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# Administration & Procurement Manual

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## Operational Procedures And Guidelines

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This manual is intended to outline the administrative procedures and the procurement guidelines of the Strategic Action Programme (SAP).

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## List of Abbreviations and Acronyms

AA	Administrative Assistant
ACE	Arab Commercial Enterprises (for travel)
CR	Compliance Report
CTA	Chief Technical Advisor
DSA	Daily Subsistence Allowance
FMIS	Financial Management Information System
GEF	Global Environment Facility
IAPSO	Inter-Agency Procurement Services Office
ICB	International Competitive Bidding
ITB	Invitation to Bid
LIC	Limited International Competition
LS	Lead Specialist
MRG	Management Review Group
NCCI	National Company for Cooperative Insurance
NGO	Non-Governmental Organisation
NPC	National Programme Coordinator
OIC	Open International Competition
OV	Obligation Voucher
PAR	Performance Appraisal Review
PC	Procurement Committee
PERSGA	Regional Organization for the Conservation of the Environment of the Red Sea and Gulf of Aden
PFS	Procurement and Finance Specialist
PO	Purchase Order
PM	Project Manager
PTA	Prepaid Ticket Allocation
RFP	Request for Proposal
RFQ	Request for Quotation
RR	Requisition Request
SAP	Strategic Action Programme
SAR	Saudi Arabian Riyals
SG	Secretary General
SRA	Senior Regional Advisor
SSA	Special Service Agreement
TF	Task Force
TOR	Terms of Reference
UNDP	United Nations Development Programme
UNEP	United Nations Education Programme
UNSD	United Nations Supplier Database
USD	United States Dollar
WGPF	Working Group Planning Form





## OVERVIEW OF PERSGA & SAP

The Regional Organization for the Conservation of the Environment of the Red Sea and Gulf of Aden (PERSGA) was officially established in September 1995 with the signing of the Cairo Declaration by all the parties to the Jeddah Convention. Its Secretariat is hosted by Saudi Arabia. It is the official organisation concerned with the development and implementation of regional programmes for the protection and conservation of the environment of the Red Sea and the Gulf of Aden. PERSGA member countries are Djibouti, Egypt, Jordan, Palestine, Saudi Arabia, Somalia, Sudan and Yemen. Major functions of PERSGA include the implementation of the Jeddah Convention 1982, the Action Plan, and the Protocol concerning Regional Co-operation in Combating Pollution by Oil and other Harmful Substances in Cases of Emergency.

On 26 October 1996, the PERSGA Council of Ministers approved the Strategic Action Programme (SAP) for the Conservation of the Environment of the Red Sea and Gulf of Aden and delegated responsibility to the PERSGA Secretariat to work directly with countries, international financial institutions and other interested parties to assist them in developing and implementing projects to support the SAP process.

In each of the PERSGA member countries, the Government has appointed a member to a regional Task Force (TF). The TF members represent their respective Governments and their commitments to the SAP and act as the National Focal Points for SAP activities.

The SAP will be funded by the Global Environment Facility (GEF), comprised of UNDP, UNEP and the World Bank, and executed by PERSGA under the overall authority of the Secretary General of PERSGA. Day-to-day Project management will be the responsibility of the Project Manager (PM) and the PERSGA/SAP Co-ordinator (SAP/PC) in close co-operation with regional Lead Specialists. For the GEF implementing agencies, the UNDP Resident Representative's Office in Saudi Arabia provides day-to-day support for the Project through the services of the UNDP Programme Co-ordinator. The UNDP-PC will provide both technical and administrative support and monitoring for the Project on behalf of the three implementing agencies.

The SAP will be implemented through Project-funded regional activities in Djibouti, Egypt, Jordan, Saudi Arabia, northern Somalia, Sudan and Yemen. Saudi Arabia will fund its participation in the regional activities. Project-funded country-based activities will involve Djibouti, northern Somalia, Sudan and Yemen. In the four countries where the Project will implement national activities, a National Programme Co-ordinator (NPC) will be funded. Each NPC will make complementary reports to the PM, SAP/PC, and PERSGA in his/her country regarding implementation of country-based activities. The NPC will co-ordinate various in-country components, in co-operation with the TF member, and will ensure that implementation of these components is progressing smoothly.

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# Human Resource Management

## Organisation and Responsibilities

PERSGA is the executing organisation for the SAP. The overall overseer of the programme is the Secretary General (SG), who accounts to the three implementing agencies. The Project Manager (PM) who has the general responsibility for running the programme heads the SAP and supervises all the components of the programme. Specialists, each of whom is responsible for his/her component, head the components. The programme comprises eight components:

- Institutional Strengthening to Facilitate Regional Co-operation
- Reduction of Navigation Risks and Maritime Pollution
- Sustainable Use and Management of Living Marine Resources
- Habitat and Biodiversity Conservation
- Development of a Regional Network of Marine Protected Areas
- Support for Integrated Coastal Zone Management
- Public Awareness and Participation
- Monitoring and Evaluation of Programme Impacts

Coordination between PERSGA the organisation and SAP the project is carried out through PERSGA/SAP coordinator. At the field level, there are three National Programme Coordinators (NPC) (Djibouti, Sudan and Yemen) and two Programme Coordinators (NW & NE Somalia). Two additional NPCs are envisaged one for Egypt and the other for Jordan.

## Work Schedule

The SAP working hours are from 8:00 a.m. to 3:00 p.m. from Saturday to Wednesday (total 7 hours per day, 35 hours per week, or 21.75 days per month). Weekend days are Thursday and Friday. Flexi-time is possible; however, arrangements have to be approved in advance by the immediate supervisor. In the case of flexi-time, core hours have to be respected and the staff member has to be present at work during these hours. Core hours are between 10:00 a.m. and 3:00 p.m.

The working hours and working days of the NPCs are specified in their respective contracts. Hence, those working hours and days determine the working schedule of their offices and their respective staff.

## Attendance

Each staff member is required to fill out an attendance sheet at the end of each month (Annex 3). The attendance sheet is the official document according to which salaries are computed and paid.

## Overtime

The Secretary General decides who is from the support staff is eligible to receive overtime. Work performed in excess of 35 hours is considered to represent overtime. The basic unit for determining overtime is the 35-hour week. Each week's calculation of overtime is made separately. With a new week, a new and separate overtime calculation is made.

A staff member who is required to be on duty on a day of the week that the office is officially closed, or on any of the official holidays during the year, shall have all hours worked on these days treated as overtime, irrespective of the number of hours worked on the other days of the that week.

Overtime must be calculated to the nearest one-half hour. Overtime of less than one half-hour must not be considered.

Payment is calculated at one and one half (1 ½) times the hourly net rate using the Overtime Calculation Sheet (see Annex 29).

For calculating the overtime rate the following formula must be applied:

$$\begin{aligned} \frac{\text{Monthly Net Salary}}{21.75} &= \text{Daily Net Salary} \\ \frac{\text{Daily Net Salary}}{7} &= \text{Hourly Net Salary} \\ \text{Hourly Net Salary} \times 1.5 &= \text{Hourly Overtime rate} \\ \text{Hourly Overtime rate} \times \text{Number of overtime hours worked} &= \text{Overtime payment} \end{aligned}$$

## Annual Leave

Each staff member is responsible for planning and presenting to the immediate supervisor a tentative Travel Plan no later than January 31 of each year. The Travel Plan will be reviewed and revised with the staff member, if necessary. The Travel Plan shall include the annual leave and official Travel Plans. The Travel Plans shall be collected from all the staff and shall form the Master Travel Plan (sample Travel Plan in Annex 4). The Administrative Assistant (AA) is responsible for compiling Travel Plans into the Master Travel Plan, which shall be submitted to the PM no later than the end of February of each year. The Travel Plan is a tentative plan and shall be confirmed by the staff member one month before his/her departure. Once a schedule is confirmed, the staff member should fill in a Leave Request Form and have it approved (see Table 1.0) (Leave Requests /Travel Authorizations are electronically filled through the FMS, Personnel and Payroll System, under "Travelling. Annex 5). The AA is responsible for sending a copy of the Master Travel Plan to all staff involved no later than the end of February of each year. (Also, see section on Official Leave in Chapter 3).

## Sick Leave

Each staff member is entitled to paid-sick leave of 2 days per month. Sick leave exceeding 2 days has to be supported by a doctor's report. A staff member is entitled to up to three months paid sick leave per contract.

## Official Holidays

There are two official holidays during the year, Eid El Fitr and Eid El Adha. The dates and the duration of those holidays are as per PERSGA rules.

## Training and Internships

From time to time, PERSGA could send staff member to attend special trainings and internships to enhance their capacities in specific fields and subjects. This is in line with a staff development policy. Staff members attending such trainings and internships at the expenses of PERSGA are expected to remain working with PERSGA for at least six months from the end of the training if the cost is \$6,000 US dollars or less; and at least one year if the total cost of the training is more than \$6,001 US dollars.

Upon return from any training, workshops, and internships, staff members are expected to provide PERSGA with all training material received and they should not consider these materials as their own personal ones. In fact, PERSGA perceive these materials as its own and must be shared with all staff members.

## Insurance

SAP personnel are covered by travel accident insurance while on official travel. However they are not covered with health and medical through their employment terms. PERSGA has tried to obtain a scheme that covers all personnel groups. However, insurance companies do not provide a group policy for less than 70 people. Through a bidding process, PERSGA has identified the NCCI as a very good medical insurance provider. PERSGA's Administration and Finance Manager has the details of its benefits and rates. NCCI also provides coverage for vehicle and travel insurance.

