



Touchstone

Best Practices to Expand Your Reach



Best Practice (BP) | Best practices are specific, discrete ministry activities that measurably increase program scale, effectiveness, and/or efficiency, and can be replicated by other National Ministries. Best practices should be supported by evidence (data).

BP#17: Procurement Policy Development.

Benefits:

Developing a written procurement policy – laying out guidelines to follow when purchasing and minimizing risk of fraud – is a necessary control for your ministry. Corruption is the number one fraud scheme that affects nonprofits. Examples include purchasing schemes, invoice kickbacks, bid rigging, etc.

A procurement policy clarifies the roles, decision-making processes, authority and responsibilities for procurement. As with other policies, the goal of the procurement policy is to provide structure and consistency.

A procurement policy is:

- A practical tool to ensure compliance.
- An organizational reference document - explaining how things will be done.
- A piece of the control environment (eliminating fraud and theft).
- A guide for decision-making.
- A training aide.

Planning Considerations (*How to do it*):

- Identify the purpose of a procurement policy for your organization.
 - o Some purpose essentials are:
 - Obtaining the highest quality goods and services at the best price.
 - Establishing a repeatable purchasing process.
 - Building a control by applying the policy to all staff and all sourcing/purchasing.
- Conduct a needs assessment with your executives and board.
- Identify roles and responsibilities and how duties will be segregated.
- Draft the procurement policy, keeping in mind that it should be simple/clear, reasonable for your organization, scalable and focused. (*Note: It is important to consider local laws when drafting procurement policies.*)
 - o Suggested areas for a finance policy:
 - Roles and Responsibilities/Segregation of Duties/Ethics

POC (contact for more info):



- Planning
 - Requisition
 - Specifications
 - Price and quality guidelines
 - Vendor Selection
 - Sourcing
 - Bidding
 - Purchase Orders
 - Terms of payment and delivery
 - Receiving
 - Paying Vendors
- Build additional procurement tools (procurement plan, requisition form, receiving form, etc.)
 - Review, discuss and document feedback from staff and board leadership.
 - Present the final version to the board for approval.
 - Train staff on the procurement policy.
 - Review the policy regularly (recommend every 12 months).

Required Resources (What you Need to do it):

1. Human Resources.

- Someone will need to lead the development of the policy.
- Someone will need to document the policy discussions and decisions.
- Someone will need to gather feedback from stakeholders.
- Someone will need write the policy.
- Someone will need to develop procurement forms.
- Someone will need to conduct training.
- Someone will need to lead regular policy review.

2. Collateral

- Document the draft(s) and final approved policy.
- Create procurement forms.

3. Time

- Time to meet with stakeholders.
- Time to write a draft policy and make subsequent changes.
- Time for the board to meet to approve the policy.
- Time to train staff and volunteers on the policy.
- Time to review the policy regularly.

4. Space Space to hold meetings and to conduct training.

5. Cost The cost varies. Considerations include meeting/travel expenses and types of communication (email, phone, text).