



MercyWorks

SISTERS OF MERCY  
IN AUSTRALIA & PAPUA NEW GUINEA

## PROCUREMENT AND PURCHASING POLICY

Policy Number:	32	Version:	1
Updated by:	Paul Taylor, Maria Prescilla and Martin Binoj	Effective From:	31 August 2022
Reason of Review:	Review to include ACFID CSA / ACNC requirements standards	Review Date:	As per schedule

### 1. INTRODUCTION

Mercy Works Limited (MWL) promotes social justice through local and overseas relief and development activities that are part of the mission and vision of the Sisters of Mercy in Australia and Papua New Guinea.

The programs engage in partnerships with communities to promote justice, self-reliance and to support peoples and communities who are displaced or denied access to basic resources such as education, health care and social welfare.

### 2. PURPOSE

The purpose of this policy is to provide accountability, value for money and an optimal outcome for Mercy Works Limited. This policy has been developed to provide a framework and develop a consistent approach to procurement decisions throughout MWL and it commits to ethical procurement and purchasing (Appendix 1).

### 3. SCOPE

This policy applies to:

- All personnel and associates of MWL, including permanent, fixed term and casual employees, contractors, volunteers and Board and Committee members.
- All personnel, partners and subcontractors that are engaged by MWL.
- All goods and services purchased by MWL.

### 4. POLICY

#### Key Principles

The key principles of the MWL procurement processes are:

**Value For Money:** 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.

**Open and Effective Competition:** purchases made by MWL 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 MWL and its suppliers, absence of bias and favouritism and ease of competitive entry, particularly for new and small suppliers.

**Ethical purchasing:** where practical MWL will seek to purchase products which have been ethically produced and/or which are not harmful to the environment and society. Ethically produced goods and services must still meet MWL's requirements for value for money and be of suitable quality and fit for purpose.

**Risk Management:** there is an 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 MWL's approach to its procurement and provide a transparent basis upon which purchasing decisions are made in the best interests of MWL.

### **General**

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.

### **Purchasing Levels**

The following Purchasing Levels apply to the procurement of all goods, services and works by MWL:

#### **Up to \$5,000**

For goods, services and works with a total value up to \$5,000 excluding GST, the number of quotations to be obtained is not fixed, however personnel are still encouraged to seek multiple quotes where practical and be able to demonstrate that a good financial and quality outcome has been achieved.

#### **\$5,001 to \$25,000**

For goods, services and works with a total value of \$5,001 to \$25,000 excluding GST, a minimum of 3 written quotes should be obtained, recorded and placed on file. Where the lowest priced quote is not selected, a brief statement of the reasons that an alternative provider was selected should be recorded.

#### **Above \$25,001**

For goods, services and works with a total value above \$25,001 excluding GST, a formal tender process (open or selective) should be undertaken. The tender process should include the preparation of an evaluation plan with specified selection criteria and public advertising of the tender (unless a selective tender process is deemed most appropriate).

The purchase of goods, services and works must be secured by a formal contract.

## **5. CONTACTS**

For more information or to report any concerns/violations, please contact:

Sally Bradley  
 Executive Director  
 Mercy Works Limited  
 Level 3, 6 Victoria Road  
 Parramatta NSW 2150  
  
 (02) 9564 1911  
 mercyworks@mercyworks.org.au

**6. RELATED POLICIES / DOCUMENTS**

This Policy should be read in conjunction with MWL’s other relevant policies, including:

- Delegations of Authority Policy
- Environment Sustainability and Management Policy
- Prevention of Sexual Exploitation and Abuse Policy
- Expenditure Policy
- Code of Conduct Policy
- Transparency & Accountability Policy
- Financial Wrongdoing Policy
- Corporate Credit Card Policy
- Fraud Control and Corruption Prevention Policy
- Human Rights Policy

**7. POLICY REVIEW**

Review of this policy, related forms and resources will be undertaken every three years by the Executive Director and approved by MWL Board.

**8. REVISION/ MODIFICATION HISTORY**


Date	Version	Current Title	Summary of Changes	Approval Date	Commencement Date
31 August 2022	1.	Procurement and Purchasing Policy	New		

**9. APPROVAL DATE/REVISION SCHEDULE**

Approved by: Board, Mercy Works Limited

Date: 2 September 2022

To be Revised: 2 September 2024

<b>Board Chair Signature</b>	
<b>Date</b>	2 September 2022

## APPENDIX 1

### STATEMENT OF COMMITMENT TO ETHICAL PROCUREMENT AND PURCHASING

#### 1. PURPOSE

This Statement outlines Mercy Works Limited's commitment in taking all reasonable steps to ensure that the organisation engages in ethical purchasing and procurement. This Purchasing and Procurement Statement of Commitment outlines the principles that will be taken into consideration as the organisation endeavours to purchase goods and/or engage in services that are produced or delivered under particular ethical standards.

