PROCUREMENT POLICY

Purpose

The Transparency International Australia (TIA) Procurement Policy is guided by our organisational values which prioritise Transparency and Accountability in all facets of our work. This policy has been developed to clearly define our principled approach to procurement as well as to outline the specific standards, procedures and templates that apply in procuring goods and services for our operations in Australia. Our Procurement Policy has been developed and will be reviewed in accordance with the Commonwealth Procurement Rules (CPR)[1], and Transparency International's Procurement Policy.

Scope

This policy applies to all TIA Board Members, employees, volunteers, and interns.

This policy may also apply to the staff of partner organisations and consultants where the partner organisation or consultant does not have a procurement policy that meets TIA standards.

Principles

TIA is committed to transparency and accountability in procuring goods and services to support its work. This applies to internal procurement as well as procurement that engages with external parties including sub-contractors and suppliers.

TIA commits to:

> Effectively managing its procurement processes in accordance with all related policies and procedures;

> Ensuring that procurement processes reflect and are consistent with Australian Commonwealth Procurement Rules;

> Ensuring that procurement processes consider the Modern Slavery Act 2018 (Cth) Implementing a review process to strengthen procurement processes, reflect required standards and achieve best practice;

> In all procurement related activities, managing an effective and ethical procurement process that reflects our values as an organisation while also procuring and delivering goods and services in a timely and cost-effective manner and that are fit for purpose.

TIA adheres to the four core principles of procurement, namely:

> Transparency and accountability;

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[1] https://www.finance.gov.au/sites/default/files/commonwealth-procurement-rules-1-jan-18.pdf

> Ethical Procurement Practices, including modern slavery considerations;

> Value for Money;

> Adherence to Procurement Policy and Procedures.

Transparency, accountability and due diligence help ensure that suppliers, contractors and vendors are selected in a fair, open and clear manner, and that oversight mechanisms are in place in the decision-making process. Potential conflicts of interest are to be disclosed according to TIA's Conflict of Interest Policy.

Achieving value for money is an underlying principle which applies to all aspects of procurement and shall consider financial and non-financial costs and benefits (explained further below).

Ethical procurement practices ensure that all procurement must be conducted in a transparent and accountable manner. This is inherently linked to achieving value for money outcomes and providing quality responses to procurement needs. Adherence to client procurement policies ensures that TIA team members must make suppliers aware of donor policies and obligations during the procurement process to ensure that only suppliers able to meet these obligations are selected for the provision of goods and services.

All vendors supplying goods and services will go through a due diligence checks process.

Value for Money Approach

TIA will apply a value for money (VfM) approach in all procurement activities seeking an appropriate balance across the concepts of effectiveness, efficiency and economy. TIA's VfM methodology also recognises that organisational ethics and a conscientious approach to risk management must underpin all procurement practices to promote accountability in dealing with stakeholders and constituents.

TIA will through its procurement processes:

> Encourage competition for procurement of relevant goods and services;

> Ensure non-discrimination in procurement;

> Use available resources in an efficient, effective and ethical manner; and

> Ensure that procurement decisions are made in a consultative and transparent manner.

Responsibilities

Detailed roles and responsibilities are outlined in Appendix A.

As per the Delegation of Authority Policy, in the case of an absence of a financial approver, the authority to act can be delegated to other employees and must be communicated in writing to the Line Manager for approval and subsequently communicated in writing to relevant employees. The period of time the authority will be in place while the financial approver is away or absent must be stated in writing.

Practice

Decision-Making Approach

All relevant, tendering and contracting connected with TIA will follow a standardised process of assessment and approval to ensure compliance with key procurement principles and obligations noted in this policy.

In general terms, all procurement decisions must be made based on the availability of budget and with the approval of the relevant TI staff member and in accordance with the approved level of delegation/approval authority.

The evaluation criteria used for selecting goods and services will vary according to the type of procurement requested, however several key criteria will underpin TI Australia's approach:

> Cost effectiveness including whole of life costs;

> Quality of goods and services;

> Relevant experience and expertise including performance history;

> Flexibility and innovation;

> Ethical approach including responsible supply chain management.

