



OCCAR-EA Internal Procedure

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Record of changes

Date	Issue	Changes
5/2004	1	Creation of document
11/07/05	2	Revision, learning from experience
05/05/06	3	Conversion to the OCCAR-EA House Style; deletion of the Forms, which were incorporated as annexes to the main document
11/06/07	4	Revision, learning from experience
05/05/08	5	Revised at §6.2 to include reference to the Information Manager and insertion of new § 6.8 regarding cancellation of tendering process.

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List of acronyms

BLI	Budget Line Item
BoS	Board of Supervisors
CO	Central Office
CSD	Corporate Support Division
HoD	Head of Division
IT	Information Technology
ITT	Invitation To Tender
PM	Programme Manager
PMPS	Programme Management Policy Section
PMSD	Programme Management Support Division
RFI	Request for Interest
SM	Site Manager
TAP	Tender Assessment Panel

1. Purpose

The purpose of this procedure is to outline the administrative steps and the relevant practical actions required for placing a contract funded under the administrative budget areas.

2. Scope

This procedure covers the procurement process for supplies and services funded under the OCCAR-EA administrative budget (External Training is covered by OFI 5 "Training"). It is distinct from procurement activities related to the armaments programmes funded under an operational budget, which are covered by separate procedures. Under the terms of the Convention, OCCAR is able to place contracts in its own name and to enter into contractual obligations with suppliers and to make payments against authorised commitments.

3. Related documentation

OMP 5	Contract Placement Procedures
OMP 10	Financial Rules
IP 15	Business planning
IP 17-2	Control of records
IP 19	Organisational structure
IP 53	Budget management
IP 54	Payment and Banking management
IP 68-3	Manage Property Items

4. Related forms

Form IP68-1	Requisition for commitment for new administrative procurement
Form IP68-2	Requisition for commitment for continuous administrative procurement
Form IP68-3	Minutes of the Tender Board Meeting

5. Principles

The principles of "the administrative procurement" procedures are to ensure:

- Equal and fair treatment of all potential and actual suppliers in the competitive process;
- Transparency in the bidding process;
- The most economically advantageous provision of all supplies and services;
- Compliance with the delegated financial authority vested in OCCAR-EA by the BoS as reflected in OMP 10.

The procurement process may differ if the estimated value is below/above 50,000 EURO (see section 6.6/6.7 for more details).

In preparing invitations to tender it is necessary to ensure that adequate information is included to enable contractors to make valid bids. There should be a clear definition of the task or service to be provided by the contractor, which will also allow a comparison

between the received bids. Outputs should be specified to allow contractor performance to be measured.

6. Procedure

6.1 Initiating the procurement procedure

Requirements for administrative procurement, whether new or continuous, may be initiated from any part of OCCAR-EA.

The Programme Division/Site/CO Division initiating a new requirement shall complete Section 1 "Statement of the Requirement" of a requisition for commitment form for purchase of supplies and services (Form IP 68-1) containing:

- A clearly defined statement of the requirement with justification of need;
- A detailed technical specification, where appropriate.

Section 1 "Statement of the Requirement" will be signed by the initiator and approved by the Programme Manager/Site Manager/CO Head of Division or by their delegate where that is the case.

The Programme Manager/Site Manager/CO Head of Division shall scrutinise the requisition for completeness and shall be responsible for ensuring that requirements are consistent with corporate investment planning (IP 15) and shall consult, where appropriate, Head of Corporate Support Division of Central Office in accordance with the tasks and responsibilities outlined in Annex IP 68-B.

The approval by the Programme Manager/Site Manager/CO Head of Division is a prerequisite for opening and approval of Finance commitments in accordance with Form IP 68-1, sections 3 and 4.

With regard requirements for continuous administrative procurement, Form IP 68-2 should be used.

6.2 IT related Scrutiny

Where the requirement may have an impact on the OCCAR IT system, e.g. purchase of hardware and software, the requirement needs to be endorsed by CSD/IT Section Leader and OCCAR-EA Information Manager, see Form IP 68-1, section 2.

6.3 Financial Scrutiny

In accordance with Annex to IP 53, it is the responsibility of the PD/Site/CO Finance Officer to ensure that:

- The requisition is in compliance with the relevant financial rules and procedures;
- The appropriate BLIs are identified;
- Adequate funds are available.

According to the segregation of duties with regard to commitments (in accordance with OMP 10 and IP 19), it is requested that the Finance Officer scrutinises the financial commitments in Form IP 68-1, section 3.

After completion of Form IP 68-1, section 3, the requisition form shall be passed to the Site Manager for starting the procurement process.