## Personnel Files

Each staff member shall have his/her personal file kept locked with the AA. Personnel files are confidential and information contained in them cannot be disclosed to other staff members. Only the SG, PM and PFS have access to these files at any time. The staff member may also have access to his/her file at any time. Personnel files shall contain the following mandatory documents:

- Contract;
- Latest degree (copy);
- Travel document (copy of passport, as well as copies of travel documents of dependents if currently at duty station with the staff member);
- Iqama for non-Saudis (copy);

- Contact address and telephone numbers that can be used in case of emergency (at the duty station and in the home country);
- Curriculum Vitae;
- Photo (at least four, which shall be replaced upon use);
- Performance Appraisal Review;
- Other documents (e.g. personal notices, confidential correspondence between the staff and the management, etc.)

## Performance Management System

This section describes the purposes and major elements of the Performance Management System, specifically the Performance Appraisal Review (PAR) to be used by staff members of the SAP. The PAR is required for all personnel of SAP. The PAR does not apply to short-term staff (i.e. Special Service Agreements (SSA)).

### Purpose of the PAR:

The PAR serves to encourage, increase and improve ongoing dialogue between PERSGA/SAP supervisors and staff, especially regarding work plans, expectations for individual performance, and identification and resolution of performance issues and obstacles.

#### For SAP

- Contributes to SAP's objectives;
- Links SAP's goals to unit and individual expectations and work plans;
- Helps the SAP to manage its goals and annual unit objectives.

#### For the Supervisor

- Helps to plan and direct individual performance;
- Provides feedback and recognition;
- Focuses development for staff member;
- Facilitates regular and effective communication.

#### For Staff Member

- Shows how performance is viewed by the organisation;
- Enhances regular and effective communication with supervisor;
- Helps to build on individual and work unit strengths;
- Helps to plan personal goals and objectives.

### Responsibilities of Supervisors and Staff Members:

Managers and Staff must actively participate in the PAR Process.

#### Supervisors

For each staff member supervised, the supervisor shall:

- Establish thorough understanding and clarify work priorities, responsibilities and performance expectations;
- Clearly communicate unit plans, changes of work place and priorities;
- Review individual achievements, strengths, interests and career goals;
- Provide opportunities and an open atmosphere for dialogue to clarify his/her responsibilities, priorities and time frames;
- Work with staff to identify and resolve any issues or misunderstandings relating to objectives, performance and/or time frames;
- Document the achievements and/or performance levels;
- Employ constructive methods/tools for communicating.

#### Staff Members

Each staff member shall:

- Establish thorough understanding of work priorities with supervisor;
- Take responsibility for his/her work, including implementation of changes in workflow processes where required;
- Be conscious of personal goals and consider how they fit into work requirements;
- Employ constructive methods/tools for communicating.

### How to Complete the PAR Form

#### Identifying Information

The first part of the form identifies the staff member and supervisor. In preparing for the PAR (annex 6), the staff member shall have a valid job description and shall have been informed of the Unit's Work plan.

#### End of Year Review

The main objective of the end of year review is to formally appraise the staff member's performance over the past 12 month period based on the Performance Plan. It involves discussing and evaluating the staff member's contribution on a results-oriented basis against the mutually agreed upon individual performance plan.

(Specifically, this section includes staff member's assessment of how he/she has achieved tasks and related outputs outlined for the year and staff member's assessment of training/development activities undertaken; each of the above is then assessed by the Supervisor.

#### Management Review Group

The SG shall appoint a panel referred to as the MRG. The panel shall be headed by a chairperson. The MRG will discuss performance reviews in cases of:

- SAP staff members who are hired through PERSGA;
- Staff whose contracts are due to expire during the next review period;

- Staff who are not satisfied with their completed PAR after discussion with their supervisor. These staff members can address any special issues related to the evaluation by their supervisor to the chairperson MRG for consideration;
- Supervisors who are of the opinion that a specific PAR should be reviewed by the MRG. In such cases, the supervisor shall specify, in writing, reasons for submitting the PAR to the MRG.



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## General Administration

As in any workplace, administrative guidelines and operational procedures regulate staff relations among themselves and between them and the management. In addition, financial accountability is a major aspect in any organisation. Because we are accountable to others, we must record and justify all matters related to expenditure. These procedures will highlight major topics relating to the day-to-day operations running under the SAP.

### Record Management

All official files should conform to the established filing system. A chart showing the flow of records is attached (Annex 7). There are four master subject files:

- SAP/Programme;
- SAP/Finance;
- SAP/Procurement;
- SAP/Administration.

Correspondence is classified by the originator. There are three classification categories:

#### Confidential

Incoming correspondence:

Official correspondence is that which is opened by the secretary, or other designated official, and processed. If the received correspondence is marked "Confidential" (but not personal), then it may be filed in a "Confidential File" with the appropriate cross-reference to the subject file if so indicated by the addressee.

Outgoing correspondence:

The sender will be the party responsible for determining the classification of the letter or document. If the classification is "Confidential," then the sender must make an appropriate cross-reference in the subject file to the effect that there is a confidential letter/document held in a separate "Confidential File," and indicate the date.

Reading/ circulating chronological file:

Outgoing and incoming correspondence will be placed in the Reading/Circulating Chrono File, only if so decided by the sender. A copy of this correspondence should be passed on to the Secretary.

#### Personal Attention

Correspondence (formally marked "Personal and Confidential") should be sent unopened directly to the addressee. The de-classification of a "personal attention" letter/document will be decided only by the addressee.

## Regular Correspondence

All official outgoing correspondence, which is not, marked "Confidential" or "Personal Attention" will be filed in the subject file in the appropriate manner with a copy being placed in the Reading/Circulating Chrono File.

All outgoing correspondence must carry the appropriate subject file number/name in accordance with the established filing system.

## Use and Control of Vehicles

In order to ensure that the use of PERSGA vehicles is in the best interests of PERSGA, the following rules apply:

### General Rules Concerning Use of Vehicles

- Vehicles will be used only for PERSGA official business;
- Vehicles will be maintained in good working condition to ensure the maximum degree of efficiency and safety;
- Vehicles will be driven only by an authorized person (driver) holding a valid driving licence;
- When not in use, PERSGA vehicles will be parked in PERSGA's garage;
- Seat belts (front and rear) are to be worn by the driver and the passengers;
- The authorized driver must fill out the Vehicle Daily Log (Annex 8).
- In the case of field offices, NPCs must obtain written authorization from the SG before driving the car. The car should be used only for official purposes. All the above rules and regulations should be followed.

### Insurance

All PERSGA's vehicles must be fully insured; insurance must include driver, passenger and third party liability. The AA is responsible for arranging such insurance, ensuring that policies are up-to-date and valid and requesting renewal of insurance one month before the expiration of any policy.

### Repairs or Maintenance and Service

The cost of repairing, maintaining and servicing the vehicles must be recorded in the vehicle logbook. The Accountant is responsible for tracking such expenses; the AA is responsible for the vehicle maintenance and service. The responsibility of the driver is to:

- Report to the AA any malfunction or irregularity in the vehicle;
- Verify on a daily basis the level of:
  - Fuel,
  - Engine oil,
  - Brake fluid,
  - Tyre Pressure
  - Proper functioning of lights, wipers and horn.

## Accidents

A staff member who is authorised to drive an official vehicle must be instructed by the AA on the procedures to be followed in case of an accident. These procedures are:

- Obtain the names and addresses of the third party (ies) and all injured persons (if applicable);
- Record the name and address of the third party's insurance company;
- Summon the police to the scene of the accident and obtain a police report;
- Register the names and addresses of all witnesses and passengers in all vehicles;
- Make a sketch of the road and relative positions of the vehicles involved before and at the time of the accident;
- Inform the office as soon as possible;
- Write a report to the AA about the accident, the impact damage on all vehicles involved, road condition, visibility etc.

## Dispatching the Vehicle and Dispatching Requests

The AA is responsible for dispatching the vehicle according to the daily requirements. The AA will check the vehicle logbook for completeness and accuracy and will sign the log on a daily basis.

Any request to use the vehicle must be arranged and received at least one day in advance. Urgent requests may be given priority depending on the availability of vehicles at the time of the request.

## Petty Cash

The dollar limit for purchase of expendable supplies through the petty cash is \$50 USD (equivalent to 187 SAR).

## Salaries

Salaries are prepared electronically by the Financial Management Information System (FMIS). In preparing the salaries, the FMIS takes into consideration all dues and benefits to the staff as well as outstanding obligations towards the SAP (e.g. loans, outstanding telephone bills, unpaid leave, etc.). Salaries may be paid in three different ways: by cheque, bank transfer, or electronic transfer. Payment of salaries shall be effected no later than the 27<sup>th</sup> of each month.

## Office Supplies

PERSGA will identify vendors for office supplies through a formal request for quotation and will select the most competitive supplier(s) to deal with them on an annual basis. Major orders of office supplies will be made twice a year during the months of March and September. The deadlines for staff to submit their requests are March 1 and September 1 of each year. The Procurement Assistant is responsible for circulating a memo reminding staff members of the submission's deadline and for collecting and compiling the requests. Necessary items that were omitted from the main order may be ordered separately.

However, staff members are urged to submit their requests as completely and accurately as possible.

Daily requests for office supplies should be addressed to the AA by completing the relevant form through the FMS, Financial System, Inventory, "Store Requisition" (Annex 25). Upon submission of this form to the AA, supplies will be provided from the store to the staff member. The staff member should acknowledge receipt of the supplies by signing the form and returning it to the AA.

