



PROCUREMENT POLICY

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Revision History

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PROCUREMENT POLICY

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Non-compliance with the manual may lead to disciplinary action being taken against the individual(s) concerned.

Document Control

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Background

As an international NGO, Human Appeal is dependent on public, institutional, private sector donations to fulfil its mandate of humanitarian and development activities. These funds are used by Human Appeal to purchase goods and services each year. In order to ensure that all funds are used ethically, in line with the organisations mission, vision and values, and in line with best practise in Procurement, Human Appeal's Procurement Policy and corresponding Procurement Manual have been developed.

The Procurement Policy is an integral part of Human Appeal's overall mechanism by which the donated funds are used in line with the organisations values, to fulfil its humanitarian mandate.

There is a requirement to deliver best value for money across all spends in accordance with HA's mission, vision and values alongside best practise in procurement.

The Procurement Policy is approved by the Board of Trustees/Board of Directors, and compliments the Financial Handbook.

This policy highlights the code of ethics required for all purchases for Human Appeal such as, but not limited to, transparency, accountability and impartiality.

This document sets out the roles, responsibilities and mandatory requirements for procurement.

It also provides guidance on good procurement practice.

Aim

To procure goods and services of optimal quality, at the best delivered cost offering value for money on a whole life basis, whilst maintaining best procurement practice ensuring impartiality, accountability and integrity.

1. The Role of Procurement

To provide professional, qualified procurement expertise, advice and services; for all spend with external suppliers; in compliance with the relevant laws, regulations and any other Directives. We will procure all goods and services with high ethical standard and focussed on social, economic and environmental considerations by applying principles of sustainable procurement. As part of our role we will:

1. Develop, promote and implement appropriate procurement strategy, category procurement strategies and procedures
2. Be customer focussed and a service delivery function
3. Respect the donated funds by delivering maximum value for money (VFM) through whole life costing
4. Have appropriate due diligence measures in place (e.g. monitor high-risk suppliers).
5. Ensure that modern slavery, child labour and human trafficking is not taking place in any parts of its operation and its supply chain
6. Advertise tender opportunities greater than USD20000 on various platforms, which remains open for a determined period.
7. Drive sustainability through all tendering activity.
8. Engage effectively with Subject Matter Experts, in relation to issues of policy, practice, information sharing and collaboration
9. Act as a central point of contact for Human Appeal colleagues and external suppliers in relation to all procurement and supply chain topics
10. Maintain a comprehensive contract register
11. Develop and Maintain Procurement Policy Exception register
12. Develop and Maintain Procurement Tender register
13. Establish and maintain Cost Savings register
14. Develop and introduce measures to enhance procurement performance, including the introduction of Key Performance Indicators (KPIs)
15. Co-ordinate training development requests
16. Legal compliance with focus on cross cutting issues (e.g. General Data Protection Regulation)
17. Promote sustainable and ethical Procurement (e.g. Fairtrade goods)
18. Where possible encourage and enable local procurement from local businesses and SMEs to help grow the local market and local communities.

2. Our Vision

3. Procurement Mission Statement

To deliver an effective transformational Procurement service with a high standard of professional expertise and actively apply principles of sustainable procurement.

Reason for Procurement Policy

To fulfil its mandate of humanitarian and development activities, Human Appeal purchases goods and services from external providers each year, to be fully compliant to rules and regulations and best practise, procurement policy. There is a requirement to deliver best value for money across all spends in accordance to agreed budgets, to ensure misappropriation of funds is eliminated.

Procurement policy is an integral part of Human Appeal's overall mechanism through which the donated funds are respected and spent in line with the organisations values, to fulfil its humanitarian and development mandate.

The Procurement policy is approved by Board of Trustees/Board of Directors and also set out in the Financial Handbook Section of which contains the policy on procurement. The objective of this statement is to provide a succinct and clear statement of procurement policy. This policy highlights the code of ethics required in all purchases for Human Appeal such as,

- Effectiveness & Efficiency (value for money)
- open, fair and transparent procedures,
- effective competition
- Sustainable procurement principles
- Bribery Act 2010 and Modern Slavery Act 2015

The Procurement Department is responsible for procurement of all goods and services required from external suppliers ethically and in compliance with legislation and regulations.