6.4 Commitment Approval

In accordance with Annex IP 53-A, the PD/Site/CO Finance Officer is responsible for the approval of the financial commitment against the AB, which is subject to final approval of the Programme Manager/Site Manager/CO Head of Division, see form IP 68-1, section 4.

This commitment approval shall occur before contract placement. However, when the commitment scrutinised in Form IP 68-1 section 3 is well defined, then section 3 and 4 may be accomplished at the same time.

6.5 Procurement procedure

As a general rule, it will be the responsibility of the Site Manager to organise, manage and bring to conclusion the procurement process. He shall take into account existing resources where appropriate and future planned purchases before considering procurement action. He shall ensure that all the necessary approvals are obtained prior to signature of the contract/order.

The Site Manager will operate within the limits of his delegated authority and the directions received by the Head of CSD on the standard procurement strategy.

The Site Manager may seek advise/support from Programme Management Policy Section throughout the procurement where necessary.

The detailed procurement procedure to be followed by the Site Manager is dependent upon the estimated cost. Where an order is not expected to exceed 50,000 EURO (or the equivalent), the procedure set out in Section 6.6 applies. Where expenditure is expected to exceed 50,000 EURO (or the equivalent), the procedures set out in Section 6.7 must be followed. An exception to the aforementioned procedure is the case of a proposed single tender as provided by the procedures set out in Section 6.9.

Any artificial splitting of the requirement, to avoid formal competitive bidding and/or the foreseen procedure will not be allowed. For those contracts without predetermined value, they will be categorised according to an estimated value of the arrangement itself, approved by the Programme Manager/CO Head of Division.

6.6 Selection procedure for Purchasing of Services and Supplies up to 50,000 EURO (or the equivalent figure in foreign currency)

Formal competitive tendering may not be the most efficient means of procuring low value items. However, it should not be excluded as an option purely on the basis of value, particularly, where a requirement might lead to a more substantial future order. Where competition is applied, it should follow the procedure in paragraph 6.7. Further, when formal competition is discounted, this does not preclude the need to conduct an analysis of known potential suppliers and, where practicable their prices, as a basis for justification of the final selection.

To identify the preferred supplier, the Site Manager should take the following actions:

- Examine the potential and efficiency of a formal competition.
- Where discounted as an option:
 - check whether there has been any recent procurement for the same supplies or services;
 - request prices from suppliers cross-checking against prices in catalogues, magazines or other media (Internet);
 - where practicable, a negotiated process should be undertaken by calling several suppliers (normally 3, where practical), taking quotes over the telephone or asking for written offers (e.g. fax, letter).

In all cases proper documentation of every step related to the selection of the supplier must be recorded in writing.

6.7 Procedure for Purchasing of Services and Supplies above 50,000 EURO (or the equivalent in foreign currency)

The following procedure in this sub-paragraph 6.7 applies to all procurement exceeding 50,000 EURO in estimated cost, except where advertising and/or competition has been dispensed with in accordance with sub-paragraph 6.9.

6.7.1 Advertising and Competition

The EU rules for advertising¹ should be followed wherever possible. Requirements shall be advertised via OCCAR's Internet facility, requesting for interest (RFI). The RFI must include the IP 68 as an annex in order to grant potential bidders access to the OCCAR-EA administrative procurement procedure. OCCAR may, in parallel to the advertising of OCCAR requirements via the OCCAR Web-site, contact known suppliers to inform them of the future requirement keeping in mind the essential need to ensure impartiality. Where more than one supplier register genuine interest, formal bids should be sought from all tenderers or a sufficient number to suppliers (normally at least three) to allow for an efficient competition but which adequately tests the market. The minimum time limit for receipt of RFIs shall be 40 days from the date on which the requirement notice is published.

6.7.2 ITT Issue

The Invitation to Tender (ITT) shall request for two closed envelopes, one for the commercial part and one for the technical part in order to ensure the segregation of technical and commercial assessments of the bids. The ITT must include the requirements and the OCCAR-EA standard contract provisions (see Annex IP68-A), as an annex. Where there is justification, i.e. the proposed requirement is sufficiently large or complex, then the

¹ DIRECTIVE 2004/18/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts.

Tender may be requested in two sections, one technical and one commercial. The ITT shall be approved by the Head of CSD. The minimum time limit for the receipt of tenders shall be 40 days from the date on which the invitation is sent.

6.7.3 Tendering Phase

During the tendering phase, the officer with delegated contractual authority shall ensure that communication with the tenderer(s) during the tendering period is strictly controlled, is the responsibility only of nominated personnel and is undertaken on an equitable basis. Questions of clarification raised by tenderers should be in writing and such questions and answers shall be forwarded to all tenderers whilst protecting the anonymity of the questioner. In the event of any change to the Invitation to Tender after issue, inclusive of extensions to timescale, all tenderers must be informed simultaneously in writing of such change and confirmation, that they have received and understood the change, must be obtained.

