CERN PURCHASING POLICY AND PROCEDURES

ACCU

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SUMMARY

- CERN Purchasing Policy
- Procedures for obtaining offers: Price Enquiries, Market surveys & Calls for Tender.
- Industrial Return Coefficient: Balanced Member States, Adjudication, Country of origin
- Purchasing for LHC Experiments Case A, B, C & D
- Further information
- Contacts PH Purchasing Office
PURCHASING POLICY

- Ensure bids fulfil all the necessary technical and delivery requirements;
- Keep overall costs for CERN as low as possible;
- achieve well balanced industrial return coefficients for all CERN Member States.
PURCHASING POLICY

- not less than three competitive tenders to be sought for the purchase of plant, equipment and supplies, and services;
- invitation to tender to be limited to manufacturers and contractors located within the territories of Member States;
- subject to Purchasing Procedures aimed at achieving well balanced industrial return coefficients for all CERN Member States, contracts to be awarded to the firm whose tender satisfactorily complies with the technical and delivery requirements and is the lowest.

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PROCEDURES FOR OBTAINING OFFERS

- **Requirements not exceeding 1 000 CHF**
  User may request an offer directly or refer to price list in catalogue or on web page;

- **Requirements not exceeding 5 000 CHF**
  User may request an offer directly. A written offer is mandatory;

- **Requirements between 5 000 and 10 000 CHF**
  User may issue enquiries directly, provided CERN purchasing procedures are followed;

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PROCEDURES FOR OBTAINING OFFERS

- **Purchases between 10 000 CHF and 200 000 CHF**
  Price Enquiries issued by Purchasing office;

- **Purchases exceeding 200 000 CHF**
  Calls for Tenders issued by Purchasing office.
REQUIREMENTS BELOW

1 000 CHF

Fax orders:
- Orders are sent directly to supplier by fax without involvement from Purchasing Office;
- But, ensure DAI in EDH is completed correctly:
  - correct supplier code;
  - correct product description;
  - correct price;
  - correct fax number;
  - If supplier does not exist in DB, enter full and correct details in ‘comments to buyer’ in DAI
- Otherwise -> delays

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REQUIREMENTS BELOW 10 000 CHF

- Requirements not exceeding 5 000 CHF
  User may request a written offer from one supplier. A written tender is mandatory;

- Requirements between 5 000 and 10 000 CHF
  - User may issue enquiries directly, provided CERN purchasing procedures are followed (at least three offers to be sought);
  - If less than three offers sought, user to justify why
REQUIREMENTS BETWEEN 10 000 AND 200 000 CHF

Price enquiries:
- At least three offers sought by Purchasing Service;
- Technical specification (English) to be provided;
- Deadline for bidders to submit bid is at least 4 weeks from mailing date;
- Market survey is not required.
REQUIREMENTS EXCEEDING 200 000 CHF

Calls for Tenders:

- Announcement in the document “Advance information on Forthcoming Market surveys and Calls for Tenders expected to exceed 200 000 Swiss francs”;
- Market survey phase (selection of firms to be invited for tender);
- Call for tenders phase (deadline for bidders to submit bid is at least 6 weeks from mailing date).
INDUSTRIAL RETURN COEFFICIENT

The return coefficient of a Member State for supply contracts for a given calendar year is defined as:

The ratio between that Member State's percentage share of all purchases of goods (including R&D contracts) during the preceding four calendar years (excluding electricity, other utilities and purchases funded by non-Member States) and that State's percentage contribution to the Budget over the same period.

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A CERN Member State is considered to be poorly balanced if its Industrial Return Coefficient is:

- < 0.93 for supply contracts;
- < 0.40 for industrial service contracts.

Otherwise, it is considered to be well balanced.
WELL BALANCED MEMBER STATES

- For calls for tenders issued between 01.03.2005 and 28.02.2006 the following CERN Member States are well balanced for supply contracts:
  
  Austria, Belgium, Finland, France, Italy, Slovak Republic, Switzerland

- For calls for tenders issued between 01.03.2005 and 28.02.2006 the following CERN Member States are well balanced for industrial service contracts:
  
  Belgium, Denmark, France, Germany, Greece, Italy, Poland, Portugal, the Netherlands, Switzerland, United Kingdom

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ADJUDICATION

Price enquiries:

- Lowest offer (Ex-works price) which complies to the technical specification and delivery requirements.

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ADJUDICATION

- **Calls for Tenders:**
- where the lowest bid is from a firm offering goods/services originating from a poorly balanced Member State, the contract shall be awarded to that firm;
- when the lowest bid is from a firm offering goods/services originating from a well balanced Member State, CERN shall enter into negotiations with the two lowest bidders offering goods/services originating from a poorly balanced Member State(s), provided that their bid fall within 20% of the lowest bidder.

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ADJUDICATION

- if as a result of negotiations, the lowest of the bidders offering goods/services originating from poorly balanced Member States agrees to align its price to that of the lowest bidder, the contract shall be awarded to that firm;
- if not, CERN shall enter into negotiations with the second lowest of the bidders offering goods/services originating from poorly balanced Member States and if it accepts to realign its prices, the contract shall be awarded to that firm;
- where none of these provisions can be applied, the contract shall be awarded to the firm which originally made the lowest bid.
COUNTRY OF ORIGIN

Supply contracts:
- The country in which goods are manufactured or where the last major transformation took place.

Industrial service contracts:
- The country in which the head office of the company that holds the contract is located.
PURCHASING FOR LHC EXPERIMENTS

- CERN Purchasing Policy and Procedures (CPP&P) apply to all orders and contracts placed by CERN for LHC Collaborations;

- The extent of application of CPP&P depends on the financing - in particular the proportion of CERN money involved.
CASE A

Cases where no CERN money is involved and the Collaborations do not desire CERN’s involvement

- CERN shall not be the contract partner;
- An institute participating in the Collaboration shall negotiate the contract itself;
- CPP&P shall not apply
CASE B

Cases where no CERN money is involved but the Collaboration or its participating institutes request CERN to be the contract partner

- Either the Collaboration selects the company, certifying that the legislation of the country(ies) where Institutes providing the funds are based was followed;

- Or Collaboration requests CERN to perform a market survey and the call for tenders. CERN shall contact companies in the States of the Collaboration.
CASE B

- Contract negotiation conducted by CERN;
- General Conditions of CERN Contracts shall apply;
- A condition of non-involvement of Finance Committee is the transfer of risks and liability associated with these contracts to participating Institutes;
- The call for tenders shall be issued once CERN has received the necessary financial guarantees.
CASE C

Cases where CERN contributes 100% of the financial resources

- CPP&P shall apply (see previous slides).
CASE D

Cases which concern contracts funded by the Common Fund (and to which CERN contributes)

- CERN shall be the contract partner;
- CPP&P shall apply;
- Call for tenders shall be issued by CERN to firms with a view to achieving a balanced distribution of purchases among all the States of the Collaboration;
- Contract negotiation conducted by CERN;
- General Conditions of CERN Contracts shall apply
FURTHER INFORMATION

Purchasing Service Web site:

http://fi-purchasing.web.cern.ch-fi-purchasing/
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