

# ADDENDUM TO THE GLOBAL PROCUREMENT STANDARDS

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Addenda Owner: Chief Operations Officer, IJM Australia

Global Policy/Standard: [Global Procurement Standards](#)

Region or Office: IJM Australia Office

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# Section 1: Framing

## Purpose

Provide specifications of IJM Australia’s Thresholds for Procurement Methods and ensure consistency with IJM Australia’s financial delegations as outlined in [the Addendum to the Global Authority for Approval Thresholds and Signatures](#) and the [Approval Signature and Delegations Chart-IJM Australia](#).

## Context and Authority

This addendum is written within the context of the Global Procurement Standards (hereafter referred to as “the Global Standards”), to complement the IJM Australia Approval Signature and Delegations Chart.

This addendum is also written to meet the standards and requirements set by Australian agencies Australian Council for International Development (ACFID) and the Department of Foreign Affairs and Trade (DFAT).

# Section 2: The Addendum

## Statement of Policy

### STANDARD #1: IJM PROCUREMENT PRINCIPLES AND ETHICAL STANDARDS

As outlined in the Global Standards, all IJM Australia employees must adhere to IJM’s [Global Conflict of Interest Policy](#) by disclosing and mitigating any known or perceived conflicts and ensuring that employees do not engage in fraudulent practices. Where there is a known or perceived conflict in relation to procurement, the employee must disclose as such, and remove themselves from all involvement in the procurement transaction. This includes, but is not limited to, influencing the decision to enter into a procurement transaction, acting as an intermediary between IJM Australia and the vendor or supplier, or providing any information to the vendor or supplier in regards to IJM Australia that is not publicly available. Any contravention may result in disciplinary action, up to and including termination of employment.

### STANDARD #2: SCOPE AND USE OF PROCUREMENT PROCESS

Unless the purchase or contract is exempt (as per the Global Standards – Employee Travel or for goods or services provided by Contingent Workers), all purchases of goods and services must adhere to the following manual process:



Purchase Orders or Supplier Quotes are required only for purchases of AUD\$10,000 or above.

All suppliers new or older than 1 year must be vetted by use of <https://watchdogelite.csiweb.com/> and where possible selected from the approved IJM Australia Supplier list (within the IJM Australia Finance Manual), no matter the dollar value.

### STANDARD #3: THRESHOLDS FOR PROCUREMENT METHODS

The table below outlines the spending thresholds and their corresponding competition requirements and procurement methods for IJM Australia. Thresholds are in AUD.

Competitive quotes are required for goods and services with an aggregate value of \$10,000 or more within the same fiscal year with the same vendor unless there is an acceptable sole source justification. A transaction cannot be split to avoid these spending thresholds and the competition requirements. Exception applies where existing longstanding supplier engagement exists and services are utilized consistently throughout the year. Any new such intended arrangements would require the competitive quotes.

Total Aggregate Spend Threshold	Procurement Method for Competition	Process and Documentation Requirement
<\$10,000	Micro Purchase: Limited Competition	<p>All suppliers must be vetted by use of <a href="https://watchdogelite.csiweb.com/">https://watchdogelite.csiweb.com/</a>. Digital copies of completed vetting must be sent to <a href="mailto:finance@ijm.org.au">finance@ijm.org.au</a> for filing.</p> <p>All suppliers are vetted against IJM’s “Do Not Use” (DNU) list.</p> <p>Use of preferred suppliers are strongly recommended, as listed in approved IJM Australia Supplier List (refer to IJM Australia Finance Manual).</p> <p>Purchases should be distributed equitably among diverse suppliers to the extent practical.</p> <p>Competitive review in the form of quotes or price comparisons should be performed when engaging new suppliers to ensure value for money.</p>
\$10,000 to \$250,000	Small Purchase: Request for Quote (RFQ)	<p>Purchase Order is required – to request from Finance team</p> <p>Where practical, obtain 3 documented quotes.</p> <p>Complete the Bid Vendor Selection Form (BVSF) to summarize the quotes, indicate rationale for business award and confirm that there are no conflicts of interest.</p>