Procurement Categories

The common categories of procurement for TIA are noted below but is not exhaustive:

Procurement Category	Types of Procurement	
Comms	• images • software applications • publications, design and printing	• website costs • databases
Human resources	• training and professional development • recruitment costs • conference or workshop attendance	• any event with an associated cost • membership costs
Office management	• stationery • consumables • printing supplies • Organisational memberships • insurance	• IT hardware & software • postage and mail • office furniture • Event organisation
Professional services	• consultancy fees and associated costs • legal fees • interpretation	• translation • relocation costs • accountancy / audit
Travel	• flights • accommodation • meals • ground transport • internet	• teleconference • printing • mileage • insurance • miscellaneous expenses

Procurement Approval Process

Process	Category A Procurements valued up to $250	Category B Procurements valued up to $1000	Category C Procurements valued over $1000
Procurement Method	Preferred supplier or verbal quotes	Preferred supplier or written quotes	Preferred supplier or request for quotation
Selection Criteria	Lowest price	Lowest price	Lowest-price, quality and meeting key criteria/specifications
Documentation	**For preferred suppliers:** Authorisation via email, tax invoice or receipt **For unique and specific one-off purchases:** Authorisation via email, tax invoice or receipt, ABN lookup details (if a new vendor) **For any purchases via the three quotes process:** Purchase and Procurement Form, ABN Lookup details, Bank Details (if overseas vendor), Quotes, signed Contract, Invoice(s), Evidence of Board Approval (if applicable) *It is required that anytime a delegated financial approver is away or absent, an email from that individual stating the length of time they are away or absent for and to whom they have delegated their financial authority.*		
Payment Method	Cash, bank transfer, credit card	Bank transfer or credit card	Bank transfer
Financial Approver	As per the Delegation of Authority Schedule		

Procurement Documentation

TIA will ensure that all relevant documentation relating to procurement processes is produced, approved and filed accordingly. Documents should be maintained in hard and soft copy forms in accordance with financial record keeping protocols and/or for the duration of prescribed auditing periods. Maintaining procurement records is essential to demonstrating transparency and accountability in the procurement process.

Key documentation will include:

> Purchase and Procurement Form;

> Evidence of written quotes or tender submissions proposals received from suppliers;

> Approved minutes/recommendations from the quotation/tender evaluation committee or person;

> Contract documents;

> Purchase orders and payment request documents;

> Invoices and receipts;

> Travel Terms of Reference and approval;

> ABN Lookup details;

> Board of Directors approval;

> An email of sub-delegated financial authority if a financial approver is absent or away.

Thresholds

Decision-making responsibilities will vary in accordance with the value and nature of the procurement in question. Goods and services procurements of a higher monetary value or higher risk level require more rigorous review and assessment and a higher level signing authority, whereas lower value and low risk procurements can be approved through standardised procurement processes established with the finance and administration departments.

Quotations will be sought for all program procurement to promote competition and demonstrate openness.

For **low value (Category A)** procurements can be made on the basis of cost effectiveness (i.e. lowest price) and via verbal quotations from suppliers. Three quotations should always be sought and where three quotations cannot be sought, a justification should be provided.

For **medium value (Category B)** procurements, three formal written quotations should be sought and documented. Where applicable, specific quality and ethical supplier-based selection criteria should be used as well as cost effectiveness to determine a preferred supplier.

For **high value (Category C)** of high risk procurements or procurements assessed to be high risk, a formal quotation or tendering process should be followed. This approach should include more detailed selection and assessment criteria which emphasise both cost and quality requirements and the use of a quotation or tender assessment panel to determine the preferred supplier/contractor. Contractors may also be interviewed where required.

Preferred Suppliers – For all value procurements where suppliers have been assessed to provide value for money and have demonstrated they are able to meet the key requirements of the goods or services required – including cost, timeliness and quality – they may be engaged without the need to formally undertake a procurement process and completing the Purchase and Procurement Form. All expense approvals need to be financially approved via an email as detailed in Exception 2 under the Exceptions to the Policy section. Specific details of Preferred Suppliers will be entered and maintained in a preferred supplier list.

Engaging Contractors

For external contracting of individuals or parties to perform work for TIA, the procurement method will depend on the specific nature of the work involved as described in the terms of reference.