### Telephone and Facsimile

The SAP provides all staff members with international telephone and fax access for work related issues. The telephone network is linked to a computerized billing system that logs all outgoing calls per individual extension. Private telephone calls and faxes have to be declared and paid for by the staff member who made them. At the end of each month, the administration will distribute a printout of outgoing calls/faxes to each staff member. The staff member has to highlight all personal calls/ faxes and return the printout to the Accountant within one week of receipt. The Accountant is responsible for deducting the required amounts from the next month's salary. As the billing system records and calculates the cost of the call from the start of the dial tone, the cost of the first minute of each telephone call will be waived.

### Spare keys

The AA is responsible for maintaining spare keys for all offices and doors kept locked. Spare keys may not be used to open any room in the absence of the office occupant except in cases of emergency. Emergency is defined as flood, fire, or any hazard that might threaten the whole office. In the event that important documents are needed urgently and the situation warrants immediate action, the AA shall request the permission of the PM, or either the PERSGA/SAP Coordinator or the PFS in the absence of the PM, before the opening of any office. A note must be left on the desk of the office that was opened, informing the staff member that his office was opened in his/her absence, the time and the date of the opening of the office, and the reason.

### Safe

The safe has two keys and a secret combination number. Only the Accountant is allowed to have one key and to know the combination number. The other spare key and the written combination number are to be sealed in an envelope by the Accountant himself and delivered to the PM in a sealed envelope. The PM is not allowed to open the envelope on his own. If the envelope has to be opened for any reason, there must be at least one other staff member present with the PM. A written report must be filled in upon the opening of the envelope. The report must be signed by two people and must indicate the time, date and the reason for opening the envelope.

### Consultants/visitors to PERSGA

If consultants and /or visitors are to visit for an extended period of time (i.e. more than a week); and if it is required for them to have multiple access to the building; and if they are required to work after 14:30 once or regularly, then it is the responsibility of the staff member who invited the visitor to coordinate with the AA to arrange for a building pass. Issuing a building pass requires a copy of the passport (or iqama) and two photographs.

The normal time span to prepare a pass for the building is two days. A pass can be valid for a maximum of one month.

**Visas:** Country rules are such that no one can request a working visa or visitor's visa from embassies outside Saudi Arabia on his/her own. Visas are processed and obtained upon the request of a sponsor. Consultants must be advised of these rules at the early stage of the planning process prior to a contract being issued. Once PERSGA has requested an entry visa, the visa may be picked up from the specific embassy in the Consultant's country or the embassy identified in the visa request. In order to process a request for a visa, a clear copy of the travel document (passport) and two photographs are required. The time span to process and issue a visa is at least two weeks.

## Hospitality

Funds budgeted for hospitality expenses are intended for the entertainment of persons who are not SAP/PERSGA staff members. However, in certain circumstances the expenditure of hospitality expenses of SAP/PERSGA staff members or consultants may be justified when they are part of a group or included along with other outside individuals. A maximum amount of \$24 USD for each guest including drinks and gratuities may be paid.

## Internet / Email

The SAP has contracted with SPSnet for multi-user dial-up Internet access. Staff members are provided with individual email accounts. The standard address format is as follows: <firstname.lastname@persga.org>. Access to email can be through software such as Outlook, Outlook Express, Lotus Notes, etc. SPSnet provides the user with the facility to read and send emails from anywhere in the world provided that there is access to the Internet. To send emails, go to the link <<http://webmail.sps.net.sa/login.pl>> and a log-in screen will appear; type in the user name (first name last name) and password.

Access to the Internet/Email in the office is gained through our telephone lines/network. Currently only four telephone lines can be connected to the Internet at one time. Staff members are urged to log out as soon as they have completed their email/Internet transaction to allow others to send and receive their mail.

Consultants visiting PERSGA may send and receive mail through us by using the special email address: <[consultant@persga.org](mailto:consultant@persga.org)>

## Travel

### Travel Plan

All official travel must be pre-approved by the PM. Requests for travel authorization must reach the Procurement and Finance Unit at least two weeks prior to the traveller's departure date or three weeks for travel to/from Somalia. The travel process involves three forms:

- Leave Request (Annex 5)
- Travel Authorisation (Annex 9)
- Travel Expense Claim (Annex 10)

The Leave Request is to be completed by the staff member requesting annual leave or leave without pay, the Travel Authorisation is to be used in conjunction with official leave, and the Travel Claim is to be completed by the claimant. All three forms are available through the FMS (Personnel and Payroll System, under "Travelling").

### Travel Details

Travel entitlement of staff members, consultants, participants, and government officials, is authorised and processed as shown below.

**Note:** Officers listed in brackets () below are approving officers in the absence of the original authorising officer. The Leave Request of the PM is authorised by the SG.

Staff (Traveller)	Purpose of Travel	Leave Request	Leave Request Processed	Travel claim processed by:
- Staff members at the Headquarters; - National Programme Coordinators; - Consultants; - Participants, and - Government officials	- Appointment - Repatriation - Annual Leave - Official Travel	<u>Issued by:</u> The Traveller  <u>Authorised by:</u> The PM (CTA) (DSG)	<u>Posted by:</u> The AA (Procurement Assistant)	<u>Certifying for Accuracy of attachment &amp; computation:</u> The Accountant (Procurement Assistant) <u>Approving:</u> PFS (PM)
• Table 1.0				

Upon receipt of Travel Authorisation, the AA will arrange for the issuance of tickets, and visa. The Accountant has the responsibility to issue travel advances, and to process Travel Claims.

## Travel Route and Modes of Travel

The approved route for official travel is the most direct and /or economical. The cost of airfares will be based on the lowest cost airfare available. All modes of transportation (air, road, ship, and train) are acceptable, depending on destination.

## Lowest Cost Fares

The AA should ensure that the travel agent takes full advantage of any available excursion fares when making arrangements. For this reason, it is important that the Travel Authorization contains the actual date on which travel is to commence and the date of the return travel. This information will enable the travel agent to determine the lowest cost economy airfare via the most direct route.

## Terminal Expenses

Terminal expenses are paid to cover expenditure incurred for transportation between the airport or other point of arrival or departure, and the hotel or other place of dwelling. The amount of terminal expenses payable is shown below:

UN or Government transport provided at the airport	No official transport provided at the airport
\$9	\$27
• Table 2.0	

Terminal expenses are not reimbursable in respect of an intermediate stop:

- Which is not authorized;
- Which does not involve leaving the terminal;
- Which is exclusively for connection purposes.

## Telephone and Fax Expenses while on Official Travel

Communication of the staff member with Headquarters or others should be kept to a minimum. When the commercial telephone services must be used, staff members are to provide the following information and documentation as a part of their travel claim:

- Name and number of person called;
- Nature and purpose of call;
- Receipted bill.

In the event that expenses for telephone use exceed the equivalent of \$50 USD, such must be certified by the PM. To facilitate settlement of claims, claimants should obtain such certification as soon as possible after the expenses are incurred.

## Miscellaneous Travel Expenses

Additional expenses necessarily incurred by staff members in connection with the transaction of official business while on authorised travel may be reimbursed on completion of travel, providing that the necessity and nature of the expenses are satisfactorily explained and supported by proper receipts for expenditure. Such expenses,

for which advance authorisation should be obtained where practicable, will normally be limited to:

- Hire of room for official use;
- Car rental between places of official business.

The following are examples of travel expenses that are not reimbursable:

- Lost or damaged baggage;
- Medical examinations;
- Hospitality expenses.

### Daily Subsistence Allowance (DSA)

Travellers authorized to travel at the expense of SAP are entitled to receive a daily subsistence allowance (DSA). Rates will be according to UNDP DSA rates for both national and international travel. DSA comprises the total contribution of PERSGA towards such charges as lodging, meals, gratuities, transport cost from place of lodging to the first place of official business, and vice versa, and other payments made for service.

When it is necessary for the purpose of computing the amount of travel subsistence allowance payable to specify the "hour of departure" and the "hour of arrival," these shall be considered as the time when the train, vessel or airplane used by the traveller is scheduled to leave from or arrive at its regular terminal.

DSA for a journey of 24 hours or longer is computed as follows:

- A full day's DSA is paid for the day on which travel begins, at the rate applicable to the place of arrival;
- For each successive period of 24 hours from midnight to midnight (measured by local times, ignoring time-zone differences) a full day's allowance is paid, except that no allowance is payable for the day on which travel is concluded;
- The DSA rate applicable for each 24-hour period is that for the place at which the traveller spends the night. If the traveller is travelling for all or part of the night, the appropriate rate is the rate established for the place of arrival. However, for the last stage of the return from official travel, the allowance is paid at the rate applicable to the last authorised place at which the night was spent; DSA is payable for any stopover made following an overnight flight, but which does not entail an overnight stay, if the traveller spends time in a hotel and submits the corresponding receipt.

The rates by which the DSA is be **reduced** when lodging and/or meals are provided free of charge by either the government or a related institute or PERSGA, are as follows:

- Lodging only provided = 50%
- (Reduction will apply irrespective of the type of accommodation provided free of charge; this will include accommodation offered in barracks, boats, or tents);
- Meals only provided free = 30%
- (6% for breakfast; 12% for lunch; and 12% for dinner)
- Both lodging and meals provided free = 80%



## Revised Daily Subsistence Allowance (DSA) For Special Groups and Activities

Travellers other than SAP staff such as Working Group Members, Trainees, or NPCs travelling within their own countries who are authorized to travel at the expense of SAP are entitled to receive a daily subsistence allowance (DSA) at the following rates:

- NPCs travelling within their duty station or their own country will receive 75% of applicable DSA rate;
- Working Group Members travelling within their own country on official mission or attending a training will receive 75% of the applicable DSA rate;
- Working Group Members travelling abroad will receive 100% of the applicable DSA rate;
- Lead Specialists travelling within or to their own country will receive 100% of the applicable DSA rate;
- Working Group Members attending trainings abroad will receive 80% of the applicable DSA rate;
- Staff members attending a formal training abroad for a period less than 30 days will receive their DSA as per the rules of the section "Daily Subsistence Allowance (DSA)" above, and
- Staff members attending formal training abroad for a period of 30 days or more will receive a stipend as per the applicable rules of UNDP.