>\$250,000  <i>Contracts 24 months or longer or containing auto-renewals may need an RFP subject to Procurement's assessment.</i>	Large Purchase: Formal Bidding through Request for Proposal (RFP)	Must complete a formal bidding process.  Documented requirements and written responses required.  Complete the Bid Vendor Selection Form (BVSF) to summarize the quotes, indicate rationale for business award and confirm that there are no conflicts of interest.
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#### **STANDARD#4: FORMAL COMPETITION – REQUESTS FOR PROPOSALS**

Refer to Global Procurement Standards for this Standard.

#### **STANDARD#5: JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT**

##### **Other exceptions to competition requirements:**

- In the event of emergencies that may cause significant disruptions to IJM's operations, exceptions to competition requirements and the procurement policy may be granted by the IJM Australia CEO/COO (or only CEO when no COO is appointed). A document indicating rationale must be sent to IJM Australia COO for Micro (<\$10,000) or CEO for Small/Large (>\$10,000) and approved *prior* to engaging the supplier. A single employee cannot proceed with an emergency purchase without a manager's or Budget Owner's prior approval.
- In the event that emergency may cause imminent threat of physical harm or death or significant damage to IJM's reputation, no prior approval is required but a report should be submitted within 24 hours after the purchase to the IJM Australia COO for Micro (<\$10,000) or CEO for Small/Large (>\$10,000), documenting the rationale for the emergency purchase.

#### **STANDARD#6: VETTING AND DUE DILIGENCE**

Refer to Global Procurement Standards for this Standard.

#### **STANDARD#7: PRE-APPROVED / PREFERRED SUPPLIER LISTS**

Preferred suppliers are to be used wherever possible. The IJM Australian Finance staff will maintain the list and review and vet the list of preferred suppliers on an annual basis to ensure they are meeting performance and compliance expectations. The Pre-Approved/Preferred Supplier List is included in IJM Australia Finance Manual.

#### **STANDARD #8: PROCUREMENT CONTRACTS**

Refer to Global Procurement Standards for this Standard.

#### **STANDARD#9: PROCUREMENT PLANS**

IJM Australia will consider procurement decisions during annual strategy and budgeting process.

#### **STANDARD#10: SEGREGATION OF DUTIES**

IJM Australia will maintain the following segregation of duties with regards to procurement of goods and services.

Activities/Roles	Create/Edit POs	Sourcing Suppliers	Finance Review	Contract Review	Budget Approvers	Receive	Pay
Contract Initiator/Purchase Requester	Yes**	Yes	No	Yes	No	Yes	No
Finance	Yes**	Yes	Yes	No	No	No	Yes
Manager/Budget Owner	No*	No	No	No	Yes	Yes	No
Office of General Counsel	No*	No	No	Yes	No	No	No

\*Managers/Budget Owners/OGC can also be Requesters – when such a scenario occurs, their managers should be approving the requisition (i.e., one up approval). Requesters cannot approve their own requisitions.

\*\*Contract Initiator/Purchase Requester can submit request to Finance Team to create PO.

#### **STANDARD#11: ADDITIONAL PROCUREMENT PRACTICES**

In addition to the Global Procurement Standards #11 requirements, IJM Australia also must adhere to the following:

##### **Ethical and Sustainable Procurement**

IJM Australia acknowledges that Ethical and Sustainable Procurement is a powerful way in which organisations can:

- contribute to ending modern slavery (including forced labour, enslavement and exploitation within supply chains);
- contribute to sustainable development;
- seek to reduce corruption, fraud, and nepotism;
- mitigate the risks of unsafe workplaces; and
- secure best value for money and ensure that its resources are used efficiently.

IJM recognises that to bring about change, Australian corporations, and other organisations, including IJM Australia, have an important role in protecting people from modern slavery in

regions with developing justice systems and poorly regulated markets. For these protections to be successfully realised requires an innovative offensive, rather than defensive, approach.

