

ENGAGEMENT POLICY

(PROCUREMENT AND GRANTS FRAMEWORK)

P013
2021
VERSION: 1.0

PURPOSE

This policy is part of the Procurement and Grants Framework that establish rules and guidelines for the engagement and contracting of successful applicants under the Evaluation Policy and Procedures.

APPLICATION

Applies to all individuals involved in the Engagement Process of the Procurement and Grants Framework.

POLICY

The Secretariat is committed to ensuring that the engagement of successful bidders is conducted in a manner that meets the principles outline in the Procurement and Grant polices for the procurement of goods, services and capital works and the award of grants.

RESPONSIBILITY

Team Leader
Finance, Asset Management, Procurement and Travel under the directions of Director Operations.

1 General

- 1.1 This this policy applies to the negotiation and engagement of a successful applicant once approval has been given under the Evaluations Policy and Procedures.
- 1.2 The negotiation and engagement processes must only be initiated with the prior approval of the successful applicant.
- 1.3 The engagement and contracting processes directly relate to the Secretariat's management, monitoring and disbursement of funds for a proposed action.
- 1.4 The engagement and contracting processes involve staff negotiating with successful applicants on issues that may relate to the proposed fees or financial contribution, scope of work, milestone dates and timeframes, obligations and responsibilities of respective parties.
- 1.5 Staff must ensure that the intended scope of action or terms of reference are clearly reflected in the engagement contract.

2 Negotiation

- 2.1 Staff must not enter into negotiations to increase fees and fix costs already determined as part of the approval process stipulated under the Grants Policy, Procurement Policy and the Evaluation Policy except in exceptional circumstances.
- 2.2 In considering exceptional circumstances under 2.1, the following criteria must be used:
 - (a) Whether the proposed increase remains lower or parallel to that provided by the second preferred applicant in the procurement or grant award process and the successful applicant has provided a well justified argument for the increase;
 - (b) Whether the increase is due to a change in law;
 - (c) Whether the successful applicant has a monopoly of the market; or
 - (d) Whether the proposed action is an emergency.
- 2.3 Staff must enter contractual negotiations in 'good faith' to reach an agreement that is mutually beneficial for both the Secretariat and the parties.



PACIFIC ISLANDS
FORUM SECRETARIAT

- 2.4 Negotiations on specific issues must depend on the nature of the issue.
- 2.5 However, staff must be guided by the following benchmarks:
- (a) for direct and emergency consultancies:
 - (i) A professional fee of USD500 per day worked plus expenses is the upper limit for negotiations;
 - (ii) Any higher fee may be considered in terms of the calibre of the consultant had provided well justified arguments for the fee rate and it is well documented and approved through the relevant approval process;
 - (iii) The schedule of payment to the consultant must be based on the delivery of set milestones, with a minimum of 30% of the consultant's fee on acceptance of the final report;
 - (b) for goods and capital works:
 - (i) The proposed payment must reflect the accepted market costs for goods or capital works;
 - (ii) The schedule of payment must be based on delivery of set milestones, with a minimum of 20% to be paid at the completion/delivery of the final product;
 - (iii) For specific building or construction work, a minimum retainer of at least 5% must only be paid at the completion of the retainer period (normally 6 months);
 - (c) for grants:
 - (i) The total value of the grant can be negotiated if it is identified that there are cost savings in the applicant's proposed budget;
 - (ii) However, if the total value of the grant must be paid for whatever reason, staff must identify other activities or actions to be undertaken by the successful applicant as part of the work plan;
 - (iii) The proposed administrative fee or indirect costs to be charged by successful applicants must be no more than 12% unless otherwise approved by the Secretary General;
 - (iv) Actions that extend beyond 6 months must be paid in instalments.
- 2.6 Except for Senior Management, only the Properties or IT Team Leader may enter into contractual negotiations for goods and capital works over FJD5,000.
- 2.7 Contractual negotiations must not deviate from the specifics of the approved terms of reference of scope of work and timeframe.
- 2.8 Staff must seek the approval of their immediate supervisors before agreeing to any significant deviation.
- 2.9 Staff must ensure that a satisfactory monitoring and reporting mechanism is discussed and agreed to with the successful applicant.

3 Contracting

- 3.1 Staff must consult the Legal Team regarding the use of any specific legal template to ensure that the correct contracting arrangement is used and to ensure they understand a legal template before commencing with specific contractual negotiations with the successful applicant.
- 3.2 Depending on the nature of the action, the contract must take the form of the following:
- (a) for a consultancy: the Secretariat's standard consultancy contract template that is stored on the Secretariat's intranet;
 - (b) for capital works: the Secretariat's standard works contract template that is stored on the Secretariat's intranet;
 - (c) for the award of a grant:
 - (i) The Secretariat's standard contribution agreement template or letter of exchange; and
 - (ii) If required, an overarching Memorandum of Understanding or Partnership Arrangement.

- 3.3 Notwithstanding 3.2, where it is not feasible for the Secretariat to use its own templates depending on the requirements of the successful applicant, staff must seek advice from the Legal Team.
- 3.4 Staff must not make any amendments to the general terms and conditions in the standardised templates unless they have consulted with the Legal Team.
- 3.5 The schedules of the standardised templates must be amended to reflect the terms negotiated with the successful applicant.
- 3.6 Staff must consult the Legal Team during the early stages of the negotiation phase. The final draft contract must be cleared through the Legal Team and staff must allow reasonable time for the review of the contract.
- 3.7 Memorandum of Understanding must also be cleared through the Legal Team.

