

NORTHERN COUNCIL FOR GLOBAL COOPERATION: PROCUREMENT POLICY

Objectives

The objective of this policy is to ensure the best value for money, fairness, transparency, avoid conflict of interests and mitigate risks related to procurement of goods, works and services for the Northern Council for Global Cooperation (NCGC) and for NCGC funded programs and projects in case the case that counterparts do not have existing procurement policies.

Guiding Principles

Value for money: While making procurement decisions, NCGC considers factors such as requirement, available alternatives, timing, supply strategy and total life cycle costs of the goods or services when evaluating vendors' proposals.

Need-based: NCGC purchases goods and services that are properly planned, reviewed and approved. A simple budget allocation is not automatically sufficient for the procurement of goods and services.

Cost-effectiveness: NCGC evaluates offers for goods and services not only based on competitive pricing, but also other factors such as the quality of the products/services, awareness of the goals and purposes of NCGC (where appropriate), and the past performance of the bidders and references.

Fair Competition: NCGC treats all qualified vendors equally and seeks to maximize open and free competition by providing information to all interested parties to permit them to take part in a competitive process. When all stated factors to be consider are equal between offers, preference will be given to offers from the three northern territories.

Conflict of Interest: NCGC staff members and Board members do not participate in selection, award, or administration of a procurement contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the staff member, or any member of his or her immediate family, or his or her partner or their family, has a financial or other interest in a firm to be selected for an award. Staff members declare and comply with all relevant fiduciary duties when they make decisions on matters related to procurement contracts in which they have a direct or indirect financial or personal interest.

Transparency: NCGC provides vendors with all the necessary information about the procurement process.

Environmental: NCGC will avoid purchasing goods or services that cause unnecessary harm to the environment, and will source local, fair-trade, organic, vegetarian food and beverage services when hosting events. NCGC will uphold high ethical and environmental standards with all goods and services purchased.

Procurement and Procedures

Open Tendering: Procurement of goods and services costing \$500,000 or more should be made through an open tender. Invitations for tender should be published in the print media for free response by all interested suppliers or contractors.

Competitive Sealed Bid: Procurement of goods and services worth \$50,000 and above up to \$499,999 should be made through a bidding process. Depending on the nature and types of goods and services, a minimum of three and a maximum seven suppliers should be invited to submit sealed bids. The bid documents should be included with the invitation letter. A review committee, designated by the Board of Directors and including at least one member of the Board and the Executive Director, opens all the sealed bids on a predetermined date and documents the rates, terms and conditions of offers. The most responsive offer will be awarded for the procurement contract.

Competitive Quotations: Procurement of goods and services valued from \$10,000 and over up to \$49,999 should be made through a competitive quotations process, based on terms of reference for the goods and/or services required. The appropriate staff shall seek potential suppliers and present the shortlist of suppliers to the Executive Director for review. At least three suppliers should be selected to provide quotations and the quote meeting the terms of reference, including least cost, will be awarded.

Restricted or Single Tendering: This mode of procurement should be followed when a goods or services required are produced by only one or a limited number of producers or provider who are sole agents or patented distributors. Therefore, only one or a few suppliers or contractors will be invited to submit written tenders. Sufficient justification must be documented before proceeding with the tendering exercise. The justification for single tendering should be clearly recorded in the tender evaluation report.

Service Level Agreement: Procurement of specialized services such as travel agents for airline ticketing, internet service, insurance and banking services are purchased through a service level agreement. Services that need to be purchased repeatedly should be regulated through a service level agreement. More than pricing of the services, service quality, performance standard and terms and conditions of the services to be provided should be defined and agreed upon to ensure the timely quality services and best value for the money.

Small purchases: Procurement of supplies and services of a regular nature costing less than \$10,000 is considered to be small purchases and may be considered on a non-competitive basis. One of the considerations taken into account in deciding on small purchases is the convenience of the vendor. Procurement of supplies and services of a regular nature exceeding \$10,000 should be made either through competitive quotations or service level agreement based on estimated annual consumptions.

Non-competitive procurement over \$10,000: In general, NCGC follows one of the above competitive procurement procedures. There may be situations where procurement of a particular product or highly specialized services through a competitive process is not practical. In such a situation, procurement of such goods and services can be made through negotiation. A note for the record stating (a) basis for contractor selection, (b) justification for lack of competition (c) basis for cost or price should be prepared and approved by the finance committee.

COST AND PRICE ANALYSIS

The person(s) responsible for procurement should analyse the cost or price and keep this analysis in the procurement files for future record for each procurement valued over \$10,000. These files will be retained for seven years. Such analysis should include unit cost, total costs, discounts, taxes, services charges, insurance, warranty, guarantee and other terms and conditions to evaluate reasonableness of the offer.

CONTRACT ADMINISTRATION

The agreement between NCGC and the successful vendor should be formally set out in a contract signed by the parties. The contract should include items specified in the procurement documents, such as cancellation and termination clauses, any options to extend the agreement and a bid dispute mechanism. NCGC will monitor the vendor's performance and verify all invoices and payments against the terms of the contract.

CONTRACT PROVISIONS

Being an organization for social justice, NCGC is committed to operate in a transparent and fair manner ensuring that its procurement of services and products will be done, whenever possible, only from suppliers with a similar commitment to responsible policies and practices in these areas, including non-discrimination and environmental sustainability. An appropriate legally compliant background screenings should be carried out before signing the contract for procurement of goods/services over \$50,000 to ensure the integrity and good character of the supplier's employees. The following clauses should be included in all procurement contracts to promote responsible procurement practices:

The contractor agrees to abide by the rules, regulations, policies and practices concerning:

1. Health and safety policies and performance;
2. Human rights and labour practices;
3. Equitable hiring practices, including a commitment to diversity and inclusion;
4. Environmental sustainability policies and performance; and

5. Anti-harassment, anti-bullying, and anti-workplace violence policies and procedures.

QUALITY REQUIREMENT

This policy in no way mandates the purchase of goods and/or services that do not perform up to the operating specifications required by NCGC or that are not available at a commercially competitive cost.