

International Centre for Policy Studies

Purchasing Policy

GUIDE PLAN

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GENERAL PROVISIONS

The purchase of goods, works and services is necessary in order for ICPS to work towards its goals.

The function of purchasing involved organizing a supply chain that will allow ICPS to receive key goods, works and services using reliable, uniform purchasing procedures.

This guidebook is the guide to the purchasing of goods and services for ICPS purposes. Its main purpose is to institute cost- and time-effective principles and practices for the purchase of goods, works and services.

For purchasing be handled in a series of clearly-established processes, on a competitive basis, and for those employees responsible for making purchasing decisions to carry out their duties objectively and without bias, the review, evaluation and selection of procedures needs to come first.

ICPS needs to handle purchasing in line with international practice and this guidebook, and in such a way that these not come in conflict with Ukrainian law.

To ensure constant accountability and reliable management of purchases it is very important that purchasing take place with in a clearly defined and transparent policy framework.

The purpose of this policy is to establish a structure within which ICPS can:

- A. optimize the efficiency of purchases of goods and services;
- B. standardize the purchasing process;
- C. develop clear terms and conditions for negotiating with suppliers and providers;
- D. ensure that the fairest prices are agreed for goods and services.

ICPS purchases on the basis of complete and open competition and if the conditions are altered, it is only inline with the procedures provided for in this guidebook.

How efficiently the process of purchasing goods, works and services takes place has a direct impact on ICPS's business.

Following best practice in purchasing should save considerable time and money for ICPS, in addition to fostering successful functioning and execution at the center.

The purchase of goods and services includes:

- assessing the need for goods, works and services;

- evaluating the cost of satisfying the need for goods, works and services;
- placing a notice;
- holding bids (reviewing propositions);
- selecting providers or suppliers;
- purchasing;
- receiving the goods, works or services and paying for their value;
- registering the purchase of goods, works or services in bookkeeping.

The provisions in this guidebook must be applied by both ICPS and all ICPS partners who purchase goods, works or services that are directly paid for by ICPS.

THE GOAL OF PURCHASING

At ICPS, the goal of purchasing is to choose the best conditions for acquiring the necessary goods, works and services to make the most economical and effective use of the organization's funds.

To reach this goal, all purchasing should be done on the basis of open competition, to the extent possible, with all propositions and applications undergoing a review and approval process based on objective and unbiased selection criteria.

In order to reach this goal, certain principles must be adhered to:

- openness, transparency and publicity;
- full documentary confirmation;
- maximum efficiency of use of funds;
- strict oversight of the purchasing process.

PLANNING THE PURCHASE OF GOODS, WORKS OR SERVICES

Planning purchases is the process of making very specific those ICPS needs that might be properly met by the purchase of goods, works or services.

The proper planning of a purchase is very important. ICPS should determine which goods, works or services will be necessary to reach the goals it has set, the timeframe within which the goods, works or services should be delivered or completed, and what procedure for purchasing and

drawing up a contract is the most appropriate in each individual instance. ICPS should put together and approve a general purchasing plan prior to the actual purchase.

Purchasing plans for goods, works and services are drawn up every quarter.

A draft purchasing plan and the list of goods, works and services to which it applies is prepared by the ICPS Budget Committee and submitted to the ICPS Supervisory Board 30 calendar days prior to the start of the given quarter.

During the process of agreeing the plan with the ICPS Supervisory Board, adjustments and corrections should be made to it wherever necessary.

All corrections and adjustments to the purchasing plan for goods, works and services are made in the form of addenda that are approved by the ICPS Supervisory Board.

One of the most important stages in establishing the purpose for spending money on ICPS activities is the review and approval of the quarterly purchasing plan for goods, works and services by the ICPS Supervisory Board.

PURCHASING NOTICE

After the purchasing plan has been drawn up, ICPS publishes a general notice about seeking to purchase, for potential providers and suppliers to familiarize themselves with ICPS's requirements for goods, works and services.

