

## CLAN Procurement Policy & Authorisations and Delegations

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### 1. Purpose

The purpose of this Policy is to:

- provide policy and guidance to CLAN Incorporated with regards to procurement;
- ensure consistency and accountability in procurement activities; and
- increase the probability of obtaining the most favourable goods, services and overall outcomes when purchasing goods and services.

### 2. Definitions

<b>Procurement</b>	The process of acquiring goods and services. This includes all stages of the process from initial concept through to the disposal of an asset or end of a contract of service.
<b>Financial wrongdoing</b>	Behaviour that is illegal or immoral with regards to financial transactions. Includes bribery, corruption, fraud, money-laundering, terrorism financing and violation of sanctions imposed by the Australian government. (Authored by Michelle Pearce based on requirements of Compliance Indicator 8.2.1).
<b>Fraud</b>	Dishonestly obtaining a benefit, or causing a loss, by deception or other means (Fraud Control Framework, Commonwealth Attorney General's Department).
<b>Terrorism financing</b>	Intentionally providing or collecting funds and being reckless as to whether those funds would be used to facilitate or engage in a terrorist act. The financing of terrorism involves providing finance or financial support to individual terrorists or non-state actors. Funds may be raised through

	donations, self-funding or criminal activity and transferred to a terrorist network, organisation or cell.
<b>Fraud and financial impropriety</b>	<p>Fraud and financial impropriety shall include, but is not limited to the following:</p> <ul style="list-style-type: none"> <li>● forgery or unauthorised alteration of any document or account;</li> <li>● forgery or unauthorised alteration of a cheque, bank draft, or any other document</li> <li>● misappropriation of funds, securities, supplies, or other assets, including employee time;</li> <li>● impropriety in the handling of money or reporting of financial transactions;</li> <li>● profiteering as a result of insider knowledge of information or activities;</li> <li>● unauthorised disclosure of confidential or proprietary information to any unauthorised individual or organisation;</li> <li>● unauthorised disclosure of investment activities engaged in or contemplated;</li> <li>● accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials, except as otherwise permitted by law or policy;</li> <li>● inappropriately destroying, removing, or using records, furniture, fixtures, or equipment;</li> <li>● failure to provide financial records required by government or other entitled entities;</li> <li>● failure to disclose conflicts of interest as required by law or policy;</li> <li>● disposing of property for personal gain or benefit;</li> <li>● any other dishonest act regarding the finances; and</li> <li>● violation of sanctions imposed by the Australian Government.</li> </ul>
<b>Risk management</b>	<p>AS/NZS 4360:2004 defines as, “the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, assessing, treating, monitoring, and communicating”. It is an iterative process that, with each cycle, can contribute progressively to organisational improvement by providing management with a greater insight into risks and their impact.</p>
<b>Commercial goods and services</b>	<p>Commercial goods and services are of a type that are offered for sale to, and routinely purchased by, non-government buyers for non-government purposes, including any modifications common in the commercial marketplace and any minor modifications not common in the commercial marketplace.</p>
<b>Contract</b>	<p>An arrangement for the procurement of goods and/or services under which relevant money is payable or may become payable.</p>
<b>Multi-stage procurement</b>	<p>Involves an initial approach to market followed by one or more subsequent approaches to market.</p>
<b>Direct procurement</b>	<p>Acquisition of goods, materials, and/or services manufacturing purposes.</p>

<b>Indirect procurement</b>	Sourcing and purchasing materials, goods, or services for internal use.
<b>Services procurement</b>	Procuring and managing contingent workforces and consulting services.

### 3. Applications

This policy applies to any and all procurement activities conducted by CLAN.

### 4. Responsibilities

CLAN has a number of responsibilities to be considered when conducting procurement activities.

#### 4.1 Value for money

CLAN's engagement in procurement must be done so to achieve value for money, promoting financial wellbeing and strategic objectives. Value for money can be defined by the principles consolidated by the Department of Foreign Affairs and Trade (**DFAT**), and broken into four broad categories containing sub-categories.

- Economy – cost consciousness, and encouraging competition.
- Efficiency – evidence based decision making, and proportionality.
- Effectiveness – performance and risk management, results focused, experimentation and innovation.
- Ethics – accountability and transparency.

These sub-categories are supported by associated CLAN documents and policies.

##### 4.1.1 Economy

Economical considerations relate to minimising costs of procurement, with emphasis placed on avoiding the waste of economic resources and on appropriately allocating these resources.

##### 4.1.2 Efficiency

Procurement activities undertaken by CLAN must be done with the aim of achieving the maximum value of resources used. This involves careful consideration of the appropriateness of procurement methods and resources to be procured.

##### 4.1.3 Effectiveness

Effective procurement is concerned with the extent to which intended outcomes or results are achieved.

##### 4.1.4 Ethics

CLAN members undertaking procurement must act ethically throughout procurement. Ethical behaviour includes:

- effectively recognising and managing actual ,potential and perceived conflicts of interest;
- dealing with potential suppliers, tendered and suppliers equitably;
- carefully considering the use of public resources; and
- complying with all applicable laws and rules.

