

## 1. Procurement Policy

## 2. Values Statement

RedR Australia (“RedR”) is guided by its values of accountability, integrity, empathy, and collaboration. Procurement has a key role in supporting the delivery of skilled people and training, whilst ensuring value for money is achieved and RedR remains compliant with its external obligations. Effective procurement will enable RedR to train and deploy more people, reach more communities, and remain agile in responding to humanitarian needs.

## 3. Purpose

This Policy is RedR’s overarching policy for the procurement of goods and services. The Policy outlines the procurement processes employed by RedR as well as the responsibilities of RedR employees with respect to the procurement of goods and services from third party suppliers at the best value to RedR.

## 4. Scope

This policy applies to:

1. all RedR staff and other personnel engaged by RedR to undertake procurement activities on its behalf; and
2. all procurement activities associated with the purchase of goods and services of any value.

## 5. Policy Statement and Principles

This Procurement Policy (Policy) provides a framework for decision-making based on value for money, competition and objectivity. The scope of procurement extends beyond contract award – this Policy sets out the steps that should be taken to manage contracts and relationships with suppliers, including the management of risks whilst ensuring that procurements deliver quality products and service outcomes for RedR. This Policy:

1. establishes principles for the purchase of all goods and services at RedR;
2. establishes the standards of behaviour for every person undertaking procurement;
3. establishes procurement requirement to ensure activities achieve maximum value for money and tolerable levels of risk; and
4. supports RedR’s values of accountability, integrity, empathy and collaboration.

This Policy reflects good procurement practice and adopts the principles of the Australian Commonwealth Procurement Rules.

## 6. Procedures

Our procurement procedures are based on three broad stages underpinned by a set of principles.



**Value for money.** Consider the most advantageous combination of cost, quality and sustainability when assessing a procurement decision

**Risk management.** Identify, consider and, if appropriate, take steps to mitigate the risks involved when entering into, managing or renewing a supplier relationship

**Ethics, sustainability and social responsibility.** Ethical behaviour, sustainability and social responsibility should be considered in all procurement procedures.

**Probity and compliance.** All suppliers should be treated fairly, impartially and consistently, and in a manner that complies with applicable laws, regulations and policies.

## Plan

### Procurement need and approval

Before committing to procurement, ensure there is a demonstrated need for the goods or services, and there is (or will be) funding available for the proposed procurement.

Approval for any spend must be obtained from the relevant delegated authority.

Approver	Payment threshold
CEO (or CFO where delegated)	Above \$50,000
Directors	\$10,000 to \$49,999
Managers	\$5,000 to \$9,999
Coordinators	Up to \$5,000

**Note:** For further information, refer to the Purchasing Procedure (230).

### Procurement thresholds and method

Procurement thresholds are determined according to the value and risk associated with procurement.

Procurement value	Procurement method	Required approvals
Under <b>\$500</b>	Credit card	Delegate
<b>\$500 to \$50,000</b>	<b>Simple procurement</b> (minimum 1 quote)	Delegate <b>and</b> CFO
<b>\$50,000 to \$150 000</b>	<b>Tactical procurement</b> (minimum 3 quotes)	Delegate <b>and</b> CFO
Above <b>\$150 000</b>	<b>Strategic Procurement</b> (tendering process)	Delegate <b>and</b> CFO

**Note:** High-risk procurement has the potential to cause financial or human loss, or reputational damage if managed inappropriately. High-risk procurements require additional controls, should be undertaken in consultation with Finance and require Finance approval, irrespective of procurement value. Refer to RedR's Risk Management Policy and/or consult Finance for guidance on the determination of high-risk procurement.

## Simple Procurement

The procurement of goods and services with value between \$500 and \$50,000 and a low or medium risk rating requires at least 1 written quotation.

Following approval from the relevant delegated authority and CFO, the purchaser may proceed to purchase from the supplier that represents the best value for money.

## Tactical Procurement

The procurement of goods and services with value between \$50,000 and \$150,000 and a low or medium risk rating requires at least 3 written quotations.

Following approval from the relevant delegated authority and CFO, the purchaser may proceed to purchase from the supplier that represents the best value for money.