The announcement should provide a general idea of the purchasing plan should be provided, including:

- a. a list of the needed goods, works and services;
- b. the timeframe for receiving the goods, works or services;
- c. contact information for the ICPS employee responsible for purchasing so that interested parties may turn to them for additional information.

This announcement must be posted to the ICPS site at <http://www.icps.com.ua/> and in the ICPS newsletter.

ICPS may freely place this notice in any other informational resource at its own discretion. The general purchasing notice is updated every quarter, while all purchases of goods, works and services are done through open bidding.

Where possible, announcements of calls for goods, works or services that arise in the course of carrying out various projects in which ICPS is taking part shall, with the mandatory approval of the ICPS Supervisory Board, be posted on the ICPS site at <http://www.icps.com.ua/> and in the

ICPS informational bulletin. ICPS may freely place this announcement in any other informational resource at its own discretion.

Purchasing notices may also be targeted at potential providers at the discretion of the person responsible for purchasing.

MANAGING PURCHASES

Managing purchases presupposes an understanding of marketing, financial management, accounting and taxation, current Ukrainian law, and the specifics of ICPS activities.

ICPS Supervisory Board

The highest ICPS body that is responsible for managing purchases is the ICPS Supervisory Board, which plays a decisive role in the purchasing process.

The ICPS Supervisory Board is responsible for:

- establishing the organization's strategy for purchasing;
- approving and, when necessary, amending the purchasing plan;
- appointing the members of the ICPS Budget Committee;
- reviewing propositions and approving suppliers of goods works or services when undertaking purchases with a limited number of participants, with a single supplier and when carrying out an open call to purchase based on the guidelines in this handbook;
- reviewing annual reports on completed purchases;
- reviewing cases of violations and abuse during the process of purchasing goods, works or services.

ICPS Budget Committee

The role of ongoing control functions with regard to purchasing procedures belongs to the ICPS Budget Committee.

The ICPS Budget Committee's duties include:

- drawing up purchasing plans and, when necessary, reviewing propositions from project managers and ICPS subunits regarding unplanned purchases or amending current purchasing plans;
- overseeing and monitoring purchasing procedures and timeframes;
- analyzing the fulfillment of the purchasing plan, preparing a report on the results of purchasing, and submitting the report to the ICPS Supervisory Board for review;

- reporting to the ICPS Supervisory Board on any violations and abuses during the process of purchasing goods, works or services.

ICPS Purchasing Officer

The ongoing work of following the procedures for purchasing is handled by the person responsible for purchasing, the ICPS purchasing officer. This person is appointed in accordance with labor law in Ukraine and carries out these functions in line with their job duties and this guidebook.

The purchasing officer's duties with regard to purchasing itself include:

- ensuring that all procedures for the purchase of goods, works and services are in line with the purchasing plan approved by the ICPS Supervisory Board and comply strictly with this guidebook and Ukrainian law;
- placing notices in strict compliance with this guidebook;
- forwarding requests and collecting written proposals from potential suppliers or providers;
- deciding whom to select as a provider in open purchases and submitting their names to the ICPS Budget Committee chair for approval;
- when necessary, involving project or sub-unit managers in determining the winners of calls to purchase goods, works and services;
- carrying out all other activities that are directly related to the procedures for purchasing goods, works and services.

OVERSEEING THE PURCHASING PROCESS

To determine the effectiveness of completed purchasing procedures, a comprehensive evaluation of purchasing activities is necessary that takes into account the execution of the purchasing plan according to both quantitative and qualitative benchmarks, the fulfillment of the ICPS budget, the amount of money saved, and any additional measures to control the quality of the purchased goods, works or services.

The ICPS Budget Committee must review the upholding of procedural requirements for the purchase of goods, works and services no less than once a quarter

This review is to cover two areas, in line with this guidebook:

- an analysis of the efficiency of purchasing procedures;
- a financial analysis.