6.7.4 Tender Receipt

Tenders received must be stamped with date of receipt and must not be opened other than by a formally convened Tender Board after the time specified in the invitation to tender. An essential element to preserving equity between tenderers is that tenders arrive by the method and at the time and place prescribed in the ITT. Tenders received by means other than those stipulated do not comply with the procedures and therefore will be rejected.

6.7.5 Tender Board

The Tender Board provides a fair system for receiving and opening tenders and restricts the potential for allegations of collusion. The Tender Board is separate from the Tender Assessment Panel, i.e. members of the Tender Board cannot become members of the Tender Assessment Panel. The Board should comprise three members, one of them being a secretary, and its purpose is to open, register and check the tenders received. The Tender Board will be appointed by the Head of Corporate Support Division in co-ordination with the line manager of the individuals concerned. When the appointed time (Tender closing date / shown on the Invitation to Tender) arises the Chairman of the Tender Board has to collect the unopened tenders from the depository (usually the Site Managers' safe) and has to arrange an appointment for the Tender Board. In the presence of all Tender Board members the tenders are opened and stamped by the secretary with "Received by OCCAR Tender Board, dated". When the Tender Board has finished its examination of all tenders, the secretary has to produce minutes (see Form IP68-3) with all relevant aspects (see above). The minutes have to be signed by each Tender Board member.

6.7.6 Tender Assessment Panel

The responsibility of the Tender Assessment Panel is to assess the tenders received and make a proposal on the course of action (e.g. recommend selection of one supplier, rerun competition etc.). The precise form of the tender assessment will be a function of the scale and importance of the

procurement. However, the tender assessment undertaken by a TAP is a formal phase which will always entail a planned and controlled evaluation of tenders and whose findings will be formally recorded as a record of the reasoning behind the eventual recommendation.

The establishment of the precise composition and the roles of members is the responsibility of the Head of Corporate Support Division in co-ordination with the line manager of the individuals concerned (and in co-ordination with the initiator where appropriate). The minimum composition of a panel shall be three inclusive of a representative covering commercial aspects and include where appropriate a representative from within the area that generated the requirement. The chairman of the panel should have the leading role in arriving at the final recommendation, but where the decision is not unanimous this and the reasons for disagreement are to be recorded.

The TAP must evaluate the tenders in accordance with any selection criteria and associated guidance issued in the ITT. Where such information is limited, the criteria for selection and marking system must be fully specified and agreed before the tenders are opened. The selected tender will be technically acceptable and offer the best value for money measured against the assessment criteria. If not specified in the ITT, the TAP shall establish the weighting of the selection criteria in advance of opening the tenders.

The TAP shall be autonomous in its decisions or opinions. Anonymity must be observed until the TAP has reached its opinion or decision. The recommendation of the TAP on the assessment of the tender and in particular who is the successful tender shall be endorsed by the Head of CSD. When contracts are beyond the Head of CSD's delegated authority, the recommendation of the TAP shall be endorsed by the OCCAR-EA Director.

The Site Manager shall be responsible for the contract negotiation, if applicable, ensuring proper recording in writing all the proceedings. The results of the contract negotiation shall be approved by Head of CSD.

The officer with delegated authority to award the contract may only do so on the recommendation of the TAP. Any alternative proposed course of action must be referred to the Head of Corporate Support Division.

6.8 Cancellation of tendering

The tendering shall only be cancelled in the following cases:

- No tender was in accordance with the tender documents;
- The basic principles of the tendering have been considerably changed;
- The tendering did not achieve an economical result;
- In exceptional cases: existence of other profound reasons which were unforeseeable at the beginning of the tendering process and which the Contracting Authority has not caused.

The Tenderers shall be notified of the cancellation without delay by announcing the reasons as mentioned above.