#### 4.2 Accountability and transparency

CLAN's procurement activities must be conducted in a way that facilitates accountability and transparency. Accountability requires those involved in the procurement process to be responsible for their actions and decisions and the resulting outcomes. Transparency involves facilitating appropriate scrutiny of procurement activities.

Mechanisms facilitating accountability and transparency include reporting requirements, outlined below.

#### **4.3 Communication**

CLAN is committed to open communication with all parties involved in the procurement process. Good communication facilitates a transparent and efficient process which allows the use of allocated resources effectively.

### **5. Procedures**

#### **5.1 Needs Recognition**

The good or service which CLAN intends to procure must first be recognised. The specific need, along with the particular good or service which can satisfy this need, must be identified.

#### **5.2 Assessment of suitability**

Upon deciding whether procurement should occur, the following considerations must be assessed:

- Cost consciousness
  - Is this a reasonable opportunity?
  - What measures can be engaged to reduce costs at every level of operations?
  - Can cost be reduced without impacting efficiency and effectiveness?
- Encouraging competition
  - Are there other ideas and alternative solutions to be considered?
  - Are our partners and contractors competitive?
  - Are our partners and contractors aware of competitive forces?
- Evidence based decision making
  - What informs this decision?
  - Does this contribute to organisational learning?
  - Does this promote continuous improvement?
- Proportionality
  - Are organisational systems in place to support the operations of CLAN?
  - Are proposed outcomes proportional to the operations of CLAN?
- Performance and Risk Management
  - How will efficiency and effectiveness of the program be ensured?
- Results Focus
  - Is the program designed to focus upon the desired results?
  - Are objectives and performance targets clearly identified?
- Experimentation and innovation
  - How might outcomes be trialled to enhance outcomes?
  - Where does our risk tolerance lie?
- Accountability and Transparency

When considering cost, decision-making should be made after careful scrutiny of programming costs throughout the investment lifecycle, ensuring the most cost-effective options are pursued, as per

DFAT's 'Value for Money Principles'. It should be noted that the lowest cost option, the priority of the task, ways to achieve the task and the costs of benefits are vital approaches.

DFAT stipulates that evidence-based decision making requires 'systematic, structured and rational approaches to decision making, framed around logical arguments informed by accurate analysis'. Both qualitative and quantitative research and results should inform decision making. Relationships with partners and contractors are crucial in ensuring effective procurement, and evaluation of outcomes from this investment.

Proportional procurement must be supported by a continuous commitment to development and evaluation of business processes to achieve coherent and clearly defined outcomes efficiently. All involved in the systems and operations of CLAN must be aware of transaction costs against benefits, processes, policies, and relevant systems. Assessments must be proportional to the weight of investment and procurement.

To mitigate risk, contracts, partnerships and investments subsequent to procurement must be consistently developed and evaluated. Fraud and corruption must be carefully considered at all stages of procurement. Innovation and adaptability are crucial to achieving results, and maintaining a flexible attitude.

### **5.3 Contract**

#### **5.3.1 Essential items**

Procurement contracts must include provisions which outline the parties to the contract, the good or service to be procured, the purchase price and, particularly where a service is being procured, the duration of the contract. Relatedly, provisions relating to mutual or unilateral termination of the contract should be included.

#### **5.3.2 Negotiation and post-negotiation**

Negotiation is about reaching agreement on the essential terms of the contract and the deliverables under the contract. For collaborative relationships the focus will be on gaining a win-win solution; for tactical relationships the approach will be competitive.

Following negotiations, it is essential to record the exact terms of the negotiated agreement and reflect these in the contract.

### **5.4 Management**

Management of the procurement, whether it be a good or service, is an ongoing process. The procurement must be carefully monitored throughout each stage of the acquisition process so any issues, or potential issues, may be effectively addressed and rectified. These issues may include changes in the availability, quality, effectiveness or necessity of the good or service subject to procurement.

### **5.5 Approval**

Approval for procurement of the good or service must be obtained from the CLAN Committee and, in exigent circumstances, the CLAN Chair. Any alterations made to the procurement process or contract must be similarly approved.

### **5.6 Record-Keeping**

Detailed records should be kept throughout the procurement process. Such records provide CLAN with an important reference point should any issues arise. Particular care should be taken when recording communications between CLAN and the other party, including all contract and finance discussions. The level of detail required of these documents must be commensurate with the nature and complexity of the transaction.

## **6. Contracting External Workers**

Procurement includes the contracting of external workers to perform services for and on behalf of CLAN. Such a person or organisation may be engaged when it is not feasible or preferable for CLAN's members to perform the service themselves.

Careful consideration must be given to the appropriateness of procurement through the contracting of external workers. In particular, it must be evaluated whether the services which would be procured from an external worker could be provided by an individual within CLAN.

## **7. Reporting**

Procurements must be reported to the ACNC in line with CLAN's annual reporting obligations as a registered charity.

## **8. Supporting Documents (*with addendum of delegations and authorities*)**

## **9. Related Policies**

Overseas Transactions and Transfers Policy  
Foreign Exchange Policy