## Strategic Procurement (tendering) process

The procurement of high value (above \$150k) and/or high-risk goods and services requires strategic procurement that involves the delivery of a structured, competitive tendering process led by Finance. The tender process should provide or allow for:

1. opportunity for maximum competition in accordance with the risk and value of procurement;
2. concise conditions of participation with adequate time and capacity for responses;
3. any modifications to tender documentation or additional documentation must be shared with all prospective participants;
4. question periods must be clear and articulated to all prospective participants;
5. evaluation criteria must be specified in the tender documentation;
6. tender responses or quotations must not be viewed until the specified close date; and
7. method for awarding of contract must be communicated in the tender documentation.

Tender processes should be supported by an approved procurement strategy that defines the rationale for the market approach.

## Risk management

Identify, consider and if appropriate, take steps to mitigate the risks involved in any procurement.

Risk management considerations must be consistent with RedR's Risk Management Policy and include but not be limited to:

1. minimising exposure to any potential damage to RedR's ability to deliver its business;
2. long-term detrimental brand and reputation damage; and
3. safety, compliance and financial solvency related risks.

## Contracted suppliers

Purchasers must use contracted suppliers wherever possible.

## Minimum quotation requirements including procurement from Indigenous businesses

Where possible at least one local supplier within a 125 kilometre radius of where the services are to be supplied should be invited to quote. Consideration is to be given to inviting Indigenous Businesses to quote.

## Waivers

Waivers may apply to a requirement to obtain a minimum number of quotes or undertake an open tendering process, where there are genuine reasons why it would not be appropriate or advantageous to do so, including where:

1. situations of emergency necessitate a waiver;
2. there is only one supplier and no reasonably satisfactory alternative good or service;
3. competition would be impractical, impossible or not beneficial;

4. the work for practical reasons must be of the same manufacture, for instance repairs / spare parts for existing equipment; or
5. where it is known that a marked financial advantage will accrue to RedR from making a spot purchase of products subject to quickly changing market conditions.

A waiver must be obtained by the CFO in writing.

## Source

### Quotations and supplier selection

Procurements should be executed in accordance with the procurement method identified during the Plan stage.

When assessing the suitability of a supplier, always use a balanced set of criteria that considers elements including but not limited to price, technical, quality, risk and commitment to Anti Modern Slavery practices when evaluating supplier(s) most likely to deliver value for money.

## Contract establishment

A contract is a legally binding agreement between two or more parties where legal right and obligations are created that are enforceable at law.

Approval by the relevant delegated authority and CFO is required prior to establishment of any contract.

## Manage

### Contract management

The ongoing management of contracts and supplier relationships is critical to ensuring that RedR receives the value agreed with the supplier and that risk is managed effectively.

All contracts entered into with RedR should be proactively managed by the RedR staff member(s) responsible for the delivery of the contracted goods or services.

High value (>\$150,000) and/or high-risk contracts should have a contract management plan in place, approved by Finance, to ensure the expected business benefits from the contract are being achieved, and that the supplier is co-operative and responsive in relation to expected KPIs.

### Contract renewal

In the leadup to a contract's expiry, contracts and supplier performance should be proactively reviewed to address potential issues with the contract, renegotiate more favourable terms or provide sufficient time to reapproach the market if necessary.

## 7. Roles and Responsibilities

### CFO

- Implement and ensure continuous improvement of the Policy
- Provide compliance and oversight of procurement activities
- Plan and manage tendering activities associated with Strategic Procurement
- Activities maintaining all relevant procurement related materials and documentation
- Sign off on exceptional circumstances (waivers), where standard procurement processes are not followed
- Assist and provide advice on the Policy, including key processes such as tendering
- Respond to complaints or issues arising from the Policy
- Developing contractual documents, and drawing on subject matter experts as required
- Oversight and reporting of contract management as required to CEO and the board
- Approvers including Coordinators, Managers, Directors and the CEO
- Approvals within their allocated delegation/budget
- Expenditure is for a genuine business need