## Travel Advance

Travellers authorised to travel are entitled to obtain an advance of funds to cover expected travel expenses. Staff members travelling on official business are entitled to receive a travel advance of up to 80% of the estimated reimbursable expenses of the following:

- DSA
- Terminal allowance

While on official travel, if the traveller has earned in DSA an amount equal to or greater than the amount originally advanced, the balance of the estimated reimbursable expenditure may be advanced to him.

If on review of the travel claim it is determined that the traveller has been advanced an amount greater than his/her entitlement, this amount will be recovered by SAP.

No advance shall be made if the advance would be less than \$200.00 USD.

DSA advance for travellers whose mission extends to more than one month shall be paid on a monthly basis. Exceptions are made for cities where money transfers and banking facilities are not easily accessible.

The request for a travel advance has to be received by the PFS at least three weeks prior to travel to any country except for Somalia, when it has to be one month in advance.

## Responsibility of the Traveller

The general responsibilities of the traveller are:

- To ascertain that travel is authorised, and that the Travel Authorisation is issued;
- To ensure that all the necessary travel documents and visas required are obtained;

- To check carefully the itinerary on the ticket to make sure it is complete and that all dates, flight numbers and departure times are given. Bookings marked “OK” or “HK” mean the reservation is confirmed. “RQ” means the reservation has been requested but not confirmed. “WL” means the traveller is on a waiting list. In all cases, confirmed reservations must be reconfirmed at each stopover as schedules and departure times of airlines are subject to change without notice;
- To ensure submission of a Travel Claim, with necessary supporting documents, within two weeks of completion of journey;
- To ensure that lost, stolen or accidentally destroyed tickets are reported immediately to the airline or travel agent and an indemnity claim filed. A memorandum stating the circumstances should be addressed to the PM where travel was authorized. Failure to follow this procedure may result in the cost of the replacement ticket being charged to the traveller.

## Travel Claims

The processing of Travel Claims is the responsibility of the Accountant, and should not take more than one week for settlement if the claim is properly prepared and documented by the traveller.

## Travel Claim Submission Requirements

The original Travel Claim must be filled in by staff members no later than two weeks after the actual travel has been completed. No financial computation should be done by the claimant (in case of field staff). At the Headquarters, staff using the FMIS, computation is done by the system.

- Claims should be supported by attaching the following documents:
  - The original Travel Claim (if a copy, it must have an original signature);
  - The original Travel Authorisation;
  - A copy of the travel advance receipt;
  - Claims for expenditure:
    - Those which are not included as part of DSA, but are over \$6.00 USD, with the exception of the terminal expenses, must be submitted with the appropriate receipts;
    - Those over \$50.00 USD must be certified, on the receipt, by the PM.
  - Travellers are not required to submit hotel bills unless claiming special DSA rate for specially designated hotels.
  - In case that the traveller, during the mission, changed the routing and/or duration of travel, he/she must write in the note field of the travel claim the reason for this change and ensure issuing travel authorization amendments, where necessary, and submitting them to the PFS;

## Verification and Certification of Travel Claim

Staff members working at the Headquarters should use the FMIS to process their travel claims. The Accountant will be responsible for:

- Verifying and certifying that travel has taken place as authorized and described in the Travel Claim; also certifying that the Travel Claim is correctly completed and all items

claimed are valid. The Accountant should confirm this by signing the Travel Claim in the space marked "Certifying Officer."

- Ensuring that all necessary supporting documents (i.e. used airline tickets, boarding passes, receipts for claimed items, and the mission report) are attached to the claim are valid audit documents;
- Ensuring that computations are done correctly and supporting documents
- Forwarding the certified travel claim to the PFS.

## Official Travel

The staff member is responsible for planning his/her travel well in advance (see Travel Plan in [Annex 4](#)). Prior to any travel, the staff member has to fill out a Leave Request (Annex 5). Approval of the PM must be obtained before conducting an official Travel (see Table 1.0).

The staff member has to fill in the Leave Request as accurately as possible (See guidelines on filling in the Leave Request).

## Mission Report

Staff members who are authorized to travel for official business may be required to submit a Mission Report. The immediate supervisor must indicate in Travel Authorization whether the staff member is required to submit a Mission Report or not. If a Mission Report is requested, the staff member has to submit his/her report with the Travel Claim form.

In cases of group travel (i.e. a number of Lead Specialists or staff travelling on the same mission), a Mission Leader will be assigned by the PM prior to travel. The Mission Leader will be responsible for submitting the mission report.

In the event that a Mission Report is required, travel claims cannot be processed until the Mission Report is attached. The responsibility of the AA is to ensure the existence of the Mission Report and not its content. (Mission Report format is attached in Annex 11).

## Logistical Arrangements for Workshops, Group Meetings, and Conferences

This chapter is divided into two major parts: a list of important steps to be carried out before the event by the organiser, i.e. the Lead Specialist, of the Working Group Meeting (hereinafter referred to as "the event") and a list of guidelines for the organiser on how to deal with other staff members at headquarters where administrative and financial issues related to the event are involved.

### Guidelines for Organising Working Group Meetings

#### Before the Event

- Fix a location for the meeting;
- Appoint a focal person who could be the NPC or a member of your working group to be the local organiser for the event ("focal" in this sense does not refer to PERSGA's Focal Point). An agreement must be signed with the selected focal person specifying the duration and duties.
- Fix a tentative date for the meeting. For this the following must be considered:
  - The convenience of flight schedules around the planned date of the event before a final decision is made. ACE/ AA will provide the relevant information;
  - National holidays and other events in the host country that might fall at the same time as the planned meeting.
- Communicate the possible locations and dates of the meeting to the participants and try to get their consensus for a final date and location. If this is found to be difficult, the organiser must firmly exercise his/her right as leader and make the final decision. This right must be communicated to other participants before the final stage. The longer the period the period of preparation, the more successful the outcome of the event;
- Send a formal invitation to all participants as soon as the above step has been finalised;
- Request a formal reply for attending the meeting by a fixed date. This date must be strictly adhered to if the whole exercise is to be taken seriously by all concerned. At the same time, request the participants to provide you with the location (city) of their departure. It is very important to know this, as all travel arrangements will be based on these locations entered in Section A of the Working Group Planning Form (WGPF);
- Once a confirmed list of participants is drawn up, section A of the WGPF (Annex 12) must be completed and submitted to the AA. If the event is well planned from the beginning, it should not be difficult to present the WGPF at least 4 weeks in advance of the event. Remember that preparation for participants from Somalia takes at least 3 weeks. A step by step procedure on how to fill the WGPF is in Annex 12-A;
- Send a finalized list of participants to the focal person so he/she is aware of the number of participants and who is attending;

- Start working on the meeting agenda as soon as airline reservations, petty cash advances and PTAs are in the hands of the administrative staff. Prepare all handouts, including draft agenda, and circulate them to the participants well ahead of the event;
- Provide clear guidelines well ahead of the event to all WG members on the expected format of their presentations and on the precise information needed from each country in the regional context;
- Concurrent with the above, assign logistical arrangements in the host country to the focal person. Keep the PERSGA Focal Point informed at all times;
- The focal person should be reminded to take charge of the following:
  - Make reservations in a convenient, but not too expensive, hotel, where all the group can be housed together;
  - Make necessary arrangements if catering is required (coffee and tea breaks),
  - Arrange for transport between hotel and venue if the meeting is not being held at the same hotel; ask the hotel in advance for free transport for the group;
  - Prepare name tags if necessary;
  - Ensure that all required equipment is available at the venue and is functioning:
    - Board
    - Flip charts
    - OHP
    - Slide projector
    - PowerPoint projector
    - Desktop or laptop
  - Ensure that photocopy facilities are available and easily accessible;
  - Provide participants (before their arrival) with information on:
    - Getting from the airport to the hotel, with a map, the hotel address, telephone, fax number and the focal person contact details;
    - Approximate cost of taxis (unless airport reception is provided for them)

#### During the Event

- Prepare list of participants with full address details, circulate list during the event and ask for corrections;
- Distribute name tags (if necessary);
- Assign the taking of minutes to one of the participants (it may be a different person for each day/session), and check that the minutes are taken; all decisions/conclusions must be recorded;
- Ask participants to introduce themselves to the group;
- Clarify language and explain why the meetings are (usually) in English;
- Obtain formal approval of the agenda at the beginning of the meeting;
- Lead the discussions, and encourage participants to participate actively in the discussions. Time should not be wasted on unimportant items (e.g. timing for tea breaks), even if it means substantial changes to the Work Plan;
- Pay to participants their DSA dues. The WGPF and the Settlement of Petty Cash memo (Annex 13) may be used to calculate and record the amounts to be paid.

## Administrative and Financial Issues Related to the Event

This section is divided into 2 parts: "Before the Event" and "After the Event." The "Before the Event" part should be read in conjunction with "Before the Event" of the above section.

