

Procurement and Purchasing Policy



EDUCATING
THE FUTURE

Policy number:	33	Version:	2 (last review on 17 March 2022)
Drafted by:	Finance, Audit and Risk Committee	Approved by Board on:	12 April 2022
Responsible person:	Board of Directors	Scheduled review date	17 March 2024

0. Introduction

Educating The Future Australia Limited (ETF) is committed to seeking to purchase goods and services that:

- Are produced and delivered under labour conditions that do not involve the abuse or exploitation of any person.
- Have the least negative impact on climate change and the environment in relation to their cost.
- Adhere to the organisation's quality and risk standards, and are value-for-money where alternatives and the market can accommodate for this.

Such considerations will form part of the evaluation and selection criteria for all goods and services procured by ETF. In addition, ETF will seek alternative sources where the conduct of suppliers demonstrably violates the basic rights of ETF's intended beneficiaries, and there is no willingness to address the situation within a reasonable time period, or where companies in the supply chain are involved in the manufacture or sale of arms in ways that are unacceptable to ETF.

Related policies:

- Control of funds policy
- Anti-fraud and corruption
- Delegations policy

1. Purpose

This policy ensures the most efficient use of limited resources when obtaining the goods and services necessary for the operation of organisation and implementation of ETF's development activities. The purpose of this policy is to provide accountability, value for money and an optimal outcome for the use of funds

The purpose of this policy is to contribute to ETF's objectives of ensuring:

- Economically responsible procurement
- Ethical and socially responsible procurement

Policies can be established or altered only by the Board; **Procedures** may be altered by the MD.

- Effective, soundly based and reasonably justified processes
- Support of locally sourced goods and services
- Avoidance of any conflict of interest

ETF is committed to promoting good labour, greenhouse gas emission reduction and environmental standards in our procurement processes.

This policies applied to:

- All personnel and associates of Educating The Future, including permanent, casual employees, contractors, interns, volunteers, Board of Directors and members
- All partners and subcontractors involved with Educating The Future

All goods and services purchased by Educating The Future

2. Scope

This policy applies to all ETF activities and all ETF volunteers and directors who have authority delegated to them to enter into contracts with suppliers of goods and services, on behalf of ETF.

This policy applies for ETF programs in Australia and Timor-Leste.

‘Procurement’ is defined within the scope of this policy, as the process of identifying particular goods and services and selecting the appropriate goods or service provider that is most appropriate in advancing and fulfilling the objectives of the organisation. This includes actions such as agreement to and negotiation of contractual terms.

‘Purchasing’ is defined as the last action in the procurement process consisting of the acquiring of goods and services in consideration of money for the purpose of advancing or fulfilling any of the organisation’s essential and incidental objectives.

3. Key principles

3.1 Economic Procurement

ETF will consider total cost, fitness for purpose, quality, price, risk and streamlined process while also keeping “cost vs benefit” as part of the consideration.

Value for money relates not only to purchase price but also factors such as fitness for purpose, reliability, availability, delivery cost, operating cost, after sales support and warranties. Decisions on the basis of value for money must be supported by objective evidence of cost benefits.

3.2 Ethical Procurement

ETF will act fairly and with integrity and accountability, in a manner which is soundly based and reasonably justified through all stages of the procurement process. All ETF Volunteers and Directors are trained, in alignment with the Conflict of Interest Policy, to declare any conflicts of

interests and will not participate in a procurement decision (or seek to influence in any way) if it is not appropriate in accordance with the Conflict of Interest Policy.

3.3 Social Responsibility Procurement

ETF will engage suppliers who satisfy the Corporate Social Responsibility (CSR) requirements of ETF. ETF is also committed to supporting supplier diversity and social enterprises, whilst giving consideration to local enterprises and Australian Indigenous suppliers.

3.4 Environmental Procurement

ETF is committed to the reduction of greenhouse gas emissions in its supply chains and will not knowingly purchase goods or services from suppliers that actively lobby to undermine progressive climate change policy or push for continued expansion of fossil fuel use.

3.5. Open and effective competition

Purchases made by ETF must be transparent and demonstrate a commitment to effective competition through competitive processes, which do not compromise the objective of value for money. This includes ensuring independence between ETF and its suppliers, absence of bias and favoritism and ease of competitive entry, particularly for new and small suppliers.