6.9 Dispensing with competition (requirements over 50,000 EURO)

The Site Manager has no authority to dispense with advertising or competition for requirements exceeding 50,000 EURO except where only one genuine supplier has been demonstrated to exist. Any proposal to dispense with competition requires the approval of Head of PMSD. Any such proposal will be forwarded to the Head of PMSD together with a report justifying the dispense with competition which shall only be possible in the following cases:

- 6.8.1 when no tenders or no suitable tenders have been submitted, provided that the initial conditions of contract are not substantially altered;
- 6.8.2 when, for technical or artistic reasons, or for reasons connected with the protection of exclusive rights, the contract may be awarded only to a particular economic operator;
- 6.8.3 insofar as is strictly necessary when, for reasons of extreme urgency brought about by events unforeseeable by OCCAR, the time limit for the publication of a request for interest as referred to in section 6.7.1 cannot be complied with. The circumstances invoked to justify extreme urgency must not in any event be attributable to OCCAR;
- 6.8.4 for additional works or services not included in the project initially considered or in the original contract but which have, through unforeseen circumstances, become necessary for the performance of the works or services described therein, on condition that the award is made to the economic operator performing such works or services:
 - when such additional works or services cannot be technically or economically separated from the original contract without major inconvenience to the contracting authorities,or
 - when such works or services, although separable from the performance of the original contract, are strictly necessary for its completion. However, the aggregate value of contracts awarded for additional works or services may not exceed 50 % of the amount of the original contract.

In the event of single tender action, the Site Manager will be responsible for the contract negotiation and justification of the price negotiated should be recorded on file.

6.10 Preparation of Contracts and Purchase orders

Once a supplier has been selected, the Site Manager should inform each tenderer in writing of the outcome. On request, the contracting authority shall as quickly as possible inform any unsuccessful tenderer of the reasons for the rejection of his application. Any complaints received will be dealt with in accordance with the complaints procedures at Annex OMP 5-F.

The Site Manager is responsible for preparing all contracts and purchase orders for signature and issue. Signature shall not occur before the expiration of 15 days from selecting the successful supplier.

6.11 Placing of Contracts and Purchase orders

The Site Manager is responsible for signature of contracts within his delegated authority, if so defined in his letter of delegation (IP 19) and provided that the justification, financial, contractual and – where appropriate - IT scrutiny have been completed. Where this is not the case, he shall refer the matter to Head of Corporate Support for a decision. If necessary, and where appropriate, approval may be raised to the Director.

The Site Manager will be responsible for proper internal staffing of contracts before their signature by the appropriate Approving Authority (either the Site Manager himself, the Head of CSD or the OCCAR-EA Director). This internal staffing should be performed using Form IP 37-1-1.

Contracts beyond the Site Manager's delegated authority will be submitted to the Head of Corporate Support Division for signature within his delegated authority. When Contracts are beyond the Head of CSD's delegated authority, they will be submitted to the OCCAR-EA Director for signature after having been formally staffed by PMSD/PMPS.

All contracts and purchase orders have to be placed in writing.² However, where an immediate action is required orders may exceptionally be placed by telephone by the Site Manager, in accordance with Form IP 68-1. Those orders placed by telephone shall be followed by a written request. In any case, Form IP 68-1 shall be filled and signed in order to ensure a valid scrutiny and approval of the finance commitments.

The Site Manager will certify the date of release of the contract, using Form IP 68-1, section 5.

6.12 Execute contracts

The following provisions will apply where appropriate.

The SM/Head of CSD shall:

- Monitor the progress of the contract through appropriate reports and reviews provided by the supplier and accept/reject in accordance with the terms and conditions of the contract.
- Ensure prior to the acceptance of the deliveries/milestones that the requirements specified in the contract are met.
- Define how the deviation to contractual requirements shall be analyzed and how acceptance or rejection can be pronounced, in accordance with the contract.

² Normally, writing means a paper format. However, if the Contractor wishes to place contracts and purchase orders in an electronic format, this has to be accepted. In that case, as a result of existing EU directives incorporated into National legislation of some OCCAR Nations, pending the adoption of a specific procedure by OCCAR-EA, the methodology shall be agreed on a case-by-case basis by PMSD and CSD.

- Analyze any deviation to the requirements in the execution of the contract and accept/reject them.
- Ensure that deviations from contractual requirements, which are accepted by OCCAR, are recorded formally.

The SM/Head of CSD shall seek advice from the initiator of the procurement, and IT and PMPS as appropriate.

6.13 Accept deliveries

The following provisions will apply where appropriate.

The SM/Head of CSD shall:

- Ensure that deliveries are accepted/rejected in accordance with the terms and conditions of the contract and with the procedures defined during the execution of the contract, if any.
- Perform acceptance on the base of the successful demonstration of the acceptance criteria, further to the execution of the tests and evaluation plan and the analysis of reports, if appropriate.
- Perform acceptance of the deliveries, after:
 - Inspection and tests if appropriate,
 - Review and evaluation,
 - Provision of certificates (e.g. deliveries' certificates, certificate of conformity, milestone acceptance certificate, if appropriate),
- Ensure that any deviation/waiver against contractual requirements are recorded and accepted by the appropriate authority.

The SM/Head of CSD shall seek advice from the initiator of the procurement, and IT and PMPS (where appropriate), before formally accepting the deliveries.

