



# Procurement Policy

## 1. **PURPOSE**

Reach for Change is firmly committed to fair competition and open markets. One of the foundations for our Founder's success has been the break-up of monopoly power. All Reach for Change employees are expected to protect the interests of Reach for Change's final consumers - the children - anywhere in the world and to fight against collusive practices and monopoly foreclosures in every aspect of their activities.

This Policy defines requirements for competitive and non-competitive procurement procedures, thresholds, vendor selection and award for the procurement of goods, services and project-specific or short-term consultancies. Acting in accordance with this Policy contributes to sustainability and well-functioning competition within the marketplace, which in turn contributes to long-lasting sound commercial conditions:

Specifically, procurement is in this Policy defined as the process of:

- identifying what is needed
- determining the best source to supply the need in a fair and open manner
- ensuring what is needed is delivered accurately

Individual donor requirements and/or applicable host country law take precedence over this Policy in instances where there is a Policy conflict or there are additional requirements beyond what is specified in this Policy.

## 2. **SCOPE**

This Policy applies to all Reach for Change operations.

## 3. **POLICY STATEMENT**

All procurement activities must be done in a transparent manner that results in open competition for the procurement of goods, services and consultancies.

## 4. **PROCUREMENT RESPONSIBILITIES & SEGREGATION OF DUTIES**

- A) All staff involved in the procurement process should know their procurement authority and have sufficient knowledge of the law to understand the legal consequences of acts that are performed in the name of Reach for Change. The procurement decisions of staff are binding upon Reach for Change, within the limits of the authority given them. Staff involved in the procurement process should understand the purpose of standard Reach for Change procurement procedures, as well as the policies which support these procedures. It is the employee's responsibility



to consult with a superior if policies and procedures are not completely clear, or if there may be difficulties fulfilling the requirements of any policies and procedures. Any problems which arise should be brought to the highest level necessary, including that of Chief Executive Officer, if appropriate. The Policy and procedures are not intended to restrict the efforts of staff, but to provide a foundation for complete and consistent consideration of all aspects of the procurement process.

- B) Segregation of duties entails that organizational roles and responsibilities have been divided between staff in such a way that no single individual has control of all key aspects of the procurement process, from authorization — to receipt of goods or services — to record keeping. Segregation of duties is an essential aspect of internal control at Reach for Change and reduces the risk of both erroneous and inappropriate actions throughout the procurement process, whether unintentional or deliberate. Any procurement made by a Reach for Change employee must be approved, at a minimum, by one (1) superior as directed by this Policy and Reach for Change's Bills of Authority. The Director of Finance and Operations is responsible for ensuring appropriate segregation of duties in the organization.
- C) The Procurement Committee provides an unbiased review of vendors and bids over \$25,000, and makes recommendations to the management team or the board of directors. The Procurement Committee that is reviewing a Summary Bid Analysis (SBA) is made up of at least three (3) members in total, with at least one (1) from each of the following areas:
- Finance
  - Procurement
  - Program

Members of this committee may serve for a length of time or on an 'as needed' basis. Members must have a reasonable level of authority in the organization and the knowledge, ability and judgment to make good procurement recommendations. Nominations of new members to the committee are made by the Director of Finance and Operations and approved by the management team.

As needed, a technical expert in a certain field (for example, IT for computer equipment) can be a part of the Procurement Committee to assist with analysis of specifications, bids and vendor selection.



## 5. PROCUREMENT AUTHORITY

In accordance with Reach for Change's Bill of Authority the levels of authority for approving procurements are:

Authority Matrix		
Approval of Purchase Order/Contract	\$100 to \$5,000	Employee at Head of or Country Manager level + any employee
	\$5,000 to \$15,000	Member of management team + employee at Head of or Country Manager level
	\$15,000 to \$100,000	1) Director of the Board + CEO 2) CEO + Finance and Operations Director 3) CEO or Finance and Operations Director + Member of management team
	Above \$100,000	Board of Directors
Approval of General Receipt Note/Invoice	\$100 to \$5,000	Employee at Head of or Country Manager level + any employee
	\$5,000 to \$15,000	Member of management team + employee at Head of or Country Manager level
	\$15,000 to \$100,000	1) Director of the Board + CEO 2) CEO + Finance and Operations Director 3) CEO or Finance and Operations Director + Member of management team
	Above \$100,000	Board of Directors

**6. SOLICITATION METHODS, BIDDING AND ANALYSIS**

A) The threshold, solicitation method, minimum number of quotations and analysis documentation required for goods, services or consultancies are:

<b>Threshold</b>	<b>Solicitation Method</b>	<b>Minimum Number of Quotations</b>	<b>Analysis Documentation Required For Vendor Selection</b>
\$100 and below	Through Petty Cash/ Credit Card	None Required	Petty Cash Voucher/ Credit Card Voucher
Above \$100 to \$500	Direct Purchase	Invoice	No PR, PO, GRN or Analysis required
Above \$500 to \$5,000	Direct Purchase	One Quote or Invoice	No Analysis Required
Above \$5000 to \$25,000	Quotations Process	Three Written Quotations	Summary Bid Analysis with Single Procurement Approval
Above \$25,000 to \$200,000	Quotations Process	Three Written Quotations	Summary Bid Analysis with Procurement Committee Approval
Above \$200,000	Sealed Quotations Process	Three Sealed Quotations	Sealed Quotation Tracking Sheet and Summary Bid Analysis with Procurement Committee Approval

C) Although price is a factor in the selection of a vendor, consideration must also be given to vendor integrity, reputation, record of past performance, warranty, financial and/or technical resources, as well as consideration of social and environmental impact and the ability to deliver the proposed procurement on time.



