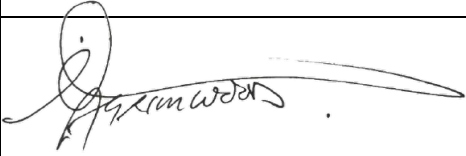




POLICY DOCUMENT

Finance: Procurement

Exco Review

Signature Date	20 September 2025
Name	Ashraf Grimwood
Signature	



INTRODUCTION

KI's procurement policy encompasses the rules and regulations that are set in place to govern the process of acquiring goods and services needed by the organisation to function efficiently. The exact process will seek to minimise expenses associated with avoiding conflict of interest, the establishment of a preferred supplier list of vendors, and establishing reorder protocols that help to contain costs without jeopardizing the quality and function of the operation. Notwithstanding the above, KI commits to always:

- Have in place a system of sound financial management (i.e. a series of operations which support effective planning and controlling of resources, accurate record-keeping, and full and transparent financial reporting).
- Safeguard the assets and resources of the organisation.
- Ensure the most efficient and effective use of all assets and resources towards meeting KI's objectives.
- Spend funds received according to the purpose for which they have been given.
- Perform the above in an accountable and transparent manner.
- Conduct all activities in an ethical and responsible manner.

Therefore, the procurement policies and procedures must be seen in line with policies and procedures that guides the ethical and professional behaviour of all employees, Board of Directors and stakeholders of KI.

The Delegation of Authority Matrix forms the basis to ensure segregation of duties to "do the right thing" at all times. It is for this reason that although it is a policy of its own, it is incorporated into this policy again.

It is imperative that all KI policies and procedures, included but not limited to, such as those mentioned below be considered when engaging in procurement:

GOODS AND SERVICES

A. Basic Considerations - To be allowable, costs must meet the following general criteria:

1. Costs must be reasonable:
 - a. Recognized as ordinary and necessary.
 - b. Arm's length transactions.
 - c. Individuals concerned acted with prudence.
 - d. Not deviating from established practices of the organization.
2. Costs must be allocated to the grant, project, etc. in accordance with benefits received:
 - a. Incurred specifically for the award.
 - b. Benefits both award and other work and can be reasonably distributed in proportion to benefits received.
 - c. Necessary to overall operation - if no direct relationship to award can be shown.

B. Direct Costs

1. Can be identified specifically with a particular grant, award, project, etc.
2. Direct costs of minor amounts may be treated as indirect.
3. Disallowed costs may be treated as direct costs for computation of overhead rates.

C. Indirect Costs

Costs that have been incurred for common objectives but cannot be readily identified with a particular grant, award project, etc.

D. Allocation of Indirect Costs

1. Simplified Method

- a. Used when major functions benefit from indirect costs to approximately the same degree.
 - b. Distribution base may be total direct costs, direct salaries or other equitable distribution base.
2. Multiple allocation base method:
- a. Used when major functions benefit in varying degrees from indirect costs.
 - b. Costs separated into distinct groupings. Each grouping then allocated to benefiting functions by means of base which best measures relative results.

E. KI will abide by individual funder rules and regulations with regard to their procurement guidelines.

DELEGATION OF AUTHORITY

Full responsibility for the internal control throughout the organisation rests with the board, which ensures that appropriate and adequate controls exist to safeguard all assets. The board ensures that all officers of the organisation (including employees, outsourced service providers and volunteers) comply with the policies and procedures and determines appropriate structures for authorisation of transactions. The board may delegate its responsibility to the executive committee and specific authority is delegated to the CEO. The CEO in turn specifically delegates authority to others within the organisation. The delegation of authority in KI will be as shown in the matrix below.

Delegation of procurement authority/expenditure approval limits.

Authorisation to purchase is sought from specific authorised employees or directors, depending on the amount and nature of the purchase.

For large value procurement over R1m, KI will seek input from the relevant funder, if appropriate, before finalising a procurement decision.

APPROVAL

Approval for all items of expenditure is obtained prior to committing KI to the expense or purchase.

Approval may be denied on the following grounds:

If the expenditure does not fall within the objectives of KI or within a relevant and available budget line.