The team tasked to accept deliveries shall file a report briefly declaring its acceptance and any other pertinent or useful information in this respect.

6.14 Custody and responsibilities

6.14.1 When acceptance occurs after delivery

The SM/Head of CSD shall be responsible for the custody of the deliveries.

6.14.2 When acceptance occurs at delivery

The custody and responsibilities shall be according to IP 68-3 "Asset Management."

6.15 Synthesis/Flowchart

Annex IP 68-B provides for a synthesis of the whole administrative procurement procedure and identifies tasks and responsibilities for each actor in play.

Annex IP 68-C provides for a flowchart of the whole administrative procurement procedure and identifies tasks and responsibilities for each actor in play.

7. Records

The Site Manager is responsible for establishing and maintaining records in accordance with IP 17-2 Control of Records.

The records must include all activities reflecting the different steps during the procurement. At least they will contain:

- The approved requisition form,
- The tenders/offers proposals,
- Minutes of any negotiations with tenderers,
- Correspondence from CSD & IT section as appropriate,
- Justification for selection,
- Signed contract/purchase order,
- Invoice(s),
- Confirmation of payment,

and, in case of competitive procurement

- ITT,
- Minutes of the tender board,
- Minutes of the TAP (including competition analysis).

The records shall be retained for a period of 5 years after final payment of all sums due under the contract/purchase order.

8. Annexes

Annex IP68-A	OCCAR-EA General Purchase Conditions
Annex IP68-B	Tasks and Responsibilities
Annex IP68-C	Flowchart

1. Suppliers' conditions

Supplier's conditions of sale shall not apply.

2. Special Conditions

Any special conditions specified in the order shall prevail over these General Purchase Conditions.

3. Entry into force

The order only becomes effective after signature by first the supplier and then OCCAR-EA. The date of entry into force is the date of signature by OCCAR-EA.

4. Amendments

Any amendment to this order shall only come into force with the written agreement of the supplier and OCCAR-EA.

5. Language

All correspondence or documents related to this order must be in the Language, unless otherwise agreed by the parties.

6. Applicable Law

This order is construed according to the Law.

7. Arbitration

In the event of any dispute between the Parties hereto relating to the Contract or to an alleged breach thereof, the Parties shall endeavour to settle such a dispute by negotiation. Any dispute, which cannot be resolved by negotiation, may, with the agreement of the Parties, be referred to conciliation (the details of such conciliation to be drafted taking into consideration the provisions of Article 49 of the Convention). All Disputes arising out of or in connection with the Contract which can not be settled by negotiation or conciliation or both shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce ("ICC Rules") by three arbitrators appointed in accordance with those Rules. The arbitration tribunal shall sit in Bonn.

For the avoidance of doubt, it is agreed that the arbitration process and anything said, done or produced in or in relation to the arbitration process (including any awards) shall be confidential as between the Parties, except as may be lawfully required in judicial proceedings relating to the arbitration or otherwise. No report relating to anything said, done or produced in or in relation to the arbitration process may be made beyond the tribunal, the Parties, their legal representatives and any person necessary to the conduct of the proceedings, without the concurrence of all the Parties to the arbitration.

8. Corrupt Gifts and Payments of Commission

8.1 The supplier warrants that:

- 8.1.1 No bribe, gift or other inducement has been nor shall be paid, given, promised or offered to any employee of OCCAR-EA or official connected with OCCAR-EA for or with a view to obtaining this or any other Contract for the Contractor or any Sub-Contractor;
 - 8.1.2 It has not employed any person to solicit or secure this or any other order upon any agreement for a commission, percentage, brokerage or contingent fee, except bona fide commercial or selling agents maintained by the supplier for the purposes of securing business.
- 8.2 Without prejudice to any legal proceedings which may arise from such activity, OCCAR-EA may, on discovery of any breach of this warranty, terminate the order and recover from the supplier the amount of any loss resulting from such termination and/or the amount or value of any such bribe, gift or other inducement.

9. Quality

The items shall be supplied in accordance with, and be equal in all respects to the samples, patterns, drawings and specifications stipulated in this order. Where no samples or patterns are exhibited or specifications mentioned, the items delivered and services rendered shall be of the best quality and workmanship for the given task and the decision of OCCAR-EA thereon shall be binding and conclusive. If items fail to meet the agreed standards of quality, dimensions, tolerances, specifications, etc., OCCAR-EA reserves the right, without prejudice to any other rights, to return such items at the supplier's expense and risk and to terminate the order.

10. Inspection

Material may be subject to inspection prior to dispatch and/or receipt.