### **Obligations of Purchasers**

In addition to the requirements in Global Procurement Standards and Global Due Diligence Policy, all Purchasers must:

1. comply with the General Ethical Procurement Principles outlined below;
2. conduct Proportionate Due Diligence as outlined below, or procure that Proportionate Due Diligence is conducted, on Suppliers prior to Procuring any Goods or Services to identify with reasonable certainty:
  - a. that the Goods or Services are Sustainable and Ethical (including with respect to their Supply Chain); and
  - b. that the Supplier is not a High Risk Supplier.
3. use their best endeavours to ensure that:
  - a. Goods or Services which are Procured by IJM Australia are Sustainable and Ethical (including with respect to their Supply Chain); and
  - b. Suppliers from which Goods or Services are Procured by IJM Australia are not High Risk Suppliers.

Notwithstanding anything to the contrary in this policy, Purchasers are prohibited from Procuring any Good or Service from a Supplier that the Purchaser knows or should reasonably expect is engaged in a Prohibited Practice.

If a Purchaser is unable to comply with these obligations, or is unsure how to apply the General Ethical Procurement Principles or conduct Proportionate Ethical Due Diligence then they must seek further instructions from IJM Australia COO (or CEO when no COO is appointed) as to how to proceed.

### **General Ethical Procurement Principles**

In addition to the requirements in Global Procurement Standards and Global Due Diligence Policy, purchasers should use their best endeavours to ensure that Goods and Services are procured in accordance with general ethical principles set out below:

1. Prioritisation should be given to Goods that are “mission driven” (see <https://fairworldproject.org/choose-fair/mission-driven-brands/>)
2. Prioritisation should be given to goods that have been certified by a certification program that has been the favourably reviewed by Fair World Project in their International Guide to Fair Trade Labels (<https://fairworldproject.org/choose-fair/certifier-analysis/international-guide/>).
3. Consideration should be given to prioritising products which are manufactured from raw materials sourced in Australia and services supplied wholly from within Australia. While the fact that a Good or Service is manufactured/transported/supplied wholly from within Australia does not ensure that the Good or Service is Sustainable or Ethical, it may be easier to conduct due diligence with respect to the Good or Service.
4. Prioritisation should be given to Suppliers who have published modern slavery statements or who have an ethical procurement policy in place.

### **Proportionate Ethical Due Diligence**

In addition to the requirements in Global Procurement Standards and Global Due Diligence Policy, this Addendum requires that Purchasers undertake due diligence which is proportionate to the level of Ethical and Sustainability risk posed by the Procurement of Goods and Services (“Proportionate Ethical Due Diligence”).

In the context of this Addendum, ethical due diligence may include:

1. the identification of:
  - a. where the raw materials, goods or services comprising the Good or Service to be Procured come from;
  - b. where labour is sourced from; and
  - c. how, and by whom, goods are transported,and an evaluation of whether those locations, methods or persons present a risk that the Goods or Services to be Procured are the product of modern slavery, environmental destruction or other processes that are not Ethical or Sustainable;
2. the consideration of whether a Supplier has:
  - a. published a modern slavery statement and, if so, the contents of that statement and, if so, whether IJM either in Australia or globally has analysed or commented in respect of that statement; and
  - b. an ethical/sustainable procurement policy and, if so, whether the contents of that policy is consistent with the Global Procurement Standards and this Addendum, and Global Due Diligence Policy.

Generally speaking, Purchasers should conduct a higher degree of due diligence in relation to Goods or Services that are:

- manufactured, delivered or provided from outside Australia;
- the product of High Risk Industries; or
- to be the subject of long term or high value Procurement by IJM Australia.

It may be appropriate to conduct a lower degree of due diligence in circumstances where the Good or Service being Procured is:

- manufactured, delivered or provided from Australia only;
- supplied by an Approved Supplier;
- supplied by a Supplier who has been the subject of Due Diligence by IJM Australia in the last 12 months; or
- a singular or small value Procurements (i.e. a cake for a function).