### Before the Event

#### Step 1

The Specialist will fill out the following sections in the WGPF (step by step procedures on filling the WGPF are attached):

- Event;
- Place of Event;
- Event Dates (from /to);
- Name of Specialist;

#### Section A:

- Names of Participants;
- Budget Line(s) to be Charged;
- Travel Instructions (City of Origin and Destination);
- Petty Cash (Description);
- Amount Required;

#### Step 2

Submit to the PM for Approval;

#### Step 3

The PM approves (signs and writes down date of approval) and submits to the PFS;

#### Step 4

The PFS reviews budget lines and submits to the AA;

#### Step 5

#### The AA:

- Contacts travel agent:
  - Makes reservations;
  - Sends out PTAs;
  - Informs participants of the status of their ticket;

#### If the Event is in Jeddah:

- Requests visa through PERSGA;
- Follows-up on the status of visa issue;
- Obtains visas for participants;

- Forwards visas to participants;
- Completes the following in **Section B** of the WGPF:
  - Most direct route to destination;
  - Departure date from city of origin
  - Departure date from city of destination;
- Keeps the Specialist informed of the progress being made;
- Submits WGPF to Accountant.

Step 6

The Accountant calculates the following in **Section C** of the WGPF:

- Number of Travel Days;
- Terminal Allowance;
- The appropriate DSA rate;
- The amount of the advance to be paid to the Specialist;
- The Accountant then prepares a cheque and payment order, which are submitted to the PFS for certification.

Step 7

The PFS:

- Reviews budget lines;
- Blocks amount against budget lines;
- Certifies payment order and submits it to the Accountant.

Step 8

The Accountant submits this to the SG and then to the PM for signature of cheque;

Step 9

The Accountant submits to the Specialist:

- Cash advance (amount that covers DSA and Petty Cash);
- Blank memo of "Settlement of Petty Cash Advance";
- WGPF filled in with all information, and calculation completed.

Step 10

The Specialist:

- Signs for the receipt of the Petty Cash Advance at the bottom of the WGPF.

## After the Event

### Step 1

The Specialist presents to the Accountant:

- Memo "Settlement of Petty Cash Advance" filled in. This must be signed by the participants in the event against any money received from the Specialist;
- Summary of Petty Cash Expenditure filled in (Section A of the WGPF);
- Any non-disbursed amount of money.

### Step 2

The Accountant

- Signs for any cash received from the Specialist;
- Finalises accounting transactions.



## Procurement

### Purchase Authority

#### Delegation of Purchasing Authority to the Secretary General

The Secretary General is authorized by the Executive Board to carry out procurement functions for PERSGA. Such functions will include purchase and rental of equipment, supplies, furniture, vehicles; and consultations, services, and works including lease of premises (repair, construction, maintenance, etc.). A staff member who takes any action contrary to the above-mentioned or to instructions, which may be issued in connection therewith, may be held personally responsible and financially liable for the consequences of such action.

#### Requests for Procurement Actions

The Secretary General authorizes the Lead Specialist (LS), PFS, CTA, and the PM to request a procurement action. All requests are to be addressed to the PM. It is the responsibility of the PM to authorize the requests of the CTA, LS and the PFS. The Secretary General shall authorize the requests of the PM. Authorizations are to ascertain that requests are in line with the limits and purposes set in the project documents. All requests shall be in writing, and shall detail items and services needed and their respective quantities and specifications. There will be two Requisition Request memoranda used, one for Goods (Annex 14) and the other for Services (Annex 15).

**Note:** Officers listed in brackets () below are approving officers in the absence of the originally authorized officers.

Requisition By	Who Approves
Lead Specialist	Project Manager (CTA) (DSG)
Procurement and Finance Specialist	Project Manager (CTA) (DSG)
Chief Technical Advisor	Project Manager (DSG) (SG)
Project Manager	Deputy Secretary General (SG)
• Table 3.0	

### Requests from NPCs

Requests for Services and Goods, which are specific to the programme, are to be channelled through the Specialist in Jeddah. Hence, the request would be from the Specialist on behalf of the NPC. The rest of the procedures remain the same. The Specialist will be the coordinator between SAP Jeddah and the NPC Office. When goods are related to office equipment, the PFS will be the requester on behalf of the NPC.

### General Procurement Principles

The 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 SG may delegate authority, as appropriate, for such procurement functions. The following general principles shall be given due consideration when exercising the procurement functions of SAP:

- Best value for money;
- Fairness, integrity and transparency;
- Effective national and international competition;
- Quality services that will be provided in accordance with the stipulated TOR, within the time allotted and at a fair and reasonable price;
- Works that are contracted for at the most advantageous cost and terms, carried out in a competent manner according to design, and will be completed and accepted by the target date without cost-overruns and reservations;
- Goods that meet technical specifications and local service conditions at most advantageous cost and arrive in good condition at the project site in a timely manner.
- Economy and efficiency, and
- The interests of PERSGA.

As regards economy and efficiency, particular attention should be paid to maximizing the use of bulk orders for standard supplies and confirming current and foreseeable orders for similar items from the same source.

### Procurement Modalities

- Entering into procurement by contract. No contract shall be entered into on behalf of PERSGA except by the SG;
- Cooperating with other regional and international organizations. The SG may cooperate with other organizations to meet the procurement requirements of PERSGA, provided that the regulations and rules of those organizations are consistent with those of PERSGA. The SG, as appropriate, enter into agreements for such purposes. Such cooperation may include carrying out common procurement actions together, or PERSGA may enter into a contract relying on a procurement decision of another organization, or may request another organization to carry out procurement activities on behalf of PERSGA, and
- Cooperating with Governments and other organizations. The SG may, to the extent authorized by relevant legislation of the Executive Council, cooperate with a Government, non-governmental organization, or other public international organization, in respect of procurement activities, and enter into agreements for such purposes.

### Award of Procurement Contracts on the Basis of Formal Methods of Solicitation|

The award of a contract shall be made after due consideration has been given to the general principles described in General Procurement Principles above and in accordance with the following:

- When a formal invitation to bid has been issued, the procurement contract shall be awarded to the qualified bidder whose bid substantially conforms to requirements set forth in the solicitation documentation and offers the lowest cost to PERSGA;
- When a formal request for proposals have been issued, the procurement contract shall be awarded to the qualified proposer whose proposal, all factors considered, is the most responsive to the requirements set forth in the solicitation documentation.

The SG may, in the interests of SAP, reject bids or proposals for a particular procurement action, recording the reasons for rejection in writing. The SG shall then determine whether to undertake a new solicitation or to negotiate a procurement contract directly pursuant to “Award of procurement contracts on the basis of exceptions to the use of formal methods of solicitation” section below, or to terminate or to suspend the procurement action.

### Award of Procurement Contracts on the Basis of Exceptions to the Use of Formal Methods of Solicitation

The SG may determine for a particular procurement action that using formal methods of solicitation is not in the best interest of PERSGA when:

- The value of the procurement is below the monetary amount established for formal methods of solicitation;
- There is no competitive market-place for the requirement, such as where a monopoly exists, where prices are fixed by legislation or government regulation, or where the requirement involves a proprietary product or service;
- There has been a previous determination or there is a need to standardize the requirement;
- The proposed procurement contract is the result of cooperation with other organizations of the United Nations system, pursuant to “Procurement Modalities” section above;
- Offers for identical requirements have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive;
- A formal solicitation has not produced satisfactory results within a reasonable prior period;
- The proposed procurement contract is to purchase or lease real property;
- There is a genuine exigency for the requirement;
- The proposed procurement contract relates to obtaining services that cannot be objectively evaluated;
- The SG otherwise determines that a formal solicitation will not give satisfactory results.

When a decision is made pursuant to the above, the SG shall record the reasons in writing and may then award a procurement contract, either on the basis of an informal method of solicitation, or on the basis of a directly negotiated contract, to a qualified vendor whose offer substantially conforms to the requirements at an acceptable price.

### Written Procurement Contracts

Written procurement contracts or a purchase orders shall be used to formalize every procurement for a monetary value over specific thresholds established by the SG and indicated in Table 6.0. Such arrangements shall, as appropriate, in case of contract specify in detail:

- The nature of the products or services being procured;
- The quantity being provided;
- The contract price;
- The period covered;
- Conditions to be fulfilled, including the general conditions of contract;
- Terms of delivery and payment;
- Name and address of supplier.

In case of Purchase Order:

- The exact description of the goods;
- The quantity required;
- The price of each article;
- The condition delivery;
- The general conditions of the Purchase Order, and
- The conditions of delivery and the terms of payments.

### Short-listing of Bidders

The formal clearance procedure of **Short-listing** may be appropriate to limit the number of potential Suppliers. Unless there is public advertisement of the solicitation, short-listing of three potential Suppliers is required for procurement cases of less than \$100,000 USD. For cases of \$100,000 USD or above, usually 3 to 6 prospective bidders are required. Each shortlist (mailing list) shall be approved by officers as per the table below, prior to solicitation documents being sent out. The shortlist shall be prepared on the basis of the following criteria:

- Technical and financial capability;
- Capability of supplying the required equipment **and** supplies;
- Experience in the recipient country or in a country with similar conditions;
- Representation in the recipient or in a nearby country, which must include after sales service and availability of spare parts;
- Ability to provide training and manuals in the appropriate language;
- Past experience **and** contract performance.

Efforts should always be made to get goods directly from manufacturers in order to avoid additional costs incurred by using middlemen or unauthorised dealers.

For purchases expected to be in excess of \$100,000 USD, a formal clearance by the SG is mandatory. For purchases below \$100,000, formal clearance by the SG is not required but the selection of the potential Suppliers must be justified to the PM.

### Supplier Database

PERSGA shall establish its own Supplier Database and it shall be used to identify prospective suppliers. In addition, PERSGA shall use other available databases in the region as well as the United Nations Supplier Database (UNSD) to identify prospective suppliers whenever appropriate.