- If the expenditure is in any way contradictory to the standards of the organisation set out in Section 2 – Guiding Principles.
- If the expenditure violates terms or conditions of any relevant funding agreements.
- If there is no funding specified or available for the type of expense envisaged.
- If there is no money available in the bank to cover the cost.

FORMAL BIDDING

- This policy applies to new awards as well as to modifications of existing awards. The policy is designed to provide information relevant to the proposal submission and award process for awards in the procurement process in excess of R500,000; Outline the vital components of a proposal to KI; Detail and other specifics to assist with the proposal writing process; and indicate which administrative and financial forms must be included with each proposal submission.
- Able in the bank to cover the cost.
- The intent of the policy is to solicit the information required for KI to make efficient and effective procurement decisions. To expedite the proposal review process, you should use the formats suggested in the Guidelines. This practice will ensure that proposals include relevant information identified within this policy as required and therefore will be considered.
- The policy, the Checklist of Required Elements, templates, and other reference material can be found on our website at in the formal bidding process for purchases valued over R500,000. It is required to put a bidding committee together that has the expertise to value these bids. Some

vendors may be invited to bid, but may not receive any preferential treatment over and above all other

1. COMPETITIVE BIDDING

KI requires competitive bidding and documentation for every purchase order R500 000 and over, except for, Board approved preferred Suppliers. Representatives within the organisation are expected to promote competition and ensure advantageous pricing by soliciting bids from a minimum of three suppliers and to select the lowest bidder able to meet the requirements. Requesters of quotations must attach these documentations of these bids/quotations to the Purchase and Approval forms, or contract request forms. Where a requestor selects a bid that is not the lowest, a motivation needs to be provided to support the request.

2. NON-COMPETITIVE SUPPLIER SELECTION

On occasion, purchasing is unable or may choose not to competitively bid the requirements. These situations involve selected or sole sources. A selected source may be the board approved supplier or alternative suppliers in the competitive market, but the buyer chooses a particular supplier because of technical requirements (precision, reliability) or past performance by other suppliers (poor service, availability of parts). A sole source: no other supplier capable of fully meeting the requirements exists. Sole sources should be the exception, not the rule.

3. COST/PRICE ANALYSIS

KI requires documentation verifying that all purchases represent sound business decisions and that prices are fair and reasonable. Purchasing must conduct a cost/price analysis for all non-competitive purchase orders and fully documented. Documentation can be based on the price of previous and similar purchases, current price lists, catalogues, advertisements and negotiated pricing agreements.

4. ETHICAL CONSIDERATION/CONFLICT OF INTEREST

No employee, officer or agent of KI should participate in the selection, award or administration of a contract if a **real or apparent conflict of interest** would be involved. All purchasing shall be conducted in an impartial and ethical manner and without preferential treatment for any goods or service provider. The employee involved in procurement decision-making or administration shall employ sound business practices and engage in arms-length bargaining with respect to all procurement actions. In addition, he or she must comply with KI's conflict of interest policy - refer Section 2 – Guiding Principles.

All employees are required to maintain the integrity of the procurement process by, amongst other things, avoiding the **disclosure of information** regarding the procurement process and internal decision-making to any party lacking a legitimate need to know or from whom that knowledge would create a competitive advantage. For example, if budget information is to be provided for a particular procurement need, all suppliers requested to quote must be provided with the same budgetary information. Failure on the part of KI employees to maintain procurement-process integrity is grounds for disciplinary action and can lead to suspension of the procurement process.

5. **KI is against corrupt, fraudulent, collusive, anti-competitive or coercive practices and expects its suppliers to share this view. These practices are defined as follows (as per The Global Fund Code of Conduct for Suppliers, December 2009):**

Corrupt practice	Offering, promising, giving, receiving, or soliciting, directly or indirectly, anything of value or any other advantage to influence improperly the actions of another person or entity.
Fraudulent practice	Any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a person or entity to obtain a financial or other benefit or to avoid an obligation.
Collusive practice	An arrangement between two or more persons or entities designed to achieve an improper purpose, including influencing improperly the actions of another person or entity.
Anti-competitive practice	Any agreement, decision or practice which has as its object or effect the restriction or distortion of competition in any market.
Coercive practice	Any act or attempt to influence improperly the decisions or actions of a person or entity by impairing or harming, or threatening to impair or harm, directly or indirectly, such person or entity or their property.

