

PROCUREMENT POLICY

Procurement refers to the “purchasing, leasing, renting, or selling of materials, services, equipment, or construction.” For our purposes, this means the process of buying a product or service. This includes consultants, freelancers, computers, marketing materials, flights, etc. (For guidance on hiring employees, please refer to our Human Resources Policies and our Recruitment Policy.)

As a non-profit organization with limited funding, we are committed to procuring quality goods and services efficiently and cost effectively. You shouldn't necessarily buy the cheapest product or service—especially if quality will suffer—but you should be mindful of budget constraints. Since we do not have a Procurement department, all FairChain Foundation employees are responsible for cost effectively procuring products and services and familiarizing themselves with these guidelines.

- Do your research.

Booking a flight? Spend time researching which carriers fly where and for how much. Contracting with an aggregator or consultant? Read reviews, study the market, ask colleagues about their experiences, and call suppliers. Get multiple quotes from multiple suppliers. Do a quick search on the internal drive to make sure you're not missing any useful internal guides.

- Become a contractual expert and follow donor requirements.

Most of our funding comes from donors, and different donors have different procurement requirements. The FairChain Foundation must follow donor procurement requirements. Anyone working on a donor funded project should become an expert on that project's contractual requirements by reading the contract or sub award, asking questions about vague language, documenting your understanding of the requirements, and pushing back against unreasonable requirements prior to contract signature. Projects in which we're paid as consultants do not require us to follow strict, donor-imposed procurement requirements. However, those projects still require us to make cost effective, smart procurements.

- Shop around in order to get the most value for money.

Don't rely on one quote; compare several and choose the best option. This applies to any type of procurement - freelancers and consultants, flights (shop around online), aggregators, etc. If the donor needs to review the procurement, you should document this process (sometimes known as the competitive bid process)—take ten minutes to explain the different quotes/prices you examined, and why you chose the supplier you did. We want to maintain good relationships with our suppliers, so we don't want this policy to force you to request a quote from a supplier you know you won't contract with. Instead, shop around for viable suppliers, and maintain good relationships with them—even with the suppliers you don't choose.

- Sole Source sparingly.

Sole sourcing is when we award a contract to a supplier without reviewing competing quotes. In addition to following the donor's sole source justification requirements, The FairChain Foundation should use the following criteria:

1) Is only one supplier in the world capable of meeting our procurement requirements? If not, we should get quotes from other suppliers.

2) Do we need to contract with a supplier so urgently that obtaining competing quotes would be prohibitively time- consuming? This is usually not the case, since we can quickly email a few suppliers or look at prices online.

3) Is the contract a continuation of work previously completed by the supplier? This is the most common justification for sole sourcing. We can sole source work to our app developer, for example, using the justification that he has worked with us regularly and knows our business model and needs better than anyone else. Similarly, if a contract with a consultant expires, and the new contract has the same scope of work, we can sole source to that consultant.

4) A donor may require us to document sole source justifications for procurements over a certain value. If this applies, you will need to document the sole source and submit the justification to the donor contact.

Avoid conflicts of interest.

A conflict of interest arises when there is a potential for one person to benefit personally from actions and/or decisions they make professionally. If you feel that your personal relationships or affiliations with a supplier may present a conflict of interest, you must disclose this to other The FairChain Foundation employees affiliated with the procurement (or your supervisor or other managers).

Other Foundation staff should decide if an actual conflict is present, and if it is, you will need to recuse yourself from participating in the procurement process. While we encourage you to draw on previous relationships to recommend suppliers, if you have a conflict of interest, you must allow others to make decisions. Gifts from suppliers can also present conflicts of interest, so you should exercise discretion if and when you're offered gifts. A light lunch during a meeting is okay; a fancy dinner with expensive wine is not.

Exercise Good Judgement.

This should look familiar. Don't fly in business class, don't buy a \$3,000 Alienware laptop, don't hire your friend as a consultant without disclosing the conflict of interest and recusing yourself from the procurement process, don't go to a fancy lunch with a supplier, and don't sole source a contract out of laziness. Follow our policy regarding safeguards against loss, fraud, waste, and abuse. Use data when making decisions.

Requirements on slavery and human trafficking

We need to include the following paragraph in every contract we sign with suppliers: You shall ensure that slavery and human trafficking is not taking place in any part of your business or in any part of your supply chain and you shall implement appropriate due diligence procedures for your own suppliers, subcontractors and other participants in your supply chains to ensure that there is no slavery or human trafficking in their supply chains.