11. Safety and Legal Liability

It is understood that OCCAR is not liable for any injury to the personnel or damage to the equipment of the supplier, whilst the said personnel or equipment are on OCCAR-EA's premises. The supplier must insure his staff against all risks of loss, damage or injury caused by the said staff including third party and shall comply with the safety rules, laws and regulations in the country in which the supplier's personnel are operating.

12. Infringement of Intellectual Property Rights

The supplier shall indemnify OCCAR-EA from and against all claims, proceedings, damages costs and expenses arising from infringement of intellectual property rights of third parties with respect to the subject order, excluding any infringement resulting from the use of documents, patterns, drawings or items supplied by OCCAR-EA, which may be made, or brought against OCCAR-EA, or to which OCCAR-EA may be put by reasons of such infringement or alleged infringement.

13. Delivery and Delay

- 13.1 The delivery period specified shall commence from the date of entry into force of the order. Delivery will be considered effected only when the items are in the possession of OCCAR-EA unless otherwise specified.

13.2 The supplier shall inform OCCAR-EA in writing, as soon as it becomes aware, and in any case within forty-eight hours, of any reason likely to cause the specified delivery period to be exceeded. In the event that the supplier is not, or will not be able, to meet the specified delivery period for any reason whatsoever, excluding cases of force majeure or action or inaction on the part of OCCAR-EA, OCCAR-EA reserves the right to terminate the order. In this event OCCAR-EA shall only be liable to meet the cost of items already delivered and accepted up to the date of termination. No compensation of any kind shall be due to the supplier.

14. Force Majeure

Any event, which is compelling, unpredictable, unavoidable and outside, the control of the Parties and/or the Contracting Authority and not due to the default or negligence of any of them, and any other event specified as such in the Contract.

15. Default

Any costs incurred by OCCAR-EA due to any failure on the supplier's part to comply with the instructions or conditions of this order shall be borne by the supplier. In this connection, OCCAR-EA shall reserve the right to deduct these amounts either directly from the invoice or from any amount due from OCCAR-EA to the supplier or to claim settlement of the same. In this latter case, the supplier undertakes to pay OCCAR-EA's claim within thirty days.

16. Marking of Items

Items shall be marked with a stamp as being the "property of OCCAR-EA" and shall bear the reference number of the order.

17. Marking and Packing of Consignments

No charge shall be allowed for containers and packing materials. Suppliers shall be responsible for ensuring that the items are sufficiently and properly packed to guard against loss, damage or deterioration during transport and subsequent storage at destination. Packages must be numbered consecutively and bare the order number as well as the stamp referenced at Clause 14. Packing must be carried out with due regard to economy of space for shipping and transport purposes.

18. Freight, Carriage and Insurance

All items shall be delivered "freight and carriage paid" to the destination specified in the order. The supplier shall insure the items under this order against all risks "warehouse to warehouse" so as to enable OCCAR-EA to claim for any loss or damage within sixty days after delivery.

19. Acceptance

OCCAR-EA shall inform the supplier in writing if items or services are accepted or not. Items or services shall be deemed to be accepted by OCCAR-EA unless written notification to the contrary is given to the supplier within sixty days of delivery whenever acceptance tests are required and within fourteen days in other cases. In case of rejection, OCCAR-EA may either accept a replacement at no additional charge, or where such replacement cannot be provided within the agreed delivery period, terminate the order without compensation of any kind to the supplier.

20. Guarantee

All items and services are guaranteed against defect or deficiency against the specification within twelve months of acceptance of the item or service, unless otherwise specified in the order. The supplier shall effect any replacement or repair work made under this guarantee and any associated costs shall be borne by the supplier. When any part, component or equipment is replaced or repaired, the guarantee will run for a further twelve months from the date of such replacement or repair.

21. Local Taxes and Duties

The supplier shall take all necessary steps in order to facilitate OCCAR-EA's exemption from taxes and customs duties resulting from its Convention. He will do so:

- 21.1 by carrying out all necessary formalities in order to bring about the exemption from taxes and duties, which might otherwise be levied on the expenses he will incur, before he submits an invoice to OCCAR-EA
- 21.2 by complying with all necessary formalities in order that OCCAR-EA itself may be exempt from paying such taxes and duties, or in order that if they are paid, OCCAR-EA may claim reimbursement from the country that levied them
- 21.3 by indicating separately in the invoices any amount for taxes and duties.

For this purpose, the supplier shall comply with the instruction given to him by OCCAR-EA and provide in due time the information that OCCAR-EA requires.