## Expression of Interest by Suppliers

Prospective suppliers wishing to be included in PERSGA's Supplier Database shall complete and submit to PERSGA the Profile Form - Goods (**Annex 16**) or the Profile Form – Services (**Annex 17**).

## Solicitation of Bids

There are three types of solicitation documents, namely:

- Invitation to Bid (ITB)

Invitation to Bid (or Tender) is a formal solicitation document, used especially for procurement of goods with an estimated value of \$100,000 USD or above, when clear specifications are available. A shortlist of qualified bidders shall be established as per **Short-listing of Bidders** above. ITB shall normally contain evaluation criteria. See further **Bid Evaluation**.

- Request for Proposal (RFP)

Request for Proposal is used for procuring high value services with an estimated value of \$100,000 USD or above. RFP is used especially of works or services when clear specifications are not available or not feasible.

- Request for Quotation (RFQ)

Request for Quotation is an informal solicitation document, used in cases where the estimated value is below \$100,000 USD.

Bids can be selected either on a **selective** or **open** basis:

**Selective Tender** (also referred to as Limited International Competition, **LIC**) is a solicitation restricted to qualified bidders. An **Open Tender** shall be advertised and is thus open to all interested tenderers.

Urgent cases with estimated values up to \$100,000 USD shall be handled as **Selective Tenders**. Bids may be submitted only by hand or mail and shall be kept under lock until bid opening.

Non-urgent cases involving complex or very large procurement items, or cases where it is difficult to identify Bidders for a selective tender shall be handled as **Open Tenders** (also referred to as Open International Competition, **OIC** or International Competitive Bidding, **ICB**) These cases will be advertised in the "Procurement Update" of the Inter-Agency Procurement Services Office (IAPSO), in the United Nations' "Development Business" and/or in a journal of wide international publication. Open Tenders shall be submitted in sealed envelopes and are subject to public bid opening.

## Authority to Sign Solicitation Documents

The authority mentioned in table 4.0 below shall apply for signing of solicitation documents.

<b>Non-Standard Items</b> (Complex Consultancy Contracts, Building, Technical Equipment)		
Value USD	Type of Solicitation	Documents signed by
< 100,000	Assessment of competitive quotations by RFQ Or Request for Proposal (RFP) Selective or Open Tender	Procurement and Finance Specialist (PM)

> 100,000	Invitation to Bid (ITB) Selective or Open Tender Request for Proposal (RFP) Selective or Open Tender	Procurement and Finance Specialist (PM) (CTA)
<b>Standard Items</b> (Catalogue & recurring items, office supplies, SSA)		
< 5,000	Assessment of competitive quotations by RFQ Or Verification of prices	PFS (Procurement Assistant)
> 5,000 - <100,000	Assessment of competitive quotations by RFQ Or Verification of prices	Procurement and Finance Specialist (PM) (CTA)
• Table 4.0 Authority to sign solicitation documents		

## Bidding Time

The bidding time for any type of solicitation shall be sufficient to allow all bidders to participate. The actual time allowed depends on the complexity of the specifications and the movement of documents as well as the urgency of the requirements. The bidding period, depending on the urgency of the requirement, should normally be not less than five working days. For complex specifications, the bidding period may have to be extended to 6 to 8 weeks.

## Specifications

The technical specification / description is one of the most important parts of a solicitation document. It should be broad enough to encourage wide competition whilst indicating clearly the essential details to allow the bidders to recognize what is needed. Specifications should be generic (i.e. neutral) and without reference to brand names or models. If brand names/models cannot be avoided, a wording such as “or equivalent” should be used. See further Section **Guidelines for Setting Specifications** (Annex 27).

PERSGA may refer to IAPSO catalogues that contain comprehensive and generic specifications, which could be used when appropriate.

## General Conditions

The PERSGA **General Terms and Conditions** relevant to procurement of goods are attached (Annex 18). They shall form part of the solicitation documents as well as the resulting Purchase Orders. **General Conditions of Contract** are contained in the sample RFP (Annex 19).

The General Conditions provide for Performance Security to ensure fulfilment of the Supplier's/Contractor's obligations. Performance Security shall be introduced on a restricted basis amongst other criteria in solicitation documents/Purchase Orders/Contracts since it has a tendency to increase the price. A Performance Security form is attached (Annex 20).

## Bid Opening

Bid opening shall be public for Open Tenders and tenderers are invited to be present. Bids shall be opened at the time and place as specified in the solicitation document. Only bids in sealed envelopes shall be considered. On arrival, each envelope shall be stamped with arrival date and time and kept under lock. Late bids shall not be considered and shall be returned unopened to the bidder.

A minimum of three staff members, one of whom should be from outside the procurement section, should be present at the bid opening.

The following details should be read out from each bid:

- Name of Bidder;
- Complete or partial bid;
- Total price and currency.

A record of each bid opening shall be prepared. Bid Opening Record attached (Annex 21).

## Bid Evaluation

Evaluation criteria shall be included in the solicitation document whenever appropriate. Bids shall be evaluated in terms of the following factors:

- Price and currency;
- Acceptance of PERSGA Payment Terms;
- Conformity to specifications and quality of the product;
- Delivery time;
- In-country after-sales service and maintenance (if applicable);
- Availability of spare parts/ consumables (if applicable);
- The Supplier's ability to provide technical assistance with start-up, commissioning and operator training (if applicable);
- Warranty conditions.

**The lowest evaluated bid shall** be proposed for award.

The detailed evaluation shall be summarized in a bid evaluation sheet to be included in the proposal for award documentation. The documents required for approval of the award are listed below.

## Authority to Approve Award

When the evaluation has been completed, the procurement case shall be submitted to the Secretary General with proposal for award. The following procedure shall apply:

**Note:** Officers listed in brackets () below are approving officers in the absence of originally authorized officers.

Value USD	Required Documents	Approving Officer
<b>Non-Standard Items (Complex Consultancy Contracts, Building, Technical Equipment)</b>		
< 15,000	Price assessment and recommendation for approval	Project Manager (CTA) (DSG)
> 15,001 < 100,000	Price assessment and recommendation for approval	Deputy Secretary General (SG)
> 100,001	Summary of Bid Evaluation and recommendation for approval	Secretary General (DSG)
<b>Standard Items (Catalogue &amp; recurring items, office supplies, non-expendable items, SSA)</b>		
> 30,000	Procurement Committee recommendation based on a	Secretary General (DSG)

Matrix of Comparative Prices
• Table 5.0 Authority to approve award

## Purchase Order and Contract

Upon approval, a Purchase Order shall be prepared. In the case of high value and complex equipment (works, services), a complete contract shall be prepared. If justified (e.g. due to urgency) the awarded Supplier may be notified in writing prior to the issuance of the purchase order / contract. Such notification may take the form of a Letter of Intent in the case of high value and complex cases. A sample of the PERSGA standard Purchase Order is attached (Annex 23). The Authority to sign Purchase Orders and Contracts is given in the table below.

## Order Acknowledgment

Acceptance of a Purchase Order shall be done by the Supplier signing and returning the acknowledgment copy or by timely delivery of the goods. Suppliers shall be encouraged to acknowledge purchase orders by returning the acknowledgment copy.

Exceptions to this rule are orders to frequent Suppliers, where special procedures apply for acknowledgment of orders.

## Unsuccessful Bidders

Unsuccessful bidders shall be informed to this effect by letter. A sample letter is attached (Annex 24).

## Waiver of Competitive Bidding

Competitive bidding may be waived as per “Award of Procurement Contracts on the Basis of Exceptions to the Use of Formal Methods of Solicitation” section above. Proposal for waiver as per these conditions shall be submitted to the Secretary General.

## Authority to Sign Purchase Orders and Contracts

All Purchase Orders and Contracts shall be signed by two PERSGA officials, one Certifying Officer and one Approving Officer. The following authority shall apply:

**Note:** Officers listed in brackets () below are certifying / approving officers in the absence of originally authorized officers. The name of the originally authorized officer shall be printed on the purchase order and the signing shall be done “for” this officer.



Services (contracts)		
Value USD	Certifying Officer	Approving Officer
< 2000	N/A	LS (PM)
> 2,001 - < 15,000	LS (LS)	PM (CTA) (DSG)
> 15,001	PM (CTA)	DSG (SG)
Goods (purchase orders)		
< 1,000	No formal purchase order is required	PFS (PM)
> 1,001 - < 100,000	PFS (PA)	PM (CTA) (SG)
> 100,001	PM (CTA)	DSG (SG)
• Table 6.0 Authority to Sign POs and Contracts		

## Definition of Headquarters and Field Office Procurement

Field office procurement shall mean purchase and/or rental by the field office of equipment, supplies, as well as the contracting of services only within the limits of the petty cash expenditure. Headquarters Procurement shall mean purchase by Headquarters directly of equipment and supplies for itself and the field offices.

## Procurement Committee

The Secretary General's memorandum "Delegation of Authority" (Annex 28) outlines in detail which procurement cases shall be referred to the Procurement Committee (PC) for decision. The Delegation of Authority shall constitute the permanent and alternate members of the Procurement Committee. Members of the Committee are appointed on an annual basis. The Secretary General may amend the composition of the Committee each year. This Delegation of Authority determines the Scope and the Mandate of the Procurement Committee.

## Purchasing of Goods & Equipment

### General

Procurement of goods and equipment (goods) includes purchasing, delivery, insurance, receipt, inventory and disposal of goods, taking into particular consideration the desire for long-term sustainability, and maintenance.

The proper authority for procurement is primarily established by the threshold delegation for procurement as referred to earlier in this chapter in table 4 (authority to sign solicitation documents), table 5 (authority to approve award), and table 6 (authority to sign purchase orders and contracts).

