



Knowledge for Change

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Appendix 11 Procurement Policy

July 2023

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Introduction

Knowledge for Change requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible lifecycle cost consistent with quality (the required specification), delivery requirements and sustainability, and in accordance with sound business practice and ethics and legal and regulatory restraints. Some of the factors to be considered in determining lowest cost are provided in section “Value for Money”. Good procurement is essential for our organisation to deliver its strategic aims and day to day operations whilst efficiently conserving charity funds. All staff involved in procurement have a responsibility to conduct the procurement legally and ethically and to secure value for money.

Responsibility for Procurement

Project coordinators and managers are responsible for the procurement of items under their revenue budget control. The charity treasurer is responsible for the procurement of capital budget items. The requirement and terms for the procurement of capital items is agreed during the budgeting process and requires written agreement from the charity board of trustees.

Policy

Value for Money

When judging value for money we will consider economy, effectiveness and efficiency. Achieving value for money does not always mean accepting the lowest price, but rather making decisions based on the above principles and the detailed criteria below:

- Price
- Quality of product or service
- Fit of product with need
- Reputation and capacity of provider
- Range of goods and services and suppliers available
- Reliability
- Responsiveness
- Delivery times
- Environmental impact

The person making the order should always ensure they have considered the principles laid out in above before entering into a supply agreement with any external supplier. They may be asked to evidence their decision for a particular purchase or order they issued, so it is wise to note and file the reasoning at the time the decision is made, particularly if not choosing the least expensive option.

Formal quotes and tenders

Generally, the following financial limits/procedures should be observed. These may be overridden by agreement of the Charity Treasurer and Chairperson for specific kinds of purchase by particular services. The thresholds apply to the total order, and in the case of contracted services to the annual contract cost. Contracts must not be artificially split in order to avoid appropriate tendering.

1. For goods and services between £500-£1,000; one written quote must be obtained.
2. For goods and services between £1,000-£5,000; two written quotes must be obtained.
3. For goods and services between £5,000-£20,000; three written quotes must be obtained.
4. For goods and services over £20,000 a closed tender system should be issued. The Charity Treasurer will advise on how this should be done.
5. Where the service is highly specialist and we cannot identify potential alternative supplies, or where there is benefit to be gained from knowledge from a relevant previous collaboration with one particular supplier, we may select a preferred supplier. For any purchase above the £1,000 threshold, such a decision requires the authorisation of the Charity Treasurer who will seek prior approval from the Board of Trustees. In these cases, we will take reasonable steps to establish the supplier's costs are acceptable, for example by comparing their day rates from other similar business where this is practicable.

Ethical Standards and the impact of our charitable purpose

- Procurement processes must also be fair to suppliers:
 - There should be no discrimination against groups protected under our Equalities obligations.
 - The selection criteria should be equal.
 - There should be no conflicts of interest.
 - Suppliers should be paid at agreed date, normally no longer than 30 days from receipt of invoice.
 - Payment should not be unreasonably withheld, and suppliers should be advised in writing why payments are being withheld.
- Consideration should always be given to third sector suppliers where available by including them in tender shortlists.
- For suppliers based in the low-income countries that Knowledge for Change operates within; in price comparisons we will treat their price as if discounted by 5% providing the goods and/or services being procured are equivalent or closely comparable.
- Similarly, in services where we have an explicit service objective about building links with the local community, preference may be given to local suppliers.
- All staff should always have regard to the status of the organisation as a charitable organisation and avoid using any supplier with whom having a business relationship could be seen by the general public or our key stakeholders as being inappropriate. If in any doubt on this, the question should be raised with the Charity Treasurer, who may consult with the Chairperson and Knowledge for Change's Board of Trustees.

Authorisation of Expenditure

- All expenditure requires the prior approval of the Charity Treasurer.
- Expenditure under £500 can be authorised by the Project Coordinator or Project Manager responsible for the appropriate project or funding stream.
- Any purchases over £500 require further authorisation (in advance wherever possible) by the Board of Trustees. The number of trustees required for authorisation varies as follows, depending on the value of the purchase:
 - a. Expenditure of between £500-£1000 must be authorised by at least one trustee.
 - b. Expenditure of between £1000-£5,000 must be authorised by at least two trustees.
 - c. Expenditure of between £5000-£20,000 must be authorised by at least three trustees.
 - d. Expenditure over £20,000 requires ratification by the full Board of Trustees.

- Authorisation can be provided in the form of a written and signed document or electronically by email. A paper trail or email feed containing all relevant discussions must be appropriately stored for transparency and audit purposes.
- Copies of all invoices and receipts relating to any transaction must be submitted to the Charity Treasurer and stored appropriately, at least electronically and preferably in hard copy, in case they are later required for auditing purposes.

Conflicts of Interest

- Any conflict of interest that may jeopardise the fair, cost effective and ethical selection of a supplier must be declared immediately to the Charity Treasurer. This may include, for example, external relationships or experiences with current or prospective suppliers, or internal relationships or experiences between staff, stakeholders and members of the Board of Trustees.
- Any conflicts of interest declared will be taken into consideration when making purchasing decisions however, depending on the circumstances, this may not affect the chosen supplier.

Duty to Report

All Knowledge for Change staff, volunteers, student and wider stakeholders have a duty to:

- Report immediately any breaches of this Procurement Policy to a line manager, either through the established reporting mechanisms or, if not appropriate, to another senior member of staff or trustee acting on behalf of the charity.
- All suspected breaches of the Policy will be investigated and, where necessary, reported to the Charity Commission in line with their reporting requirements.
- Where it is found that there has been a breach of the Policy, there will be a proportionate disciplinary process. Serious breached may require the involvement of the police and/or court systems.

Date of last review: July 2023

Date of next review: July 2024

