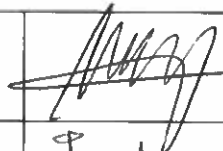





## Procurement Policy

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Policy Owner	Finance and services
Key responsibilities	Finance and services
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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.



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### Background

As an international faith based NGO, Human Appeal is dependent on public donations to fulfil its mandate of humanitarian activities. These funds are used by Human Appeal to purchase circa £6m worth of 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 purchasing.

It also provides guidance on good purchasing 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 practise 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 the relevant laws, regulations and any other EU Directives. We will procure all goods and services with high ethical standard and focussed



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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 and human trafficking is not taking place in any parts of its operation and its supply chain
6. Advertise all tender opportunities greater than £20000 on various platforms
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. Promote sustainable and ethical Procurement (e.g. Fairtrade goods)
17. Where possible encourage and enable procurement from local businesses and SMEs to help grow the local market and local communities.

### **2. 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**

As an international faith based NGO, Human Appeal is dependent on public donations to fulfil its mandate of humanitarian activities.



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Human Appeal purchases circa £6m pa worth of goods and services from external providers each year, to be fully compliant to EU 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 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 EU 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.

### 3. Procurement Objectives

1. To introduce Business Justification as a precursor to initiating Procurement process, thus eliminating waste and moving Human Appeal towards a lean basis of Procurement.
2. To establish value for money (VfM) for all levels of expenditure
3. Ensure Procurement process is open, fair and transparent with effective competition
4. To inbuild mechanisms to prevent misappropriation of funds is eliminated by the introduction of clear policy initiatives.
5. To ensure all Procurement activity is fully compliant with the relevant rules, regulations and best practise applicable to charities including conformity to Bribery Act 2010 and Modern Slavery Act 2015.



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6. 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.
7. The identification of goods and services common to more than one department and the negotiation of centralised contracts to take advantage of bulk discount.

### 4. Purchasing Thresholds

A key part of the managing all of Human Appeals purchasing activity is to apply purchasing thresholds. These thresholds will have their own processes and procedures with accompanying Forms and templates and guidelines. The Procurement Policy thresholds are as follows:

Value (incl. VAT)	Procurement Process / Quotes	Procurement Approach
Up to £1,000	You must obtain at least <u>one</u> written quote.	1K Business Justification Form
£1,000 - £10,000	You must obtain at least <u>three</u> written quotes.	10K Business Justification Form
£10,000 - £20,000	You must obtain at least <u>three</u> written quotes.	20K Business Justification Form
£20,000+	Tendering Exercise	Tender Request Form

### 5. Pre-Procurement Stage

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

#### Step 1. Establishing Need

The first step in purchasing goods or services of low value is to establish need by confirming:

1. The impact on not making this purchase
2. Can this work be done:
  - a. By a current member of staff?



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- b. Can we use existing resource?
- c. What will happen if this is delayed by 3 months?

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

Is there already an existing access to the goods or services from a contracted supplier. A contracted supplier has fulfilled a formal procurement process and has a current contract of supply for provision of goods and/ or services. Only where a contract (or clear business process) does not exist should you consider approaching suppliers for quotes, or purchase directly.

### **Low Value Purchasing Guidance**

For purchases under £20,000 this details the process to follow. Specific forms have been developed for differing levels of procurement, the 1K and 10K Forms for £1000 and £10,000 of purchases respectively, supplemented by the RFQ (Request for Quotation) process.

#### **6. Purchases Up To £1,000**

Owing to a larger volume of requests for items <£1k measures exist to ensure value for money is achieved.

#### **For all purchases up to £1,000 a 1K Form needs to be completed**

1K Business Justification Form – this has been designed to capture all the pertinent information to allow low level purchasing activity to take place as smoothly as possible. Human Appeal do not want to spend valuable time on low value items, this form will facilitate policy compliance with ease of use.

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

#### **9. 1K and 10K Forms and the RFQ Process**

##### **RFQ**

The RFQ is a formal Procurement process of acquiring goods and services requiring 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.



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Human Appeal will award the contract to the vendor that meets the minimum qualifying criteria and presents the lowest bid.

**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 Appeals 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 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.

### Purchases Up To £10,000

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 10K Form has been developed.

10K 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





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that value for money is achieved and the best possible deal is in place to meet its humanitarian mandate.

Once this form has been completed, the Procurement Department will prepare and send the relevant paperwork to the suppliers. Three quotations will be required for purchases of up to £10,000.

### **Purchases From £10,000 to £20,000**

20K Business Justification Form - The forms must be completed and sent to the Procurement Department who will place the order with the supplier after the formal RFQ process. With higher spend Human Appeal will endeavour to ensure that value for money is achieved to meet its humanitarian mandate.

20K 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 £20,000.

### **Purchases From £20,000**

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 Human Appeal website. Evaluation criteria will be collated, and an evaluation panel formed.

**Full details can be found in the Human Appeal Tendering Guidance**