competitive process with the decision to appoint any one supplier being fully justified and documented.

Preferred Supplier Agreements for capital assets must not take place without consultation with IMS’ Executive Director and Deputy Director of Finance and Operations.

Preferred Supplier Agreements should be reviewed at least once every three years.

3.5 EXCLUSION CAUSES
Contracts shall not be awarded to Bidders who, during the procurement process are:

• Guilty of misrepresentation in supplying the information required by the contracting authority as a condition of participation in the contract procedure or fail to supply this information.

• Subject to a conflict of interest - a situation in which the interest of IMS competes or is in conflict with the financial or personal interest of an IMS employee.

• Bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations.

• Convicted of an offence concerning their professional conduct by a judgment, which has the force of res judicata.

• Guilty of grave professional misconduct proven by any means, which the contracting authority can justify.
4. EXPENDITURE APPROVAL AUTHORITY

4.1 APPROVAL AUTHORITY MATRIX

The authority to approve purchase requests, purchase orders and payments is defined by the Approval Authority Matrix. The purpose of the matrix is to specifically identify the parties who have approval authority and the levels of their authority. The matrix form and instructions are contained in the Finance Manual.
5. PROCUREMENT PROCESS
5.1 PROCUREMENT PROCESS FOR GOODS AND SERVICES

Approval to progress from one stage to the next is implicit in the process.
IMS’ Procurement procedure documents explain the Procurement processes in more detail and must be read before initiating an initial procurement.

5.2 PROCUREMENT FRAME
IMS’ Procurement, Tendering and Purchasing is guided by this policy, donor requirements, good governance and financial laws.
IMS’ tender levels can be found on the Wire: and are updated whenever one of the above guiding forces necessitates an update.
IMS operates with specific procurement procedures for each type and level of tender. The levels and types are found in the IMS’ Procurement procedure documents.

5.3 TENDER TIMEFRAMES
Participation in tender procedures administered by IMS is open on equal terms to all natural and legal persons. The time limits for tenders will normally vary from 2 weeks to one month, depending on the size and nature of the tender.

5.4 TYPES OF BID SOLICITATION
Supplier bids or quotations may be solicited in a number of ways depending on the type and value of the intended purchase and the time frame available to make a purchase.
5.5 TENDERING COMMITTEE
For tenders that necessitate a Tender Committee, such a committee will be established.

5.6 RECEIVING, REJECTIONS AND CLAIMS
In case of any problem detected upon delivery of goods (such as loss, damage, wrong quality or quantity), or receipt of deliverable or output from services or consultancies, the basic policy is not to accept any non-conforming goods or services and to immediately inform the supplier.

5.7 DOCUMENTING THE PROCUREMENT/PURCHASE
All procurement activities and purchases must be fully and transparently documented. Any anomalies or deviation from policy or procedure in a purchase must be documented with a signed explanatory “note to the file”. This must be signed, as a minimum, by the Deputy Director of Finance and Resources and Line Manager of the requestor.

Full supporting documentation must answer any question that an auditor or external examiner may pose, without the necessity to refer to Procurement or Finance staff for explanation.

5.8 STATENS OG KOMMUNERNES INDKØBS SERVICE
Statens og Kommunernes Indkøbs Service A/S (or SKI for short or in English: National Procurement Ltd. Denmark) establishes framework contracts between the public sector in Denmark and private sector companies.

All procurements of Goods, performed by the PIT and/or FIRE-departments, must investigate if there are qualified options available on SKI’s platforms.

SKI is specifically mentioned as a ‘contracting authority’ in the EU directive concerning “Public works contracts, public supply contracts and public service contracts”. SKI is therefore able to act as a ‘central purchasing body’ which is a contracting authority that is able to award public contracts or conclude framework agreements for works, supplies or services intended for other contracting authorities.

The goods and services that IMS acquires through SKI have therefore already been subject to a process of tender, which means that no further preparations should be made. The reason for this is that the European Union directive regarding public procurement demands that contracts over a certain threshold value must be put through a process of tender.

The process of tender is conducted within a very strict legal framework that has been set up by the EU. Tenders that SKI prepare are, as all other EU-tenders, published on the website Tenders Electronic Daily at this URL: [http://ted.europa.eu/](http://ted.europa.eu/)
SPECIAL CIRCUMSTANCES

6.1 WAIVERS
Waivers constitute prior approval of actions that are restricted by donors’ regulations. Prior approval consists of written documentation providing consent from an authorized official of the donor. The critical elements to prior approval are demonstration of an affirmative decision, by the official having authority to permit the expenditure at the donor level, before the procurement action has created an obligation to pay.

6.2 RESTRICTED COUNTRIES
IMS is to ensure compliance with donor regulations. The requestor is responsible to inquire on any donor regulations on restricted countries and must ensure that goods and services purchased are not originating from these restricted countries.

6.3 SOLE SOURCE PROCUREMENT
IMS will only use Sole Source procurement where a fully documented process of procurement evidences that there was either limited or no competition at the time of the tender or purchase.

6.4 EMERGENCY
IMS reserves the right to claim an Emergency when an unexpected situation that is so compelling that, if not corrected immediately, would endanger life, property or adversely affect essential operations. The emergency is so great that it precludes procurement using normal procedures, use of normal contracting methods and obtaining advanced approvals normally required for the procurement action.

Any procurement claiming Emergency must be signed off by IMS’ Deputy Director of Finance and Resources or IMS’ Executive Director before initiation.

6.5 PROCUREMENT OR PURCHASING FROM THE BLACK MARKET
IMS’ policy is not to make purchases from the black market. The black market is a business operating in an illegal manner (but not necessarily an unlicensed business).

The “grey” market can be utilized for small value purchases. The grey market is the segment of informal businesses not recognized by the government but are tolerated. Generally, the grey market should only be used when there are few legal businesses, or the absence of government (I.e.- Iraq).