## Decisions and authority

Summarize who has key decision-making authority within this addendum to the global policy. Use titles not names.

Decision making must be in line with RAPID set by the Global Policy.

Item	Recommend	Agree	Perform	Input	Decide
Approving or amending addendum	APAC Regional Finance	COO (Aus) / CEO when no COO appointed	APAC Regional Finance	Finance (AUS)	APAC Regional President
Requesting exceptions to the addendum	Finance (Aus)	COO (Aus) / CEO when no COO appointed	Finance (Aus)	APAC Regional Finance	APAC Regional President



Implementing addendum	Finance (Aus)		Finance (Aus)		COO (Aus) / CEO when no COO appointed
Enforcing the addendum	Finance (Aus)		Finance (Aus)		COO (Aus) / CEO when no COO appointed

## Definitions and terms

Term	Description	Example
<b>Child Labour</b>	Any work performed by a child which is detrimental to his or her health, education, physical, mental, spiritual, moral, or social development based on the child's age, type and hours of work performed, and conditions. (UNICEF Child Protection System Toolkit, Terminology). (Global)	
<b>Bonded Labour</b>	People enter the status or condition of debt bondage when their labour, or the labour of a third party under their control, is demanded as repayment of a loan or of money given in advance, and the value of their labour is not applied towards the liquidation of the debt or the length of the service is not limited and/or the nature of the service is not defined. Bonded labour is a type of forced labour. (Global)	
<b>Ethical</b>	Behaviour that is in accordance with accepted principles of right or good conduct of a particular situation and is consistent with international norms of behaviour. (AUS)	
<b>Forced Labour</b>	Any work or service a person is forced to do against their will through the use of violence or under other forms of intimidation. (notes: Three types of Forced labour; state imposed forced labour, forced labour exploitation, forced sexual exploitation) (Global)	
<b>Goods and Services</b>	Any tangible or intangible product, action or activity. (AUS)	
<b>High Risk Country</b>	Within the context of this Policy Addendum, includes:  India;  China;  Pakistan;  Bangladesh  Uzbekistan;  Cambodia; and	



	any other country designated by the Board from time to time. (AUS)	
<b>High Risk Industry</b>	<p>Within the context of this Policy Addendum, includes:</p> <p>industrial cleaning;</p> <p>meat works;</p> <p>hospitality;</p> <p>construction;</p> <p>manufacturing;</p> <p>agriculture;</p> <p>fishing; and</p> <p>any other industry designated by the Board from time to time. (AUS)</p>	
<b>High Risk Supplier</b>	<p>Within the context of this Policy Addendum means individuals or organisations that:</p> <p>operate in High Risk Industries;</p> <p>are located in High Risk Countries; or</p> <p>are listed on the World Bank Listing of Ineligible Firms and Individuals (<a href="https://www.worldbank.org/en/projects-operations/procurement/debarred-firms">https://www.worldbank.org/en/projects-operations/procurement/debarred-firms</a>). (AUS)</p>	
<b>Modern Slavery</b>	<p>An umbrella term used to refer to a range of exploitative practices including human trafficking, slavery, forced labor, child labor, removal of organs and slavery-like practices. The common thread is that a person is being exploited, and cannot refuse or leave due to threats, violence, coercion, deception, manipulation, and/or the abuse of power.</p> <p>(notes: IJM case-types under the modern slavery umbrella include forced labor trafficking/bonded labor, commercial sexual exploitation, and online sexual exploitation of children.) (Global)</p>	
<b>Procurement</b>	The activity of acquiring Goods or Services from Suppliers and a Good or Service is Procured when it is acquired for the purpose of advancing or fulfilling any of the organisation's essential and incidental objectives. (AUS)	
<b>Prohibited Practices</b>	<p>Means:</p> <p>any form of Modern Slavery;</p> <p>fraud, bribery or corruption; or</p> <p>criminal activity. (AUS)</p>	