6. FUNDER REQUIREMENTS

In addition, KI considers the requirements of its funders such as ensuring that individuals and organisations specifically listed by funders as being non-desirable suppliers are not used.

7. EXERCISE OF PROPER COMPETENCE

Employees of KI have a continuing duty to maintain professional knowledge and skill at a level required to ensure that their work is carried out in accordance with current and applicable good practice and techniques. Employees should take steps to ensure that those working under their authority in a professional capacity have appropriate training and supervision.

8. ACCOUNTABILITY AND INDEPENDENT CHECK

Wherever possible, a particular person is given responsibility for a task or area of work so that it is clear who must account for all actions or transactions. To ensure that all policies and procedures have been followed, independent checking and review of work is practised. The evidence of checking is to be shown on the relevant documents in the form of a signature and date, or a user ID on a system history/audit trail, based on unique user profiles and confidential passwords.

9. IRREGULAR PROCUREMENT

KI will include a clause in any written contract entered, that allows the contract to be terminated if the award was made, on the basis, of incomplete, inaccurate or misleading information by the supplier, or if the terms of the contract had been substantially modified without the appropriate approval.

KI will make known this condition when dealing with verbal contracts by providing a written letter to each new supplier engaged, setting out the terms of engagement.

10. CONTRACT ADMINISTRATION

All contracts more than R 15 000 shall contain provisions that allow for administrative, contractual, or legal remedies if the contractor violates the contract terms.

All contracts more than R 15 000 shall contain suitable provisions for termination by KI, including how termination will be affected, and the basis for settlement.

KI shall maintain a contract register at all times.

11. UPFRONT PAYMENTS

Certain suppliers may request payments upfront for venue hire or catering. KI understands the business need for deposits and will pay these to suppliers. However, KI will not pay 100% of any invoices unless the service (or goods, if relevant) has been delivered and a final tax invoice received. A final attendance register from the relevant employee, managing the event is also required to support the payment.

12. INELIGIBLE/UNALLOWABLE GOODS AND SERVICES

Ineligible or unallowable goods and services incurred by KI are expenses which grantors will not reimburse and will have to be covered by its reserves. These costs have to be excluded from budgets and must not be procured without the explicit authorisation of EXCO.

13. TRANSPARENCY

KI's procurement and related policies shall be made available to suppliers and any other interested parties upon request, with the approval of EXCO.

14. MAINTENANCE OF PROCUREMENT DOCUMENTATION

All procurement documents will be maintained in accordance with funder and legislative requirements. All documentation will be maintained for at least 7 years to satisfy all requirements.

For all goods or services procured above R 5 000, the following will be documented and maintained:

- Basis for contractor selection
- Justification for lack of competition when competitive bids were not obtained.
- All quotes obtained during the procurement process and the reasons for acceptance of the chosen quote will be retained on file with the relevant order and payment documentation, allowing for any payment transaction in the accounting records to be traced to the related procurement documentation.

SUPPLIERS OF PRO BONO SERVICES AND IN-KIND DONATIONS

- Pro-bono services and in-kind donations, while always viewed with appreciation by KI, and are carefully **considered by EXCO** before entering into an agreement with a donor supplier.
- Services that require strong control over deliverables by Supply Chain Assessment Tool (SCAT) due to the possible impact on the organisation's reputation, or that require tight deadlines for work to be delivered, may not lend themselves to pro bono services. The risks of accepting particular offers are thoroughly considered against the benefits by the management team.
- Where possible and appropriate, **memorandums of understanding** (MOU's) or other relevant agreements as per the authority matrix are entered into for pro-bono services and in-kind donations.

As far as possible, pro-bono services and in-kind donations are valued based on information from the suppliers or benchmarking against market prices. The values are entered into the accounting system as donations, so as not to understate the extent of the organisation's activities. Calculations and third-party evidence are either stored as supporting documents in the accounting system or on file, referenced to the accounting system.