4 Administration

Contract Registration

- 4.1 On signing of a contract, the contract must be registered with the Procurement and Finance Teams. For this purpose, a [contract registration form](#) must be completed and forwarded to the Procurement Team and Finance Team.
- 4.2 The Finance Team must raise the purchase order on the Secretariat's accounting system to record the commitment incurred. This is required to process the payments in 4.3 below.

Endorsement and Approval of Work

- 4.3 The final report must be reviewed internally by appropriate technically competent staff and submitted to responsible Senior Manager for approval.

Interim Payment Certificate

- 4.4 When payments are required to be made, an [interim payment certificate](#) must be completed and forwarded to the Procurement and Finance Team.
- 4.5 Once this approval is made, the final milestone payment must be made.

5 Contract Management

- 5.1 Once a contract has been awarded, the contract management phase commences and is defined as the period between the signing of the contract and the satisfactory completion of the assignment or the end of the contract. The value and complexity of the contract will determine the level of input required to manage a contract.
- 5.2 The Contract Manager is the staff member responsible for managing the contract and the contract outcome. Payment for service or goods contracts shall be made according to the specific terms or deliverables of each contract against invoices issued by the awardee.

Appointment of a Contract Manager

- 5.3 A person shall be nominated as a Contract Manager for a particular contract by that person's supervisor.
- 5.4 Contract Managers must have appropriate expertise and authority commensurate with the type and scale of the contract.

Contract Period

- 5.5 The Contract Manager shall have the following responsibilities during the contract period:
 - (a) should keep written records of all dealings with the other party and of administration of the contract.
 - (b) should diarise important dates with respect to the contract (e.g. an option to renew etc.).
 - (c) shall ensure that any amendments or variations to the contract are fully documented and recorded.
 - (d) shall ensure that payments are made within the relevant.
 - (e) shall report regularly to the Secretariat project sponsor or owner.

(f) shall arrange for another person to be appointed in the event of absence from the Secretariat.

6 Contract termination/expiry

- 6.1 The Contract Manager should take appropriate action and contact either the Procurement or Legal Teams if there is any default on the part of the Secretariat or on the part of the other party to the contract.
- 6.2 In addition to any action required to be taken under the contract with respect to review or rollover, the Contract Manager should prior to the end of the contract assess whether the contract is to be extended or transitioned out.
- 6.3 Where the contract is not to continue, the Contract Manager should ensure that there is an orderly transition from the contract.
- 6.4 Following expiry or termination of a contract, the Contract Manager should ensure that the Secretariat's records are updated accordingly.

7 Contract Variations

- 7.1 Contracts may have to be modified if the circumstances affecting contract implementation change after the contract is signed. Contract modifications must be formalised in an addendum to the contract signed by both parties.
- 7.2 In the case of high value or complex contracts it is likely that changing circumstances will require modifications to the scope, work plan or deliverables under the contract. These should be anticipated in the planning stage and included in the specifications for the service. In addition, a change control procedure should be included in the initial contract that outlines the types of modifications allowed and the procedure to be followed.
- 7.3 The following changes may be made without invoking a new procurement procedure, namely:
 - (a) Changes to supplier details, such as a change of name or bank details. These should be formalized through an addendum to the contract except in the case of changes to contact details which may be notified by the service provider in writing.
 - (b) If the time for performance is extended. A 'grace period' of ten working days will apply to all contracts that experience delays, during which the need for a contact variation will be waived. Any further delays to the performance period will require a formal written addendum.
- 7.4 The following changes require a new procurement process which would normally be a request for Direct Award, namely:
 - (a) major changes, such as a fundamental alteration to the TOR or Description of Action, may not be made by means of an addendum;
 - (b) Unit prices, particularly fee rates, may not be changed by means of an addendum;
 - (c) complementary services that have become necessary to perform due to unforeseen circumstances. These complementary services must be technically and economically inseparable from the main contract;
 - (d) supplementary services that consist of the repetition of similar services entrusted to the contractor under the initial contract;
 - (e) New procurement processes resulting from changes above will be approved in terms of the delegation of authority.

8 Information management

- 8.1 Staff must ensure that all relevant information produced under this policy is submitted to the Information Management Team for filing.

- 8.2 Consultancy works produced under this policy must be deposited in the repository to be made available when required.

9 SPECIFIC DIRECTIVES

- 9.1 Notwithstanding any clause in this Policy, the Secretary General at any time may at their discretion where the policy is silent or ambiguous make a judgment call.
- 9.2 Notwithstanding any clause in this Policy, the Secretary General at any time may at their discretion deviate from this policy should the circumstances deem necessary.
- 9.3 A staff member who is delegated authority under the [Delegations Policy 2021](#) will be able to exercise powers within the scope granted.

DEFINITIONS

This section is used to describe the meaning of a word, phrase, acronym or other set of symbols that is being used in the context of this policy.

successful applicant means collectively all consultants, suppliers, contractors and grant applicants who have been selected and approved to be engaged by the Secretariat under the Evaluations Policy and Procedures. It does not include permanent or temporary staff.

REVIEW

This policy shall be reviewed periodically after the effective date or when necessary.

HISTORY

Approved:	12 th November 2021
Effective:	12 th November 2021
Authorisation:	Acting Secretary General – Dr. Filimon M Manoni

RELATED DOCUMENTS

Secretariat's Code of Conduct and Values 2018
Delegations Policy 2021
Procurement Policy 2021
Grant Policy 2021
Enterprise Risk Management Policy 2021
Personal Information Protection Policy 2021
Sub-Delegations Policy and Procedures 2014

REPEALS

Engagement Policy and Procedure 2014 PTG-03-14
Procurement and Tendering Policy and Procedure 2014 PTG-01-14
Grants Policy and Procedure 2014 PTG-02-14