22. Invoicing and Advice of Despatch

- 22.1. The supplier shall submit one original invoice with one copy to OCCAR-EA bearing the reference of the order.
- 22.2 One copy of advice of despatch bearing the reference of the order and specifying the place of destination of the items, the number of cases or packages, contents, gross and net weight in kilograms, dimensions in metres for each case as well as the packing material and way of despatch shall be sent to:

OCCAR-EA, Postfach 2107, 53011 Bonn.

23. Payment

Payment for accepted items or services shall be effected within 30 days of receipt by OCCAR-EA of the associated correct invoice. Where applicable, the invoice shall only be submitted after receipt of written confirmation of acceptance.

24. Contractual Penalty (when German law is applicable)

- 24.1 If contractual penalties are agreed, the provisions of § 339 to 345 of the German Civil Code shall apply. A reasonable ceiling shall be established.
- 24.2 If a penalty is agreed for exceeding the time allowed for fulfilment of the contract, the amount for each completed week must not exceed 0.5% of the value of that part of the supplies and services that cannot be used. The maximum penalty is 8%. If the penalty is computed by the number of days, only working days will count; if it is computed by weeks, each working day of a new week will count as 1/6 of a week.

The procurement office may assert claims resulting from an incurred penalty until final payment.

- 24.2.1 If a deadline is agreed which may be exceeded penalty-free, a penalty shall be agreed to be imposed after the first completed week from the deadline. The procurement office's claim to the penalty shall not be affected even if he fails to reserve such penalty on accepting the supplies and services.
- 24.2.2 If the deadline for fulfilment is exceeded, the penalty shall be no higher than 8% of the price of those supplies and services still outstanding.
- 24.2.3 If the procurement office is entitled to damages for default, any penalties paid for exceeding the deadlines for fulfilment shall be deducted.

Annex IP68-B Tasks and Responsibilities

The following table describes tasks and responsibilities in the administrative procurement process.

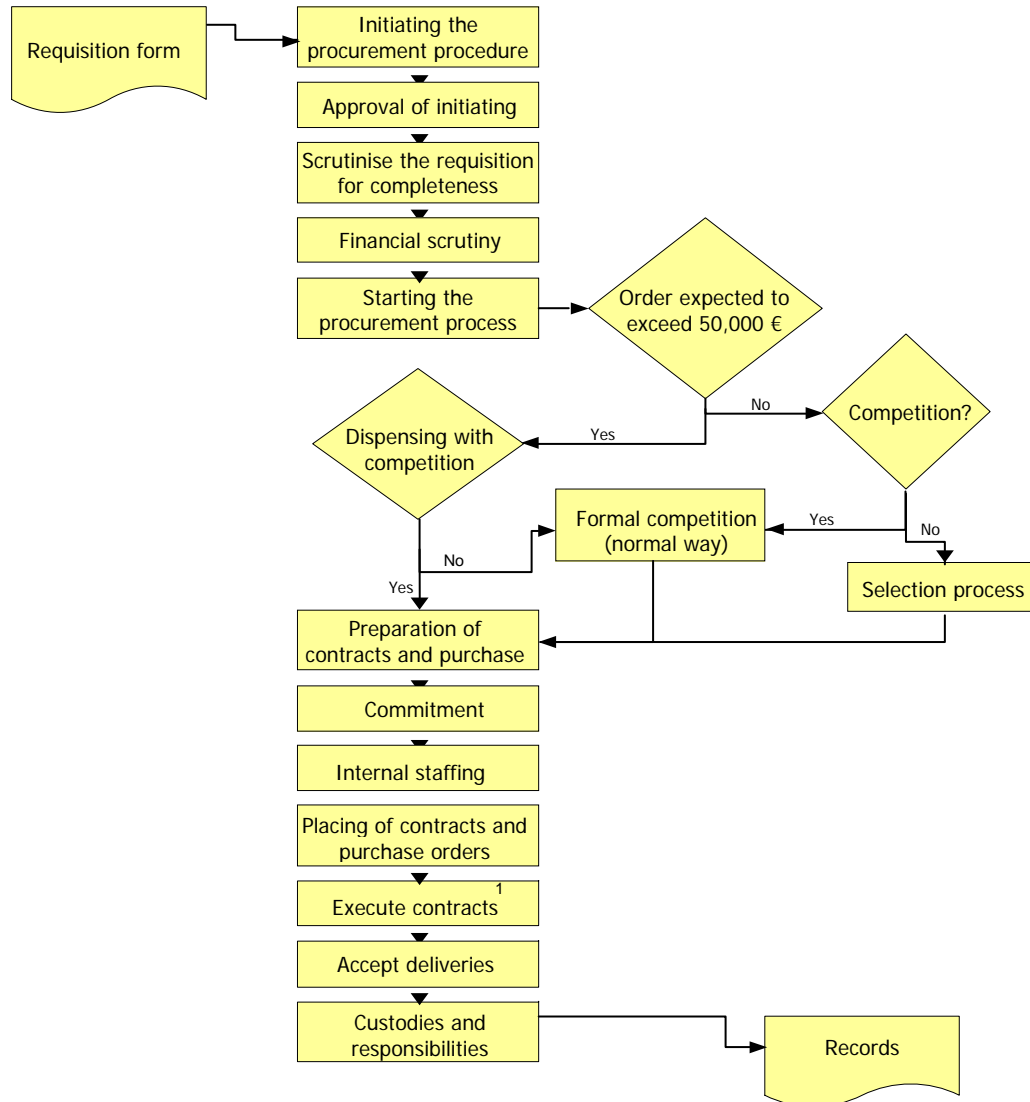
TASKS	IP68 Ref.	LEADER	APPROVAL	SCRUTINY / VERIFICATION	CO-OPERATION
Statement of the requirement	§ 6.1 – Annex C	Initiator	PM / Head of D / Site Manager	IT /Information Manager /FD / Finance/ PM/ HoD/ Site Manager	PMPS
Overall policy for less than 50,000 EURO procurement	§ 6.6	Site Manager	Guidance/directions by Head of CSD	-	As required
Decision to run / not to run a competition	§ 6.8	Site Manager	PMSD	–	PM / Head of D / IT / PMPS
Establishment of the Tender Board (TB)	§ 6.7.5	Head of CSD	–	–	PMPS / PM / Head of D
Establishment of the Tender Assessment Panel (TAP)	§ 6.7.6	Head of CSD	–	–	PMPS / PM/ Head of D
Advertising	§ 6.7.1	Site Manager	Head of CSD	Head of CSD	PMPS
Drafting ITT	§ 6.7.2	Site Manager	Head of CSD	As determined by Head of CSD	Initiator / PM / Head of D / IT / PMPS
Receipt of tenders	§ 6.7.5	TB	TB Chair	–	–
Assessment of tenders	§ 6.7.6	TAP	TAP Chair	–	–
Determination of successful tender	§ 6.7.6	TAP	Head of CSD/OCCAR-EA Director ³	–	–
Preparation of contracts	§ 6.10	Site Manager	-	-	PM / Head of D / IT / PMPS
Negotiation of contracts (BAFO / Post Tender negotiation / Sole source)	§ 6.7.6 and 6.8	Site Manager	Head of CSD	–	PM / Head of D / IT / PMPS
Internal staffing of contracts	§ 6.11	Site Manager	Not applicable	PM/ Head of D/ IT /FD /PMPS ⁴	PM / Head of D / IT / FD / PMPS