To support departments and staff with delegated purchasing authority, the Procurement Department has developed this policy document along with procedures, forms, templates and guidance through these key policies below.

4. Procurement Objectives

1. To fulfil the needs of Human Appeal by the formal acquisition of goods and services, which meet best standards of quality, delivered in a timely manner through respectfully deploying donated funds in line with best practise in Procurement.
2. To introduce Business Justification as a precursor to initiating Procurement process, thus eliminating waste and moving Human Appeal towards a lean basis of Procurement.
3. To improve effectiveness & efficiency in the Purchase to Pay cycle

4. To establish appropriateness in Human Appeal’s procurement activity, to balance the need for sound control of donated public money and avoiding excessive bureaucracy which distracts Human Appeal from achieving its organisational objectives of humanitarian activities.
5. To establish (VfM) Value for money for all levels of expenditure
6. Ensure Procurement process is open, fair and transparent with effective competition
7. To in build mechanisms which ensure misappropriation of funds is eliminated by the introduction of clear policy initiatives.
8. To manage all Procurement activity to be fully compliant to relevant rules, regulations and best practise applicable to charities including conformity to Bribery Act 2010 and Modern Slavery Act 2015.
9. To introduce and apply Sustainable procurement principles
10. To move from multiple members of staff actively involved in purchasing activity across the organisation to centralising all procurement to the Procurement Department; who are responsible for procurement of all goods and services required from external suppliers - sourced ethically and in compliance with best practise.
11. To support departments and staff with their purchasing requirements, by providing up to date and relevant advice on Procurement policy interpretation, Procurement strategies and methodologies.
12. To foster and develop co-operative purchasing relationships with suppliers, utilising the Human Appeals charity status and using purchasing forums that are designed specifically for the charities sector.
13. The identification of goods and services that is/are common to more than one department and the negotiation of centralised contracts to take advantage of bulk discount.
14. The use of whole life costing as a basis for comparing goods and services.
15. See Procurement & Logistics Manual for info concerning Field Offices, and procedures.

5. Purchasing Thresholds

A key part of the managing all of Human Appeal’s purchasing activity is to see and monitor the expenditure around purchasing thresholds. These thresholds will have their own processes and procedures with accompanying Forms and templates and guidelines to adhere to. The Procurement Policy thresholds are as follows:

Initial Value (incl. VAT)	Procurement Process / Quotes	Procurement Approach
Up to USD1,000	You must obtain at least <u>one</u> written quote.	Business Justification Form
USD1,000 –	You must obtain at least <u>three</u>	Business Justification

USD20,000	written quotes.	Form
USD20,000+	Tendering Exercise	Tender Request Form

6. Principles of Procurement

Human Appeal must adhere to the Procurement Policy as part of its duty to use public money responsibly as such Human Appeal is subject to the principles that govern ethical procurement for a charitable organisation. The charity needs to demonstrate, even at modest levels of spend, an adherence to these principles and precedents. As an organisation we need to ensure,

- Equality of treatment
- Transparency
- Proportionality
- Accountability
- Value for money
- Lean approach to procurement

7. Pre-Procurement Stage

Prior to engaging in any purchasing activity – the following two steps must be addressed for ALL levels of expenditure.

Step 1. Is it really needed?

The first step in purchasing goods or services of low value is to establish whether the need is acute and real or is it more perception than reality? In order to assess this, the following questions will be useful:

1. What will be the impact on not making this purchase?
2. Can this work be done:
 - a. By a current member of staff?
 - b. Can we realign existing resources to cover the requirements?
 - c. What will happen if the supply is delayed?

Step 2. Can this be sourced from an existing contracted supplier?