#### 2. DEFINITIONS

In the Statement, these terms have the following definitions:

**'Abuse'** is defined as all forms of physical abuse, emotional ill-treatment, sexual abuse and exploitation, neglect or negligent treatment. It includes any action or omission that results in actual harm, or a substantial risk thereof.

**'Goods and Services'** is defined as any tangible or intangible product, action or activity.

**'Child labour'** is defined as the exploitation of children in a business that dissolves the child of their childhood and their ability to receive an education. Such exploitation is harmful to the child's physical, emotional and social health and may include the child working in dangerous conditions that deprive them of their rights.

**'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.

**'Sustainability'** is defined as taking any reasonable course of action that reduces or avoids the depletion of natural resources; produces less waste and carbon emissions through an environmental and social lens.

#### 3. STATEMENT OF COMMITMENT

Mercy Works Limited (MWL) is committed to its ethical obligations when procuring and purchasing goods and services. The majority of MWL's purchasing is for incidental purposes that are necessary for the broader advancement and achievement of its essential objectives in leading, creating, and demanding a just world.

MWL recognises that certain organisations may engage in harmful conditions such as child labour, abuse, and exploitation. We believe that our purchasing and procurement should reflect our commitment to working conditions that promote a safe, healthy and lawful environment. Furthermore, we recognise that purchasing and procuring from organisations that may be affiliated with child labour, abuse and exploitation reflects a form of financial support for working conditions that fall below ethical standards. MWL strictly rejects the support of such working conditions.

MWL recognises that its collective impact on the economy, environment and society needs to be considered as part of its wider duty of social responsibility.

This includes:

- 1) Purchasing products and services that are sustainable in minimizing their impact on the environment;
- 2) Gaining an understanding of the societal and environmental impact of the organisations that MWL engages with in the procurement and purchasing process of its goods and services;
- 3) Utilising the goods and services acquired in a manner that is consistent with environmental sustainability including pollution and waste reduction.

MWL acknowledges that all its purchasing decisions need to be made with respect to integrity. All purchases must be made solely with the objective of advancing and achieving any and all of the organisation's incidental and essential interests. MWL places an expectation on its Representatives that all purchasing and procurement made throughout work or work related activities must be made in consideration of the best interests of the organisation.

Guidance is provided below on what ethical purchasing and procurement may look like for MWL in practice.

#### **Principles governing MWL's commitment to ethical purchasing and procurement:**

Commitment 1: Ethical working conditions

MWL will take any reasonable steps to ensure that the purchasing of goods and services will not be made from any organisation that has a direct or indirect link to child labour or any other form of abuse or exploitation that is inconsistent with MWL's core ethical beliefs.

#### **What may sustainable purchasing and procurement look like in practice?**

##### Travel and accommodation

An example of such commitment may include conducting research into the various airlines that are environmentally conscious in reducing its carbon footprint when booking flights and travel for our staff, board and committee members.

##### Overhead Expenditure

The purchasing of rent, insurance, office supplies and any other related overhead purchases will be made with consideration to any sustainable measures that the organisation MWL purchases from are taking. Furthermore, when relevant, the possibility of reuse and recycling of equipment or materials will be considered before purchasing decisions are made, in advancing MWL's commitment to reduce its future waste.

#### **Commitment 2: Sustainable purchasing and procurement**

MWL will take any reasonable steps to ensure that all of its purchases and procurement adheres to all areas of environmental sustainability in advancing the organisation's commitment to a clean, healthy and natural environment.

#### **What may ethical purchasing look like in practice?**

### Policies and practices

Cease purchasing from organisations upon becoming aware of potential reports or allegations of child labour, abuse or exploitation. As MWL's purchasing is primarily confined to incidental costs, this principle may be more applicable to costs such as travel or accommodation. When relevant, this may mean for example, MWL ceasing to utilise particular airline services that are affiliated with businesses associated with the aforementioned.

### Due diligence

Reviewing of an organisation's policies and practices will be taken before any significant purchasing decision is made to ensure that it does not engage in child labour, abuse or exploitation, either directly or indirectly.

### **Commitment 3: Purchasing and procurement integrity**

MWL will take any reasonable steps to ensure that purchasing and procurement decisions are not to be influenced by any personal bias or advantage, external pressure, or undue influence.

### **How may MWL ensure that all its purchasing decisions are made with integrity?**

As noted, it is not within the typical practice for MWL to engage in significant purchasing and procurement that falls outside the scope of incidental and administrative costs. However, when applicable, purchasing that consists of a significant portion of costs, should adhere to:

### Accountability

Representatives being able to explain why the organisation needed particular goods and/or services and how the purchase has fulfilled the anticipated objective.

### Transparency

This may involve multiple representatives periodically reviewing any relevant MWL purchases to ensure a system of checks and balances is in place. Furthermore, information open to representatives about why certain purchases are made will promote understanding on how spending contributes to more effective and efficient fulfilment of outcomes.