³ When Contracts are beyond the Head of CSD's delegated authority, the recommendation of the TAP shall be endorsed by the OCCAR-EA Director.

⁴ PMPS scrutiny is mandatory for contracts to be signed by the Director of OCCAR-EA.

TASKS	IP68 Ref.	LEADER	APPROVAL	SCRUTINY / VERIFICATION	CO-OPERATION
Signature of contracts	§ 6.11	Site Manager/Head of CSD/Director	Head of CSD/Director of OCCAR-EA	–	–
Execute contracts	§ 6.12	Site Manager/Head of CSD	–	–	Initiator of the procurement/IT/PMPS (as appropriate)
Accept deliveries	§ 6.13	Site Manager/Head of CSD	–	–	Initiator of the procurement/IT/PMPS (as appropriate)
Custody and responsibilities	§ 6.14	Site Manager/Head of CSD/Authorities as set out in OFI 68 when acceptance occurs at delivery	–	–	–
Records	§ 7	Site Manager	–	Head of CSD / Internal audit	–

Annex IP68-C Flowchart



IP 68, §6.1	Initiator
IP 68, §6.1	PM/Site Manager/HoD
IP 68, §6.1	Site Manager
IP 68, §6.3	PD/Site/CO/Finance Officer
IP 68, §6.3	Site Manager
IP 68, §6.6	Site Manager
IP 68, §6.8	Head of PMSD
IP 68, §6.7	Site Manager
IP 68, §6.6	Site Manager
IP 68, §6.10	Site Manager
IP 68, §6.4	PD/Site/ CO Finance Officer/ PM / SM / HD
IP 37-1, Annex B	CO Divisions
IP 68, §6.11 and IP 19	Site Manager / HoCSD / Director
IP 68, §6.12	Site Manager / HoCSD
IP 68, §6.13	Site Manager / HoCSD
IP 68, §6.14 and IP 68-3	Site Manager / HoCSD
IP 68, §7	Site Manager