Procurement options include:

a. **Open Tenders** – Requesting via an advertisement, quotes or proposals from reputable suppliers who are able to provide the required goods/services. This method provides the best opportunity for active competition amongst suppliers.

b. **Pre-qualified or Limited Tender** – An invitation for quotes or proposals, but based on specific conditions (i.e. level of experience, certifications or specialist capacity) restricts the field of eligible suppliers to a shortlist. This approach may be preferred due to the urgency of the procurement or where an open tender would not be timely or effective.

c. **Sole Sourcing** – Seeking quotes or proposals from only a single contractor. If this approach is undertaken, a clear justification must be provided.

Exceptions to the Policy

Any exceptions to this policy must be approved by the CEO or Head of Programme as appropriate and noted on the Purchase and Procurement Form.

Exception 1: Where the purchase is a direct follow-on from a previous contract, which was subject to procurement procedures as described above in the last 12 months and is of the same or lesser value, three quotations are not required. The Purchase and Procurement Form must still be completed, noting this fact and the previous Purchase and Procurement Form and details of quotations should be attached.

Exception 2: Where the purchase is for either a unique and specific event that requires a registration/ticket or for a one-off purchase, including but not limited to professional courses, conference registrations, workshops, image purchases, the Purchase and Procurement Form is not to be completed. In lieu for the form being completed, an email showing the authorisation of the expense by the relevant financial approver with the designated staff member CC'd to the email is sufficient evidence of expense approval along with the standard documentation substantiating the expense.

Exception 3: If a donor requires thresholds lower than TIA, then we will comply with the donor requirements.

Exception 4: When the tender has been made available for three weeks or more, or when five potential suppliers have been sought out, but fewer than three potential vendors have responded, the Purchase and Procurement Form must be signed by the CEO or Head of Programme as appropriate, with documentation showing that five or more suppliers have been contacted or evidence of tender listing e.g., evidence of a public site used for a job listing.

Exception 5: In cases where an order has been made without following the proper procurement process, an ex-post procurement must be performed. Therefore, up to two other vendors must be contacted to compare potential offers before any sign-off for procurement is granted.

Exception 6: Ongoing consultancies (legal support, financial reporting audit, etc.) must undergo a new procurement every three years.

Monitoring and review of exceptions are performed by Finance. Analysis of the reasons why an exception was made, as well as of whether the exception could have been prevented must be performed. This provides Finance with insight to make corrections to the process or to provide further training for the staff member involved.

Related Documents

This policy should be read in conjunction with the following policies:

> Conflict of Interest Policy
> TIA Anti-Fraud and Anti-Corruption Policy
> Complaints Handling Policy
> Code of Conduct
> Delegation of Authority Policy
> Delegation of Authority Schedule
> Travel Policy

This policy references the following documents:

> [DFAT Procurement Policy](#)
> [Purchase and Procurement Form](#)

Effective Date and Review

Title	Procurement Policy
Version	3
Owner	Transparency International Australia
Date of Approval	31 May 2018
Effective date	1 June 2018
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Reviewed	22 August 2019
Review date	1 June 2021

Appendix A: Roles and Responsibilities for Procurement

The table below outlines the delegation of responsibility in relation to procurement within TI Australia

Activity/task	Board/Finance & Risk Committee	CEO	Head of Programme	Finance & Administration Manager	Finance Assistant	Programme Assistant	Chapter Projects Manager	Research and Policy Manager	Communications Coordinator
Develop and maintain procurement policy	X	X		X					
Develop relevant procurement documents Develop bidding documents and spec. (e.g. ToR template, contract template, etc)				X	X	X			
Develop evaluation criteria (e.g. price, availability, reputation, alignment with TIA values)	X	X		X					
Seek quotations / Advertise tender			X	X		X	X	X	X
Issue bidding (e.g. EOI, & ToR) documents			X	X			X	X	X
Assess quotations and tenders			X	X			X	X	
Select quote/ preferred tenderer (where relevant to interview)		X	X	X					
Negotiate terms with preferred contractor (where required)			X	X			X	X	X
Prepare and draft paperwork/contract					X	X			
Review paperwork / contract			X	X			X	X	
Sign off paperwork / contract		X	X						
Enter details into inventory list				X	X	X			
Make bank payments		X	X	X	X				
Make credit card payments		X	X	X			X	X	