To analyze the effectiveness of the way purchasing procedures have been carried out, three main indicators are used for control purposes:

- purchasing timeframes;
- the cost of goods, works or services;
- the quality of goods, works or services received;

Controlling for purchasing timeframes involves analyzing the purchasing process in terms of how closely it matched planned purchasing timeframes and those instances when delays in the delivery of purchases caused interruptions in the work of ICPS.

Controlling for the cost of goods, works or services means analyzing the purchase price compared to previously planned prices and discrepancies with purchasing budgets.

Controlling for the quality of goods, works or services received means analyzing their quality for whether it meets ICPS needs.

Financial analysis should take place in relation to the goals and objectives for managing purchasing.

Financial analysis includes:

- analyzing how closely procedures for purchasing goods, works and services were maintained;
- controlling the correlation to the budget for purchasing goods, works and services;
- analyzing the methods for how providers or suppliers were selected and evaluating how they complied with ICPS procedures.

Financial analysis makes it possible to carry out comparative analysis of actual spending on purchasing activities versus the amounts allocated for this purpose in the ICPS budget.

RUNNING A PURCHASING BID

In addition to economy and efficiency in the provision of goods, works and services, transparency and accountability regarding spending of ICPS money are also required. Insofar as it is appropriate, ICPS must purchase goods, works and services on the basis of public bidding in line with the rules presented in this section.

In specific cases, other methods may be used, depending on the nature and value of the goods, works or services, the timeframes for execution and other factors. All such exceptions from the procedure for open bidding should be strictly justified, agreed and reflected in reports on purchasing activity and in legal documents.

Open bidding

Goods

Goods: materials, equipment and any other material items acquired by ICPS.

Purchasing order (Annex 1): The purchasing officer should fill in this form, which documentarily confirms that all the necessary steps have been taken during the purchasing process.

The form should contain the name and contact information of the provider, the date the provider was contacted, and the value of the goods.

The completed form is approved by ICPS's chief accountant and Financial Director, who is also the chair of the Budget Committee.

For the purchase of goods worth UAH 6,999 (six thousand nine hundred ninety-nine) or less	Requires the approval of ICPS's chief accountant and financial director (chair of the Budget Committee); does not require open bids.
For the purchase of goods worth UAH 7,000 (seven thousand) through UAH 11,999 (eleven thousand nine hundred ninety-nine)	ICPS is required to contact at least two suppliers, who present written proposals that are signed by an authorized person, stamped where possible, and/or accompanied by a catalog with prices or a price list for the supplier's products.
For the purchase of items worth UAH 12,000 (twelve thousand) or more	ICPS is required to contact at least three suppliers, who present written proposals that are signed by an authorized person and stamped where possible. The best offer is selected, based on the written proposals, and is approved by the ICPS Director in the mandatory manner.

In select the winning proposal, three main criteria should be applied:

- economic effectiveness, that is, the lowest proposed price;
- quality of goods;
- options for the delivery of goods based on delivery conditions and/or delivery schedule, in relation to ICPS goals and objectives.

Moreover, the winning proposal is selected following the designated criteria, in the designated order, and according to all three categories.

If the person responsible for purchasing selects a proposal that was not the best one available based on all three criteria, a justification of the selection made should be noted in the purchasing request.

The approved goods purchasing request form with the signatures of the ICPS chief accountant and financial director—and approved, where required, by the ICPS director—is submitted, together with an invoice for the good(s), to the accounting department for payment.

Services

Services: means work or activity that is undertaken by an individual or group of individuals and is not “goods” (see definition of “goods” above).

Services include, but are not limited to: printing, offset; translation; writing; editing; consulting; conference room rentals; expert evaluations; training; legal support; and audits.

Service requisition form (Annex 2): The purchasing officer should fill in this form, which documentarily confirms that all the necessary steps have been taken during the purchasing process. The form should contain the name and contact information of the provider, the date the provider was contacted, and the value of the services.

The completed form is approved by ICPS’s chief accountant and Financial Director, who is also the chair of the Budget Committee.