Procurement Policy

Version 1.0

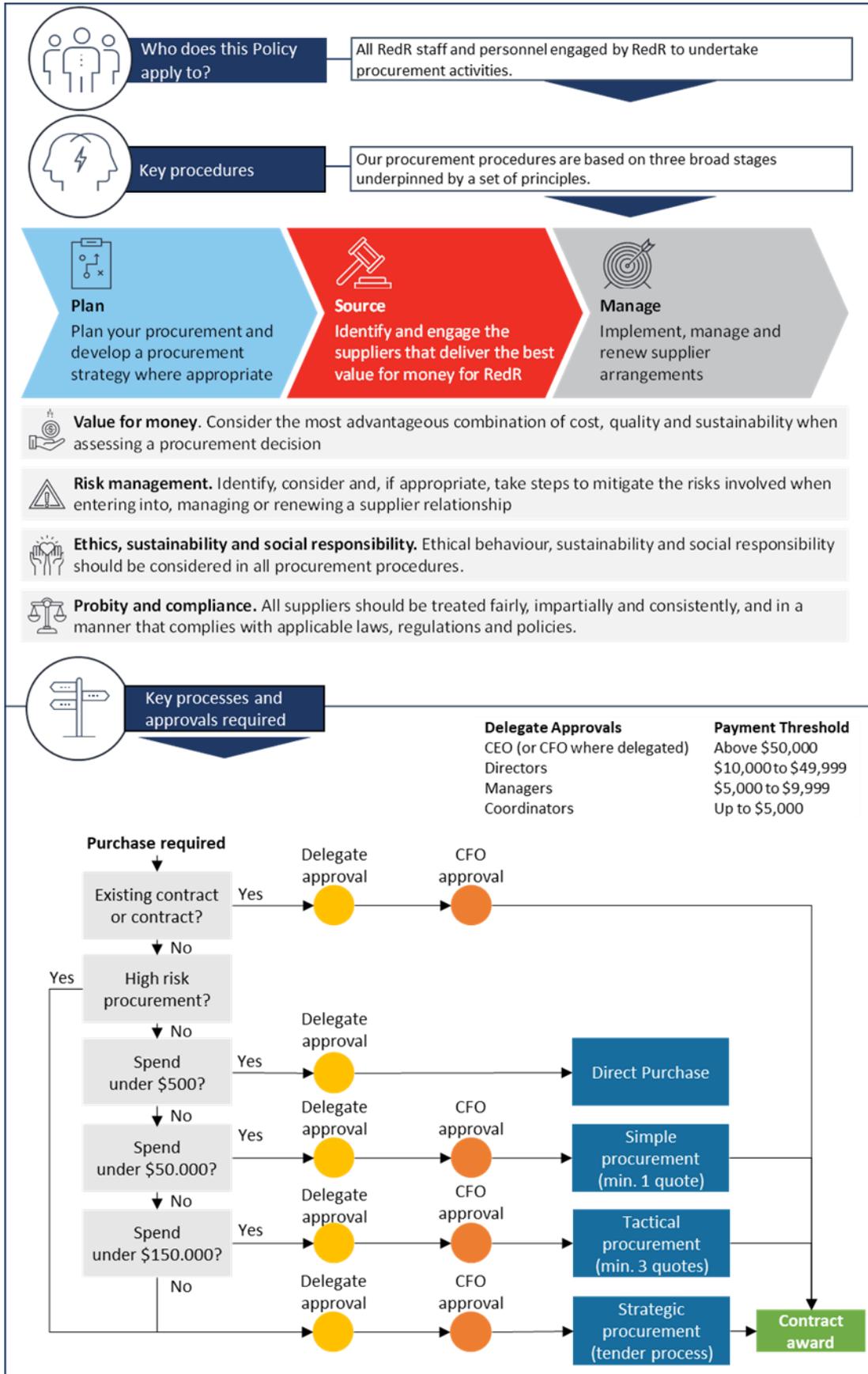
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- The procurement process has complied with this Policy and related policies and procedures

## **All purchasers**

- Deal fairly, impartially and consistently with all suppliers
- Use contracted suppliers wherever possible
- Identify and, if appropriate, taking steps to mitigate the risks involved in any purchase
- Ensure purchases are made consistently with all applicable laws and regulations
- Ensure all purchases are linked to a genuine business need
- Inform the Finance team at the earliest opportunity for procurements above \$500
- Arrange appropriate approval and signature of contracts as specified in this Policy and related policies
- Ensure the goods and/or services provided meet the required standard and are used only for the purposes permitted
- Inform themselves and staying updated on obligations to suppliers
- Assist in the continuous improvement of procurement processes