3.6. Risk management

There is a natural element of risk in every purchasing transaction and risk management is an integral part of the decision-making process for all purchases. These principles are intended to provide consistency in ETF's approach to its procurement and provide a transparent basis upon which purchasing decisions are made in the best interests of Fairtrade ANZ.

4. Supplier Selection

ETF is committed to selecting suppliers by applying our economic, ethical and socially responsible principles in the process.

All purchases of products (good and services) from selected approved and evaluated suppliers must:

- be in accordance with approved budgets
- be authorised by a person with the appropriate financial delegations
- be verified upon receipt by an appropriate staff member; and
- meet the specified requirements of this policy

For any purchase, volunteers and directors will confirm if there is an existing supplier that could deliver requirements before creating a new supplier request.

5. Preferred Supplier Agreements

Wherever possible,ETF and its partners will purchase through preferred trusted, authorised and vetted suppliers. For a supplier to be classified as preferred, they are required to meet the following preferred supplier criteria:

- A current agreement in writing or verbally between them and ETF
- An agreed catalog of goods and services that can be purchased
- Measureable and reportable key performance indicators (KPIs) including suitable financial and contractual consequences for non-compliance.
- Review of purchasing and procurement standards and guidelines
- A list of ethical suppliers and procurements will be maintained in the Preferred Supplier Register.

Goods and Services Receipt

Actual receipt of goods or services receipt is the key event in ETF's accounting system that activates invoice payment authorisation. ETF will only receipt goods following their delivery or on the completion of an agreed service.

- All receipts must be kept for seven years in secure storage

6. Exemption from Procurement Policy

ETF acknowledges that any request to be exempt from the Procurement Process must be supported by a strong rationale and needs the relevant exemption, at minimum, communicated to the Board of Directors in writing prior to any purchase. In exceptional circumstances in which: a purchase of essential goods and services is required to mitigate a detrimental consequence; and it is not practicable to comply with this policy, a member of the Leadership Team or Directors may exempt the purchase from this Policy, in accordance with delegation of authority by the Board of Directors to that member.

7. Requisition and Quotation Threshold

Delegation and authority to limits and thresholds of procurement:

- Australia: \$10,000 for goods and services their must be at least 2 quotations
- Timor-Leste: Any expense over \$750 USD there must be at least two quotations

8. Procedures

- Truck / Transportation of Materials:** Prior to construction, a set price must be agreed with trucks from materials that can be sourced locally and from trucks in Dili. A schedule should be provided to them and this must be approved by ETF.
- Material Sourcing:** All materials sourced in Dili that are unable to be sourced locally must be sourced from a legitimate business in Dili, Timor-Leste, that

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ETF will provide a list based on advice from the National Director of Pre-School Infrastructure. There is a list of certifications to ensure reliability that might be made available in Timor-Leste, or willing to obtain certifications. This will be annexed to this SOP and to the Procurement Policy.

- a. **Approved businesses:** are those that ETF vets and considers suitable to purchase from. A full list will be provided in an annex to the implementing partner and subject to change at any time. Verification with these businesses may be included in the spot-check. Any issues will be reported to the local authorities including corruption, fraud, terrorism-financing
- iii. **Local Material Sourcing:** Where materials are sourced locally, the cost should be at a market value as known to the community and on inspection by ETF. The quality must align with the Ministry of Education standard or purchased from another location if it is not.
- iv. **Quotations for Big Purchases:** Any purchase over \$1000 USD must include two quotes where the quality alignment to the BoQ and cost will be considered, along with the approved list of businesses.
- v. **Use of Child Labour:** No materials or services can be purchased where there has been child labour used (any child under the age of 16). Audit of locations of purchase may be conducted to verify this as a spot-check. At any point there is a violation of this, purchasing will be stopped immediately and a review into the knowledge of the partner into this.

Policy Authorisation

8.1. This policy and any amendments enter into effect immediately.

8.2. This policy shall be disseminated through an appropriate directive to all internal ETF stakeholders and necessary persons, including website if appropriate.

8.3. This policy will be reviewed every two years.

Mr. Adam Alexander Hegedus
Managing Director
17 March 2022
Next review date: 17 March 2024