The second step is to establish whether there is already an existing access to the goods or services requested from a contracted supplier. A contracted supplier is one which has gone through a formal procurement process and has a current contract of supply for the provisions of goods and services. Only where a contract (or clear

business process) does not exist should you consider approaching suppliers for quotes, or purchase directly.

8.Low Value Purchasing Guidance

This deals with all purchasing under USD20,000 and provides details of the process to be followed. A specific form has been developed for differing levels of procurement, the Business Justification Forms for USD1000 and USD10,000 of purchases respectively, supplemented by the RFQ (Request for Quotation) process.

Purchases up to USD1,000

Smaller levels of purchases are usually greater in number than higher levels of spend, that does not mean that effort is not made to attain value for money or the need to reduce waste.

For all purchases up to USD20,000

A minimum of 3 quotes must be obtained. The Business Justification Form shall be used for low value items; this form will facilitate policy compliance.

The forms need to be completed and send to the Procurement Department who will formally place the order with the supplier.

Emergency Procurement

Due to the nature of Human Appeal's work, there will be occasions for humanitarian reasons to carry out emergency procurement, where the procurement processes can be exempt or waived e.g., urgent need, remote locations, single source suppliers. These requests shall be examined as they occur.

9.Business Justification Forms and the RFQ Process

RFQ

The RFQ is a formal Procurement process of acquiring goods and services to meet Human Appeals requirements, whereby asking outside vendors to submit a quote for the completion of a specific task or project. An RFQ, akin to a request for proposal (RFP), provides comprehensive information to the bidder concerning the project's requirements. An RFQ frequently requires the bidder to itemize costs for each phase of the project allowing the soliciting company to compare several bids for like services.

Human Appeal will award the contract to the bidder that meets the minimum qualifying criteria and presents the most suitable bid in terms of cost, lead time, quality, and capacity to supply.

Request for Quotation – This is when there is a clear stated requirement of goods and services that Human Appeal are looking for. The supplier has to provide a cost for the delivery of the requested goods and services.

RFP

Request for Proposal – This is when the supplier has to provide a solution for Human Appeal’s clearly stated requirement. The supplier has a greater discretion to provide a range of costed proposals.

The terms RFQ and RFP are interchangeable and in this document, we will use RFQ to refer to both.

RFQ Documentation

The RFQ documentation typically contains:

Details of the required goods and services

- i) Timelines of the RFQ including deadlines
- ii) Instructions on how to request further details or ask questions
- iii) Information about Human Appeal
- iv) Factors influencing bid selection
- v) Any other necessary information required for bid consideration.

The greater the value of Procurement, the higher the risk and the greater the opportunity to obtain value for money. To meet the requirements of Human Appeal for these higher value purchases the Business Justification Form has been developed.

Business Justification Form - The forms need to be completed and send to the Procurement Department who will formally place the order with the supplier after the formal RFQ process. With higher spend, naturally Human Appeal will endeavour to ensure that value for money is achieved and the best possible deal is in place to meet its humanitarian mandate.

Business Justification Form – once this form has been completed, the Procurement Department will prepare the relevant paperwork and send it off to the suppliers. Three quotations will be required for purchases of up to USD20,000.

Purchases to USD20,000

Business Justification Form - The forms need to be completed and send to the Procurement Department who will formally place the order with the supplier after the formal RFQ process. With higher spend, naturally Human Appeal will endeavour to ensure that value for money is achieved and the best possible deal is in place to meet its humanitarian mandate.

Business Justification Form – once this form has been completed, the Procurement Department will prepare the relevant paperwork and send it off to the suppliers. Three quotations will be required for purchases of up to USD20,000.

Purchases from USD20,000

These will require a formal tendering exercise and will be guided by the Procurement Department. The Request to Tender Form will need to be completed and formal documents will be formulated and advertised on the online platforms. Evaluation criteria will be collated, and an evaluation panel formed. (from Finance, Procurement, and Programmes Depts).

Full details can be found in the Human Appeal Tendering Guidance in the HA Procurement & Logistics Manual.



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