## 8. Flow Chart



## 9. Definitions

<b>Aboriginal or Torres Strait Islander-owned business</b>	A business which is certified as an Indigenous business by <a href="#">Supply Nation</a> or is certified as an Indigenous business by the NSW Indigenous Chamber of Commerce.
<b>Aboriginal Community Controlled Organisation</b>	A non-governmental organisation which is owned by the local Aboriginal Community. All decision making is collaborative with the Community as right to self-determination.
<b>Contract</b>	A contract is a legally binding agreement between two or more parties where legal right and obligations are created that are enforceable by law. Approval by the Delegated Authority is required prior to establishment of any contract.
<b>Contract management</b>	The process that ensures both parties to a contract fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the business and operational objectives required from the contract and in particular, to provide value for money.
<b>Corporate Social Responsibility</b>	Corporate Social Responsibility (CSR) is about taking positive action to demonstrate RedR's commitment to the local community and environment on which it impacts
<b>Delegated authority</b>	The authority to commit expenditure as stated in the Delegated Financial Authority. The granting of authority to execute financial transactions for an agreed purpose within a set financial limit.
<b>Direct negotiation</b>	A procurement process where a single supplier may be requested for a quotation or tender response.
<b>High risk procurement</b>	Procurement activity that has the potential to cause financial or human loss, or reputational damage if managed inappropriately.
<b>Indigenous business</b>	This includes Indigenous owned businesses where 50 per cent ownership is held by an Indigenous Australian, and Indigenous owned and controlled businesses where 51 per cent ownership is held by an Indigenous Australian.
<b>Tactical procurement</b>	The procurement of goods and services with value between \$50,000 and \$150,000 and a low or medium risk rating, and requires at least 3 written quotations.
<b>Preferred or contracted supplier</b>	A provider who RedR is already in a relationship with and must be considered prior to looking for alternative providers.
<b>Probity</b>	Complete and confirmed integrity, uprightness and honesty. Upholding the highest standards of probity and integrity enables RedR to safeguard procurement activities to ensure activities and processes are robust and can withstand scrutiny.
<b>Procurement</b>	Procurement is the whole process of acquisition of external goods and services. This process spans the whole life cycle from initial concept (Plan) through to the end of the useful life of an asset (including disposal) or the end of a service contract (Source and Manage)
<b>Procurement activity</b>	Any activity relating to the purchase of goods or services or the management of this activity or any supplier relationships.
<b>Procurement plan</b>	A plan to analyse the need for specific goods or services according to the outcome that RedR seeks to achieve from a procurement. The outcome of the plan will identify what method is to be used to procure the good/ service and the appropriate stakeholders required for approval.

# Procurement Policy

<b>Procurement value</b>	The estimated total value of a purchase or contract that includes all costs associated with the specified requirements for which RedR are seeking to undertake a procurement for, over the period for which the contract is being let including any possible extensions.
<b>Select tender (closed tender)</b>	The process where specifically identified suppliers are invited to submit quotation/ response for the provision of goods or services.
<b>Simple procurement</b>	The procurement of goods and services with value between \$500 and \$50,000 and a low or medium risk rating, and requires at least 1 written quotation.
<b>Social procurement</b>	Social Procurement uses procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods, services and works.
<b>Strategic procurement</b>	Procurement process where a bid is issued with the intent that suppliers will put together a proposal and compete for the provision of goods/ services through a transparent, competitive, environment that is open and fair.
<b>Sustainability</b>	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.

## 10. Related Policies and Documents

Conflict of Interest Policy  
Corporate Credit Card Policy  
Financial Delegation Policy  
Gifts and Benefits Policy  
Purchasing Policy and Procedure  
RedR Australia Risk Management Policy  
Environment, Sustainability and Governance Policy  
Travel Policy  
Occupational Health and Safety Policy

## 11. Document Control

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