The legal instrument for procurement of all goods is a **Purchase Order** (PO).

Purchasing is a major component of the procurement process but equally important are matters of logistics, handling and disposal, which must be considered early in the planning stage to make any purchases cost effective. To the extent necessary, these requirements also may be reflected in the PO terms and conditions. The procurement process is inter-related and shall be considered in its entirety.

## Procurement Process

The procurement process involves three general phases: Preparation, Selection and Administration. Within each phase, there are several inter-related steps that must be considered upon the initiation of any procurement exercise.

### Procurement Sequence

- Preparation and approval of a procurement plan;
- Authorisation to purchase;
- Solicitation: Request for Quotation (RFQ) / Invitation to Bid (ITB);
- Procurement Committee (PC);
- Purchase Order (PO);
- Delivery;
- Receipt;
- Payment;
- Inventory;
- Final disposal.

### Preparation and Approval of a Procurement Plan

All purchasing begins with a **Procurement Plan**, which is a detailed list of anticipated purchases submitted for review and approval on a periodic basis, i.e. bi-annually, but at least 1 month prior to the first proposed procurement action. The plan will help organize purchases according to any **delegated authority** and allow initiation of any procurement action according to the requirements of the relevant procedures and the characteristics of a particular purchase. The Procurement Plan usually contains general information primarily related to budgets and programming.

The Procurement Plan consists of two parts:

- Local purchases, and
- International purchases.

The plan should include the following:

- List of each item to be purchased, local or international;
- Estimated date of issuance of PO;
- Estimated date of delivery required;
- Estimated cost of each item, including freight and other expenses.

The technical and physical characteristics of goods must be described by clear **specifications** (see Annex 27 **Guidelines for Setting Specifications**).

**Technical** - details of dimension, layout, design and materials, includes other references to related trade and quality standards.

**Performance** - defines the function of goods required, for example process rates, capacity or physical tolerances.

**Note:** Performance Specifications are useful when technical specifications are difficult to establish precisely as they place the burden on the supplier to provide the correct technical specifications to meet the performance required.

**Brand** - unacceptable unless used for proprietary item but may be used as reference where "or equivalent" is added.

#### Approval

Once procurement plans are in final draft, they will be reviewed in a forum attended by the CTA, LS, PFS, and the PM. Once final changes have been made to the procurement plan, the plan may be approved by the PM. Information pertaining to Procurement Plans (i.e. amounts and dates) will be entered in the Financial Management Information System (FMIS).

#### Authorization to Purchase

Once the procurement plan is approved, a specific Requisition Request (RR) is issued by the requester to the PM detailing the needs of a particular item. Different requisition forms are used for Services and Goods. (The RR for Goods is attached in Annex 14.) The RR for Goods should indicate the following:

- Justification for the Goods;
- Estimated quantity of the Goods;
- List of vendors (if known, especially in the case of specialized equipment);
- Delivery place (Jeddah or elsewhere. If different from Jeddah, exact delivery address is to be provided);
- Recipient name;
- Budget and budget line or lines to be charged

It is the responsibility of the PM to approve/disapprove the RR or request an amendment. The basis of approval is to ascertain that the required goods are needed and are within the scope of the project. It is the responsibility of the PFS to review the correctness of the budget lines, availability of funds, and to block funds in the RR.

#### Purchasing

##### Suppliers

The selection of suppliers follows four stages: identification, solicitation of offers, evaluation of offers, issuance of Purchase Order.

##### Identification

Potential suppliers can be identified through the SAP rosters, public advertisement for expressions of interest, or recommendations of other agencies in the field. See **Short-listing of Bidders** and **Suppliers' Database** above in this chapter.

**Solicitation** is the process of seeking offers from potential Suppliers. It is accomplished through either a **Request for Quotation** (RFQ) or an **Invitation to Bid** (ITB). The Request for Quotation is a simple document sent to known suppliers requesting price and

delivery information and may be used only for purchases of less than \$100,000. An ITB is either sent to short-listed Suppliers or made available through public advertisement in local and/or international press requesting Suppliers to offer the specified goods. The ITB includes:

- Invitation;
- Specifications;
- Delivery;
- General Terms & Conditions;
- Model Performance Guarantee.

The solicitation process includes **receipt** and **opening** of bids. Security and confidentiality of the bids must be maintained at all times. The place, time and procedure for submission should be stated in the ITB and must be respected. A log must be kept with the date, time and general description (for example: one brown envelope) of each bid received. SAP personnel open the bids as may be indicated in the ITB with at least one witness, ideally from outside the procurement section, who attests to the results. A report is made with the date/time of the opening, the names of the invitees, the bids that were received by the deadline and the names of those present for the opening.

Purchases expected to be \$100,000 or above require **public opening** of the bids. The time and place of the public bid opening must be specified in the ITB. At least one witness, ideally from outside the procurement section, shall be present at the public opening. Only bidders are entitled to attend. Only the name of the bidder and the price should be announced when opening a bid. An **Opening Report** should record the information and be given only to bidders attending the opening.

If not submitted upon the advice of any other interested party such as a staff member, or project consultant, **unsolicited bids** may be opened and evaluated if received by the deadline and if they otherwise comply with all of the requirements of the ITB. If the shortlist was cleared by the funding source, any unsolicited bid also must be cleared. Any supplier submitting an unsolicited bid should be informed if it is to be evaluated, on confirmation that the ITB was not received from an interested party.

SAP does not usually accept **late bids**. However, if a late bid is properly addressed and sent in advance of the bid receipt date, but nevertheless is received after the bid receipt deadline because of an internal problem within the SAP or because of a delay outside the control of the bidder, the bid may be considered at the discretion of the PM if the integrity of the procurement process has not been compromised.

## Evaluation

The **Evaluation** of a bid consists of reviewing the technical compliance with stated specifications. The PO should be awarded to the supplier offering the lowest price for goods that substantially comply with the specifications. An ITB may have a **point evaluation**, usually where delivery time is given some weight to encourage prompt supply, but this approach is not generally recommended for standard equipment or supplies.

Purchase Order **award** is subject to the authorities and limits as mentioned in table 6 **Authority to Sign Purchase Orders and Contracts** above.

All purchases valued at \$30,000 USD and above must be presented by the PFS to the Procurement Committee. Once evaluation is completed and if value is confirmed above \$30,000, the PC will review the evaluation and recommend its decision to the SG.

## Purchase Order

Administration begins with preparing the **Purchase Order**.

After award of a purchase order, the front side of the appropriate purchase order form must be completed with delivery terms and any special terms and conditions, shipping and packaging instructions, technical requirements, etc. The **standard terms and conditions** printed on the reverse side may not be changed.

Purchase Order copies must be distributed as follows:

- Original: to Supplier;
- Blue: to Supplier, for signature and return;
- Pink: to Finance;
- Yellow: Purchase Order File, and
- Green: Requisition File with a copy of the winning bid, quotation/invoice.

## Delivery

**Delivery** of goods occurs when they are handed over to SAP according to the PO terms and conditions. Delivery of the goods to SAP may legally occur before the goods are shipped to the final destination. The **carriage** of goods is a distinct element of any PO and results in an entirely separate contract normally evidenced by a bill of lading. Delivery in SAP's POs is defined by reference to the 1990 International Commercial Terms (Incoterms), which define the rights and responsibilities of both parties for carriage. The **Incoterm** selected will depend on:

- Type of transportation;
- Point of delivery;
- Conditions of carriage.

Some terms are used only with transport by sea. Delivery occurs at different points under the E, F, C and D terms. F and C terms include a contract of carriage and/or insurance.

EXW	- supplier's facility
FCA	- carrier
FOB	- on a ship
CFR	- on a ship, freight paid
CPT	- carrier, freight paid
CIF	- on a ship, freight/insurance paid
CIP	- carrier, freight/insurance paid
DAF	- destination, pre-customs
DES	- destination pre-customs
DEQ	- destination pre-customs
DDU	- destination, duty unpaid
DDP	- destination, duty paid

## Receipt

Immediately upon receipt, all goods must be inspected. The staff member who initiated the RR must inspect the goods as soon as possible and fill out a Compliance Report (CR) (electronically available within the FMIS). The CR must include the PO numbers corresponding to the items purchased. Failure to properly inspect and submit the CR may result in personal liability for any related loss.

When damaged, pilfered or short-supplied goods, which have been insured, are delivered, the carrier must be informed in writing, and he will be held liable for damages (the word "liable" must appear in the notification). A survey **report** may be necessary to provide evidence of the damage or loss.

## Payment

**PO payments** are effected by the Accountant. Payment will be made within 15 days upon receipt of:

- Original invoice;
- Original bills of lading (if shipped by air, sea, or rail);
- Packing list;
- Copy (Colour) of authorized PO;
- CR.

## Inventory

Goods purchased are subject to **inventory** and asset control. **Non-expendable Property** (\$500 and above, and/or a life-expectancy of 5 + years) shall be recorded on the inventory and once a year the AA will forward copies of computerized inventory records to the Procurement Assistant to conduct a manual physical inventory.

## Disposal

Disposal of non-expendable equipment is undertaken in accordance with the terms of the applicable Project Document.

## Contracting Services

Contracting is the process of acquiring services to undertake a wide range of activities, from simple consulting to sophisticated work. It is subject to the general requirements of competitive bidding and source selection but is complicated by the often unique conditions for many types of services.

The type of services that can be contracted vary considerably and those services can be procured from various sources:

- Individual consultants, and
- Consulting firms (which include: Companies and corporate contractors, Research institutions, Universities, and Non-governmental organisations (NGO)).