<p>For services worth UAH 11,999 (eleven thousand nine hundred ninety-nine) or less</p>	<p>Requires the approval of ICPS’s chief accountant and financial director (chair of the Budget Committee); does not require open bids.</p>
<p>For services worth UAH 12,000 (twelve thousand) through UAH 49,999 (forty-nine thousand nine hundred ninety-nine)</p>	<p>ICPS is required to contact at least two suppliers, who present written proposals that are signed by an authorized person, stamped where possible, and/or accompanied by a catalog with prices or a price list for the supplier’s products.</p>
<p>For services worth UAH 50,000 (fifty thousand) or more</p>	<p>ICPS is required to contact at least three suppliers, who present written proposals that are signed by an authorized person and stamped where possible. The best offer is selected, based on the written proposals, and is approved by the ICPS Director in the mandatory manner.</p>

In selecting a provider, three criteria should be applied:

- **Qualifications:** Are the qualifications of the provider suitable to provide services to ICPS? Does the provider have sufficient experience in providing this kind of service?
- **Quality:** What is the quality of the services offered by the provider?
- **History:** Has the provider worked with ICPS in the past? Were the services rendered by this provider of satisfactory quality?
- **Price:** Is the cost of the services appropriate, compared to alternatives available on the market?
- **Budget:** Does the cost of the provided services match the available budget for such services?

If the person responsible for purchasing selects a proposal that was not the best one available based on all the criteria, a justification of the selection made should be noted in the service requisition form.

The approved services requisition form with the signatures of the ICPS chief accountant and financial director—and approved, where required, by the ICPS director—is submitted, together with an invoice for the good(s), to the accounting department for payment.

Bidding with a limited number of potential providers

The procedure for purchasing with a limited number of potential providers involved is based on the same principles as the procedure for open purchases with one exception: ICPS selects the providers that meet the qualification requirements in advance and invites them to send in written proposals.

This approach to purchasing is appropriate in three main situations:

- a) deliveries of highly specialized goods or services involving specialized research;
- b) a limited number of providers of the necessary goods or services;
- c) a restricted timeframe for acquiring exceptionally important goods, works or services.

In these instances, ICPS has the right to invite written proposals from potential providers who have made the list of those who meet qualification requirements.

The ICPS Budget Committee makes the decision that a purchase must involve a limited number of potential providers based on the conditions outlined in this guide and the ICPS Budget Committee Chair submits a written proposition or formal memorandum for approval to the ICPS Supervisory Board.

Purchases with a limited number of potential providers can be undertaken after the ICPS Supervisory Board has approved them.

Purchasing with a single potential provider

Purchasing with a single potential provider is permissible under certain exceptional circumstances, when:

- a) extending an existing contract for goods or services that has been approved and signed by ICPS, for additional goods, works or services of the same nature offers a clear economic and temporal benefit, while running a new bidding process offers no advantages at all;
- b) open bidding or bidding with a limited number of providers in line with the ICPS rules for purchasing goods, works or services did not yield a satisfactory result;
- c) the given goods, works or services can only be delivered by a single provider due to that providers exclusive capacities or rights;
- d) there is a strong argument for such a step due to factors such as the compatibility of new equipment with existing equipment, the total number of new units being less than the number of existing ones, and other suppliers being unable to ensure the compatibility of their products, or needing additional specialized research directly related to research that has already been carried out;
- e) a project donor or ICPS's expert council has selected experts or specialists whose involvement is mandatory for a project in which ICPS is participating and this is confirmed in writing by order of the ICPS Director and/or the project donor.

In these instances, ICPS may invite any potential provider to submit a proposal.

The ICPS Budget Committee makes the decision to purchase from a single provider on the basis of the conditions provided for in this guidebook and the Budget Committee Chair submits a written proposal or formal memorandum for approval to the ICPS Supervisory Board.

Purchases with a single potential provider can be undertaken after the ICPS Supervisory Board has approved them.