## **7. PROCEDURES**

### A) Solicitation Methods:

- i) Direct Purchase: For goods, services or consultancies above \$100 to \$500 or local currency equivalent, purchases are made from an approved vendor without obtaining competitive quotes. These purchases do not go in the Procurement Archive Folder and no PR, PO or GRN is required.
- ii) Direct Purchase: For goods, services or consultancies above \$500 to \$5,000 or local currency equivalent, purchases are made from an approved vendor without obtaining competitive quotes. PR, PO, GRN should be obtained and recorded but no analysis is required. Sometimes, a PR might not be done in writing due to the small size of the country office. In such instances the segregation of duties is deemed used as compensating controls. Any procurement made by a Reach for Change employee must be approved, at a minimum, by one (1) superior.
- iii) Quotations Process: For goods, services or consultancies above \$5,000 to \$200,000 or local currency equivalent, purchases are made through a competitive quotation process. The minimum number of vendors requested for quotations is 3. In instances where only 2 vendors are available to provide quotations, staff executing procurement must document the reason for only soliciting 2 quotes. In instances where only 1 vendor is available, the reason for only soliciting 1 quote must be recorded and approved by superior. Requests for quotations from potential vendors must be in writing (via letter, fax or email). To use the same quotation for subsequent purchases, a period of validity must be on the quotation.
  - 1) For procurement above \$5,000 to \$25,000, staff executing procurement must analyze the quotations and enter the information into the Procurement Archive Folder based on one of the following criteria:
    - (a) Lowest Quotation: If 3 quotations have been requested and at least 2 quotations are received, this meets the minimum requirement for competition. If the lowest priced quotation is selected, this is sufficient justification to award the purchase order to the vendor.
    - (b) Non-Selection of Lowest Quotation: If 3 quotations have been requested and at least 2 quotations are received, this meets the minimum requirement for competition. If the lower priced quotation is not selected, then the basis of the vendor selection must be justified. Reasons could include the vendor's ability to perform successfully under the terms and



conditions of a proposed procurement, product quality, environmental impact, social impact, speed of delivery, credit terms, or other defined criteria.

- (c) Insufficient Quotations: If 3 quotations have been requested and only one quotation is received, then competition is inadequate and a Non-Competitive Procurement Justification must be completed. The form must be approved by one (1) superior, at a minimum, on the Country Manager or 'Head of' level.
  - (d) Vendor quotation response must be archived in the Procurement Archive Folder.
    - (i) If a vendor was requested to provide a quotation and did not submit a quote, a vendor response as a "no quote received" must be entered.
  - (e) The outcome of the vendor analyses above must be entered into the Procurement Archive Folder.
- 2) For procurement above \$25,000 to \$200,000, the procurement committee must analyze the quotations as above, justify the vendor selection and approve the Summary Bid Analysis. The selection must be entered into the Procurement Archive Folder.
- iv) Sealed Quotations: For goods, services or consultancies over \$200,000, or local currency equivalent, purchases must be made through a competitive sealed quotation process. Personnel performing procurement must solicit sealed quotations from potential vendors or consultants by the following process:
- 1) Personnel performing procurement must publicly solicit through formal advertising, in newspapers and/or online, and solicit from approved vendors in writing based upon specified criteria, terms and conditions. The formal advertisement and letter must contain the specifications and pertinent information to include but not limited to:
    - (1) Specifications of the goods, services or consultancies
    - (2) Tender number
    - (3) Delivery Schedule
    - (4) Deadline for quotation submission
    - (5) Payment Schedule
    - (6) Password requirement



