



# **Procurement Policy**

for the

**INTERNATIONAL COTTON  
ADVISORY COMMITTEE**

## ICAC PROCUREMENT POLICY

All purchases made by the International Cotton Advisory Committee (ICAC) should be carried out in a manner that meets the fiduciary responsibility of ICAC with the purpose of supporting the ICAC's Mission.

Purchase decisions should be free from a conflict of interest and performed without discrimination toward the parties involved. Furthermore, we are prohibited from engaging in transactions that would influence government.

The following guidelines set forth our policy surrounding purchases of goods or services whose total costs exceed \$5,000. All purchases made are subject to periodic internal monitoring to ensure compliance with the policy as well as to check that guidelines are in conformity with local national law and in particular the applicable Program Guidelines with the USDA.

The ICAC employee (procurer) who has a need for goods or services whose total costs exceed \$5,000 must do the following *before purchasing the goods or services*:

1. Obtain three written quotes for the goods/services and take the lowest quote unless a case can be made for value for money (VFM) in accepting a higher quote.
2. Generate a purchase order for purchase.
3. Obtain the Executive Director's signature.
4. Submit the purchase order for approval by the ICAC Accountant.

Note: The ICAC Accountant may approve any purchase order, memo, sole source, and/or justification in the absence of the Executive Director.

### Quotes

Every effort should be made to obtain three written quotes for every purchase in excess of \$5,000. The lowest quote, which meets the procurement guidelines, should be accepted. If the procurer does not want to accept the lowest quote, they must write a memo to the Executive Director for his signature justifying their decision. This memo will, upon approval by the Executive Director, be forwarded to the ICAC Accountant for her review and approval prior to the purchase/commitment of ICAC funds.

If three quotes (for sole source procurements, see below) are not obtainable then the procurer should reassess the need for the product/service as quoted to ensure that the defined procurement requirements could not be modified to enable three quotes to be obtained.

If the requirements cannot be modified, then the procurer must write a memo to the Executive Director, for his approval, explaining why three quotes cannot be obtained. This memo will, upon approval by the Executive Director, be forwarded to the ICAC Accountant for her review and approval prior to the purchase/commitment of ICAC funds.

Quotes will be valid for 3 years if they meet the following criteria:

- The above-mentioned procurement guidelines must be met.
- The quotes must be dated and will be valid for 3 years from the issue date.

- If a justification is required, it should not contain a dollar amount, nor should a period be defined.

**Invoices will not be paid until all documentation has been properly submitted.**

**Sole Source**

Sole source procurements can occur in those rare situations where the goods/services are only obtainable through one source. Every effort can and will be made to modify the procurement requirements such that sole source procurements occur rarely. A sole source procurement will be justified by the procurer in a memo to the Executive Director for his approval. This memo will, upon approval by the Executive Director, be forwarded to the ICAC Accountant for her review and approval prior to the purchase/commitment of ICAC funds.

**Verbal Quotes**

It is recognised that there will be situations where three quotes cannot be obtained. In these situations, the procurer should attach to the purchase order a signed, dated note which adequately describes the verbal quote so that the quote can be substantiated if required.

**Purchase Order Approvals**

In addition to the required approvals, all purchase orders that exceed \$5,000 must be approved by the ICAC Accountant prior to purchase to ensure policy compliance.

**Invoice Equals Purchase Order**

Upon receipt of a properly completed and approved purchase order, the procurer can approve the invoice when received for payment regardless of the dollar amount if the invoice agrees with the purchase order amount as approved. Invoices will not be paid until the purchaser signs off to say that they are happy that all goods or services have been received and are of a satisfactory standard.

**Invoice Amount Greater Than Approved Purchase Order**

If the invoice is greater than the original approved purchase order but less than 105% of the approved purchase order, then the invoice will need to be approved by the Executive Director but will not require any additional justification. The approvals received for the original purchase order are not valid for the invoice.

If the invoice exceeds the approved purchase order by greater than 5% then the original purchase order is invalid. The Purchase Order approval procedure must be started over, but the new purchase order must be headed "REVISED". A memo must be attached justifying the excess costs and explaining in detail the circumstances, which led to a revised purchase order. The memo must get the approvals as obtained on the initial purchase order prior to payment of the invoice.

## **Purchase Order Amounts**

The purchase order amount should include all costs associated with the purchase of the goods/services, which include but are not limited to freight, sales tax, and/or site preparation costs.

A handwritten signature in black ink, appearing to read "Kai Hughes", with a horizontal line underneath it.

**Kai Hughes**  
**Executive Director**

**27 May 2021**