## Contracting Services for Very Small Assignments

Selecting individual consultant and firms based on their qualifications may be used for very small assignments (normally below the threshold of \$30,000 USD) for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the LS shall prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.

## Individual Consultants

Individual consultants are normally employed on assignments for which (a) teams of personnel are not required, (b) no additional outside (home office) professional support is required, and (c) the experience and qualifications of the individual are the paramount requirement. When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.

Individual consultants are selected on the basis of their qualifications for the assignment. They may be selected on the basis of references or through comparison of qualifications among those expressing interest in the assignment or approached directly by PERSGA. Individuals employed by Borrowers shall meet all relevant qualifications and shall be fully capable of carrying out the assignment. Capability is judged on the basis of academic background, experience and, as appropriate, knowledge of the local conditions, such as local language, culture, and administrative system.

A consultant is an independent contractor who is directly appointed by PERSGA to provide a specific assignment in his/her field of expertise, for a specific period of time. S/he is not considered a legal employee of PERSGA.

A consultant is appointed for the sole aim of supporting expertise, to fill specific gaps of research and management not available in PERSGA.

## Appointment of Individual Consultants – Special Service Agreement (SSA)

Appointment of a consultant will be under the particular terms and conditions the Secretary General feels necessary. The appointment letter referred to, as the Special Service Agreement (SSA) will specify:

- Terms of Reference (TOR);
- Duration of assignment;
- Basis of remuneration;
- Location of employment /Duty station, and
- Any special condition.

TOR shall be completed by the requesting officer and authorized by the PM and signed by the nominated consultant.

## Applicable Rates for Individual Consultants

The fee rate of the consultant will be defined in accordance with the table in Annex 22

The Secretary General may authorize the payment of additional fee rates, up to 20% (twenty percent) of the defined fee rates upon his judgment on the following cases:

- Recognized work complexity;
- Recognized degree of specialty needed;
- Scarcity of professionals in certain area;
- Tight time limitations, and
- Hard working environment in duty station.

In addition to the stated fee rates, PERSGA will pay:

- The cost of travel or issuance of travel tickets based on the least costly and most direct route, and
- DSA in case of travel outside the home country, according to currently used UN rates.

For assignment of more than two-month period, the stated fee rates may be reduced by 20% (twenty percent). The reduced rate shall be applicable all over the assignment period.

The remuneration may be reduced by 20% if the consultant is not required to travel and will work at his/her home base.

In the case of freelance translation, documents that are more than 30,000 words and that are valued at more than \$3,500 USD a lump sum amount will be negotiated for the task.

In case PERSGA commissions consultants through secondments or an agreement with another organization, the fee rates agreed between PERSGA and this organization shall be applicable instead of the rates stated in Annex 22.

PERSGA may pay the stated rates in US dollars or its equivalent in any other currency as it is decided by the Secretary General.

## Consulting Firms

The contracting process involves three general phases:

- Preparation;
- Selection;
- Administration.

Within each phase, there are several inter-related steps that must be considered upon the initiation of any procurement exercise.

### Preparation

The context in which the services are to be provided must be clear from the **project documents**, which may include grant agreements that implicate procurement procedures. The services must be consistent with the project and expressly provided for by its constitutional documents.

The **timing of the service inputs** must be specified in relation to the lead times necessary for the contracting process, as well as the Service Providers' mobilization and required flexibility for unexpected contingencies.

The source and **availability of funds** must be expressly provided for and evidenced by the project documents.

Clear and complete **Terms of Reference** (TOR) should be established, with the assistance of a consultant if necessary. A sample TOR is attached in Annex 26. The TOR is a critical document that will be used throughout the contracting process.

The Requester is supposed to prepare **selection criteria** for the intended consultancy. The selection criteria could vary in complexity depending on the scope of work required. Complex selection criteria could be evaluated and decided upon by an ad-hoc committee.



## Selection

Potential Service Providers can be **identified** through the SAP rosters, public advertisement for expressions of interest, sometimes leading to pre-qualification, or recommendations of other agencies in the specific field of expertise. In addition, the project documents prepared by a funding source may specifically identify a contractor to be used; such contractors may be **pre-selected** according to their own financial rules.

The formal clearance procedure of **Short-listing** may be appropriate to limit the number of potential Service Providers. Unless there is public advertisement of the solicitation, short-listing is required for contracts of \$100,000 or above. Service Providers should be selected on the basis of qualifications and/or position. Shortlists are cleared by the SG. For contracts of less than \$30,000 USD the rules under section "Contracting Services for Very Small Assignments" shall be used. However, a note for the record must justify the selection of potential Services Providers and have the approval of the PM.

**Solicitation** is the process of seeking offers from potential Service Providers. It is accomplished through a Request for Proposals (RFP). The RFP is either sent to short-listed Service Providers or made available through public advertisement in local and/or international press requesting Service Providers to offer the stated services. The RFP includes:

- Letter of Invitation with the evaluation method;
- TOR;
- Model Contract;
- Special and General Terms and Conditions;
- Model Guarantees.

For large, complex actions with lengthy documentation, a nominal handling **fee** may be appropriately charged to Service Providers who request an RFP. Complicated actions also may warrant a proposal guarantee, commonly referred to as a **Bid Bond**, to cover the expense of evaluation if a proposal is later revoked. The guarantee should follow the general approach of a performance guarantee but the amount should be relatively small and maintained only for the proposal validity period.

The solicitation process includes **receipt** and **opening** of proposals. The security and confidentiality of the proposals must be maintained at all times. The place, time and procedure for submission should be stated in the RFP and must be respected. A log must be kept with the date, time and general description (for example: one brown envelope) of each proposal received. SAP personnel will open the proposals as may be indicated in the RFP with at least one witness, ideally from outside the procurement unit. A report must be made with the date/time of the opening, the names of the invitees, the proposals that were received by the deadline and the names of those present for the opening.

Contracting expected to be \$100,000, or more requires **public opening** of the proposals. The time and place of the public bid opening must be specified in the RFP. SAP personnel and at least one other from outside the procurement unit should be present at the public opening. Only proposers are entitled to attend. Only the name of the proposer and the price should be announced when opening a proposal. An **Opening Report** should record the information announced and be given only to proposers attending the opening.

If not submitted upon the advice of any other interested party such as a staff member, government official or project consultant, **unsolicited proposals** may be opened and evaluated if received by the deadline and if they otherwise comply with all of the requirements of the RFP. If the shortlist was cleared by the government or funding source, any unsolicited proposal also must be cleared. Any Service Provider submitting an

unsolicited proposal should be informed if it is to be evaluated and that any contract is conditional on confirmation that the RFP was not received from any interested party.

The proposal **evaluation** process depends upon how the RFPs are solicited. The **two-envelope** system requires submission of a technical proposal and a separate financial proposal. The technical proposal is evaluated, and then the financial proposal is opened and compared. Points are assigned to the selection criteria, including price. A weighting must be given to each component of the proposals, including price. 70%-80 % of the overall score should be given to the technical proposal and 20%-30% given to the financial proposal.

Contract **award** is subject to the authority and limits stated in table 5.0 **Authority to Approve Award** above.

#### Administration

Administration begins with preparing for final execution of the **contract**. The form should follow one of the SAP models. Certain key areas, such as payment and performance controls, form part of every contract negotiation, but other matters, such as privileges and immunities, are not negotiable. The models themselves contain drafting notes, but several points are worth emphasizing:

- Name/type of Service Provider;
- Starting and completion dates;
- Price, whether fixed or unit price with a ceiling;
- Currency of contract and payment;
- Payment;
- Performance guarantees;
- Special Conditions;
- General Terms and Conditions;
- Arbitration

Every contract must be assigned an official **contract number**. Once the contract number is assigned, one **Obligation Voucher** (OV) or more will be issued to block the amount within the appropriate budget.

**Performance guarantees** in the form of a letter of guarantee or bond from a credible bank or financial institution shall be requested for high value services. The amount of any guarantee normally represents a percentage of the contract value and 10% is a common requirement. The guarantee shall be irrevocable and without any conditions. It must be valid for a period beyond the contract performance to allow for inspection and acceptance of the services. An original of the guarantee must be maintained by SAP.

**Payment** for services may be lump sum upon completion or according to pre-established milestones. All invoices for payment must be verified ensuring that all invoiced items (services/materials/etc) have been satisfactorily delivered/ performed in accordance with the terms and conditions of the contract.

**Advance payment** prior to commencement of services is not permitted unless it is accepted commercial practice and in the interests of SAP. Advance payment should not exceed 15% of the contract value and, if in excess of US \$50,000, shall be made only after the Service Provider gives the SAP a bank guarantee for an amount equivalent to the advance. In cases where both an advance payment and progress payments are made, the advanced amount shall be set-off against subsequent instalments as an agreed

percentage until fully recovered. Any request for an advance payment must be justified by the Service Provider in its financial proposal, which must explain the need for the advance payment, itemize the amount requested, and provide a time-schedule for utilization of the advance. The Service Provider must also submit documentation regarding its financial status.

Contract administration requires detailed organisation and a complete **contract file** must be maintained in a systematic manner. This will also facilitate effective review of the contract and reduce audit queries. The file should include:

- Terms of Reference;
- Advertisements, recommendations and/or shortlist;
- RFP;
- Proposal receipt log;
- Opening report;
- Winning proposal;
- Evaluation report;
- PC submission / minutes;
- Signed original of the contract with all annexes and guarantees;
- Contract amendments;
- Correspondence with the Service Provider;
- Progress reports and/or other proof of delivery of milestones;
- Payment record.