- 2) Personnel performing procurement must prepare the procurement section of the Sealed Quotation Tracking Sheet.
  - 3) By the quotation closing date, vendors must submit their password protected quotation to [procurement@reachforchange.org](mailto:procurement@reachforchange.org), and submit the password separately to Reach for Change's CEO. The date of receipt must be indicated in the receipt section of the Sealed Quotation Tracking Sheet by personnel performing the procurement.
  - 4) After the quotation closing date and time, personnel performing the procurement must schedule a time for the sealed quotation opening. Procurement committee members must be, in-person or virtually, present at the opening. The CEO provides the procurement committee with the quotation passwords at the given time and the quotations are opened by the procurement committee. Each procurement committee member must sign and date each individual quotation.
  - 5) The procurement committee members must perform a Summary Bid Analysis and agree on a recommendation to the Board of Directors. The recommendation should be signed by all Procurement committee members.
  - 6) If a vendor has been requested to quote and a quotation is not received, the name of the vendor must be included on the Summary Bid Analysis and procurement personnel must state that no quotation was received.
  - 7) In some instances quotations are received after the closing deadline. If the late quotation is received prior to the opening of the quotations, the late quotation might be accepted based on the written approval of a senior member of the Procurement committee. However, no quotation will be accepted following the opening of the sealed quotations.
- v) Non-Competitive Procurement: Procurement by non-competitive procedures is through a solicitation of only one vendor or when multiple vendors have been requested to quote and only one vendor provided a quote. Non-competition must meet one or more of the following criteria listed below. This is documented through a Non-Competitive Procurement Justification Form approved by, at a minimum level, a Country Manager or 'Head of'.
- i) The item or service is available from a single source.
  - ii) An emergency requirement for the procurement of goods, services or consultancy will not allow the delay that could result from requesting competitive solicitations.



- iii) The donor expressly authorizes non-competitive procurement in response to a request from Reach for Change.
- iv) Competition is deemed inadequate after the solicitation of quotations from a number of possible vendor sources.

## **8. DEFINITIONS**

PR: Purchase Requisition  
PO: Purchase Order  
SBA: Summary Bid Analysis  
GRN: General Receipt Note

## **9. REFERENCES AND ASSOCIATED POLICIES**

- Summary Bid Analysis, Appendix I
- Non-Competitive Procurement Justification Form, Appendix II
- Sealed Quotation Tracking Sheet, Appendix III
- Reach for Change Code of Conduct
- Policy on Conflict of Interest
- Anti-Corruption Policy
- Bill of Authority
- Whistleblower Policy

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This policy was adopted by the Reach for Change Board at the Board meeting on December 2nd 2020. This policy is to be applied until further notice. It's the CEO's responsibility to invite the Board to initiate changes to it whenever needed.





**APPENDIX I Summary Bid Analysis**

Purchase Requisition:	Date:
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				Vendor # 1		Vendor # 2		Vendor # 3		Vendor # 4	
				Unit cost	Total cost	Unit cost	Total cost	Unit cost	Total cost	Unit cost	Total cost
1	Item Description	Unit	Quantity Required								
2	Optional costs	<b>BASE COST</b>									
		Packing & Handling									
		Insurance Costs									
		Freight Costs									
		Discounts, if any									
		<b>TOTAL COSTS</b>									

3	DELIVERY PERIOD						
	WARRANTY INFO (if applicable)						

4	Vendor Selection and Justification

5	Bid prepared by:	<i>(Signature, date)</i>
	Single Approval:	<i>(Signature, date)</i>
6	Approval by Procurement committee	
	#1	<i>(Signature, dept, date)</i>
	#2	<i>(Signature, dept, date)</i>
	#3	<i>(Signature, dept, date)</i>



**APPENDIX II Non-Competitive Procurement Justification Form**

<b>Vendor Name:</b>		
<b>Type of Goods, Service or Consultancy</b>		
<b>Estimated Cost</b>		<b>Purchase Requisition (PR):</b>

**ALL FOUR (4) ANSWERS BELOW MUST BE FILLED OUT COMPLETELY:**

<b>1</b>	<p>Approved Vendor List checked prior to selecting this vendor? ( <input type="checkbox"/> YES <input type="checkbox"/> NO )          If NO, please explain why:</p>
<b>2</b>	<p>Describe the type of goods, services or consultancy required.</p>
<b>3</b>	<p>Provide written justification for <b>NOT</b> obtaining bids for this procurement per Reach for Change procurement policy. As appropriate, attach any supporting documentation.</p>
<b>4</b>	<p>What proactive steps do you agree to take to ensure competition for similar types of purchases in the future?</p>



<b>APPROVAL</b>			
<b>Requestor [Name]</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>
<b>Approval-1 [Name]</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>
<b>Approval-2 [Name]</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>

**COMMENTS (optional):**



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**APPENDIX III Sealed Quotation Tracking Sheet**

<b>Purchase Requisition (PR) #</b>
<b>Name of Country Office or Sub Office:</b>
<b>Description of Bid:</b>

<b>Closing Date/Time:</b>
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<b>Envelope Reference Number</b>	<b>Name of Vendor</b>	<b>Contact</b>	<b>Date Sent / Issued</b>	<b>Date Recd.</b>	<b>Time Recd.</b>	<b>Received By Name</b>	<b>Received by Signature</b>
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							



<b>Date Sealed Bids Opened:</b>
<b>Time Opened:</b>

<b>Procurement Committee members present at Bid Opening</b>		
<b>Date</b>	<b>Name</b>	<b>Signature</b>

<b>COMMENTS (optional):</b>
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