<b>Supplier</b>	An overarching term used to describe any independent third party with whom IJM enters into a contract for provision of goods or services including individuals and firms. The terms vendor and supplier will not be used interchangeably throughout this policy, as vendor will be a subset of suppliers referring just to firms. IJM uses the term Supplier to include IJM funded Implementing Partners, Independent Contractors, and Vendors as a matter of convenience, however, acknowledges that these subgroups remain distinct. (Global)	
<b>Supply Chain</b>	All activities, resources and people involved in the production and distribution of a product or service from supplier to customer. (Global)	
<b>Sustainable</b>	Any reasonable course of action is compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of goods and services and ultimately optimising costs. (AUS)	

## Section 3: Procedures and Resources

### Regional or country procedures

Link to all resources in the procedural steps

Action	Procedure	Who is Responsible?	Resources
Complete Supplier Sourcing	Review Preferred Supplier List  Apply Ethical Procurement Principles & Due Diligence to Supplier consideration  Check Supplier through Watchdog  Check Supplier is not on IJM Do Not Use List  >\$10K obtain Supplier Quotes x3  Provide documentation to Finance Team via	Purchase Requester, Contract Initiator, or Budget Owner	<b>IJM AUS Finance Manual</b>  <b>Ethical Principles &amp; Due Diligence</b>  <b>Watchdog User Guide</b>  <b>IJM Do Not Use List</b>

	<a href="mailto:finance@ijm.org.au">finance@ijm.org.au</a>		
Fill out a Purchase Order (at discretion <\$10K)	Purchase Order is completed in ApprovalMax	Purchase Requester, Contract Initiator, or Budget Owner	<b>IJM AUS Finance Manual – containing ApprovalMax User Guide</b>
Engage Supplier	Request goods or services from agreed supplier	Purchase Requester, Contract Initiator, or Budget Owner	
Receipt of goods and/or services	<p>Goods are inspected to ensure that they meet the specifications provided, they are in satisfactory condition, consistent with product ordered (not substitutes) and the order quantity is complete.</p> <p>In addition, Capital Purchases must be recorded in the Fixed Asset Register with correct depreciation method applied. To be completed by Finance Team.</p> <p>For services, ensure work provided meets aligned expectations and contracted provisions.</p> <p>Where PO is not required, Purchase requestor should email confirmation to Finance Team that goods/services received are consistent with goods/services ordered.</p>	Purchase Requester, Contract Initiator	
Invoice / Payment	<p>After the supplier invoices and goods/services are received there should be a “3-way match” (PO-Goods Receipt-Invoice Receipt). PO &amp; Invoice should be recorded in ApprovalMax &amp; Quickbooks.</p> <p>Where PO is not required, email confirmation from Purchase Requestor is utilised.</p> <p>Goods Receipt should be provided to Finance Team to complete the match. This will allow the Finance Team to release the payment to supplier.</p>	Finance Team	

Policy Name: Global Procurement Standards – IJM Australia Addendum

Policy Owner: Chief Operating Officer

	Finance Team will also check that contracts are attached (if needed) and proper vendor vetting is completed.		
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## Global Policy or Standard

- [Global Procurement Standards](#)

## Related Policies or Standards

- [Global Acceptable Business Expense Policy & IJM Australia Addendum](#)
- [Global Contracts Policy](#)
- [Global Authority for Approval Thresholds and Signatures & IJM Australia Addendum](#)
- [Global Due Diligence Policy](#)
- [Global Requirements for Invoicing](#)

## Training resources, FAQs

- IJM Australia Finance Manual
- Ethical Principles & Due Diligence Checklist
- WatchDog User Guide
- IJM Do Not Use Supplier List

## Enforcement

- If any person, including any person who is not a Purchaser, becomes aware of an actual, suspected or threatened breach of this Addendum, then that person must immediately notify the IJM Australia COO.
- Violation of the Global Standards and this Addendum may result in disciplinary action, up to and including termination of employment.