Purchasing research, expert and analytical services

Separate purchasing procedures are followed to select providers of research, expert or analytical services for projects in which ICPS participates and/or are partly or fully funded by ICPS.

The final decision to select a provider of such services is made by the ICPS Supervisory Board.

The purchasing officer or person responsible for purchasing and the project manager or other person who coordinates the project write and place a notice, in line with this guidebook, about a call for research, expert or analytical services with terms of reference for the services and information about the project for which the services are needed.

After proposals have been collected from potential providers, the purchasing officer and the project manager or other person who coordinates the project do a preliminary selection. This preliminary selection should be based on four criteria:

- **Qualifications:** Are the qualifications of the provider suitable to provide services to ICPS? Does the provider have sufficient experience in providing this kind of service?
- **History:** Has the provider worked with ICPS in the past? Were the services rendered by this provider of satisfactory quality?
- **Price:** Is the cost of the services appropriate, compared to alternatives available on the market?
- **Budget:** Does the cost of the provided services match the available budget for such services?

After the preliminary selection, the purchasing officer submits a list of potential providers, along with recommendations from the project manager or person who is coordinating the project, and a completed **Requisition for research, expert and analytical services form** (Annex 3) that has been signed by the ICPS Financial Director to the ICPS Supervisory Board for review. Once it has reviewed the proposals of potential providers of research, expert or analytical services, the ICPS Supervisory Board selects a provider based on a single criterion:

- **Quality:** Does the quality of the services offered by the provider meet ICPS requirements, based on previous work or studies carried out by the potential provider?

The service requisition form is then signed by the ICPS Director and, together with the decision of the ICPS Supervisory Board, submitted to the accounting department to prepare a service agreement. Payment for research, expert or analytical services provided within the framework of a project in which ICPS is involved and/or which is funded by ICPS, is done in strict compliance with the budget of the given project.

For any and all ICPS purchases, if an ICPS employee whose signature is mandatory for the payment of a financial document is physically absent from the ICPS office due to a business trip, vacation, sick leave, or other reason, the documents may be approved by sending a letter of confirmation from the personal e-mail of the individual that indicates what expenditures and their sum are being approved. The individual responsible for handling purchases shall attach a print-out of the letter of confirmation to the relevant form.

PROVIDERS OF GOODS, WORKS OR SERVICES

Providers of goods, works or services to ICPS may be both legal and physical entities, including physical entities who are entrepreneurs (FOP/SPD). Participation is determined solely by the most basic conditions that guarantee that a specific provider will be able to fulfill a given contract for the provision of goods or services.

Any providers, be they legal or physical entities, who fail to meet the basic conditions for providers of goods and services cannot be allowed to work with ICPS.

Providers who are affiliated with ICPS in any way or who are partners in a joint project with ICPS or with ICPS partners who are purchasing goods or services directly funded by ICPS are not allowed to participate in any bids for purchases of goods, works or services for ICPS.

In addition, providers whose reputations indicate that they do not compete fairly or who are known to have been involved in illegal operations or actions, including tax evasion, corruption or fraud, are also not permitted to provide goods, works or services to ICPS.

Based on this principle, ICPS provides three definitions for the purposes of this guidebook:

- “Tax evasion” is the failure to meet lawful tax obligations by paying mandatory contributions to the State Budget or State targeted funds in the proper amounts and within the timeframes established in law and for which there is sufficient documentary evidence.
- “Corruption” is corrupt actions that include proposing, giving, taking or demanding any form of valuables for the purpose of influencing individuals responsible for making decisions, or threatening harm to the health or life, property, reputation or dignity of such individuals in the process of purchasing goods or services in order to gain or maintain commercial benefits or other groundless advantages in their commercial activities.
- “Fraud” can mean distorting facts for the purpose of influencing the purchasing process for goods, works or services to the detriment of ICPS and/or other organizations, or collusion between participants in a bid, whether before or after the submission of written proposals, for the purpose of establishing artificial prices during the bid and to deprive ICPS of the potential benefits of following the principle of free and open competition.