Anti-corruption: bribes, facilitation payments and provision of business courtesies

In establishing and maintaining this policy, KI acknowledges that making actual payments or even offering business courtesies (as described below) or anything else of value, such as gifts, entertainment or other hospitality) to **public officials** may violate anti-bribery and anti-corruption laws and so this policy prohibits all dealings with and beyond the public sector that constitutes bribery or corruption.

**KI employees may not:
offer or pay bribes;**

provide any business courtesy or other thing of value for the purpose of **rewarding a person for performing a function or activity that s/he is otherwise required to perform**, or for inducing or rewarding the “improper” performance of a function or activity (judged by whether a reasonable person would believe that it breaches normal expectation in relation to the performance of that function or activity - such as the expectation that a person will perform a function or activity impartially and in good faith).

For purposes of this policy, **outreach** to, and engagement with, public officials (including legislators and regulators) for the purpose of advancing the objectives of KI is not considered improper, provided that such outreach/engagement complies with this policy.

BUSINESS COURTESIES

Bribery is not limited to the payment of cash with corrupt intent, but also may include the provision of business courtesies or other things of value for an improper purpose, such as gifts, hospitality or entertainment. This policy **prohibits the provision of any business courtesy for a corrupt or improper purpose**. In addition, **no business courtesy may be given, directly or indirectly, to a public official** except in cases that are approved in advance or exempted, as considered below.

Business courtesies could include, inter alia, gifts; promotional items; the covering of travel expenses; meals, entertainment, recreation and other hospitality; tickets to sporting, cultural or other events; internships, secondment or employment for public officials or their family members; loans and assistance with medical care.

Where the business contact is **not a public official**, KI employees, or other stakeholders with access to the KI funds, may provide business courtesies to any business contact only if the business courtesies meet the following requirements:

cost is reasonable and justifiable under the circumstances;

complies with applicable legislation;

may not be reasonably interpreted as an attempt to obtain or retain an improper business advantage and must not reflect negatively on the reputation of KI or the recipient;

are bona fide and directly related to a legitimate business purpose; and are

supported by invoices/receipts and properly documented in accordance with KI applicable expense reimbursement and accounting procedures.

Where the business contact is a **public official**, employees, or other stakeholders with access to KI’s funds, may provide business courtesies to public officials only if all five of the general requirements listed above are met **and** the business courtesies meet the following conditions:

not extravagant in value (not above R250) and have been pre-approved (unless those courtesies are “routine and reasonable” as described below);

are offered and given in an open and transparent manner (not to induce or reward the improper performance of an official function or activity); and

do not involve the transfer of cash or cash equivalents (including vouchers or gift certificates).

ROUTINE, REASONABLE BUSINESS COURTESIES PROVIDED TO PUBLIC OFFICIALS

In the ordinary course of conducting its activities, KI may provide **routine, reasonable business courtesies** to public officials that do not need to follow the pre-approval requirement described above. Such courtesies will be directly related to a legitimate business purpose and will comply with all requirements set out in this policy and any relevant legislation. Such courtesies could include meals and refreshments provided to attendees, participants and speakers at any conference or workshop organised by KI (provided that the costs of such meals and refreshments are reasonable given the venue); meals and refreshments provided as part of any business meeting with public officials, provided that such meals and refreshments are of nominal value (less than or equal to R250 per person); and any KI-branded items that are provided at the organisation's conferences and workshops, provided that such items are of nominal value (less than R250 per person or the relevant local equivalent).

ALLOWING PUBLIC OFFICIALS TO BECOME INVOLVED IN THE FUNCTIONING OF THE ORGANISATION

Advisory Boards/Committees

It may advance the objectives of KI to invite external parties to sit on a variety of advisory boards/committees. Such an invitation, whether paid or voluntary, may be deemed to have value to the recipient; therefore, before offering such a position to a public official (or to a family member or designee of a public official), **pre-approval must be obtained from the board of directors.**

Employment/Internships

Employment decisions, including paid or unpaid internships and secondments, are based on merit and not made to improperly influence public officials. Accordingly, if a known family member or designee of a public official seeks employment (or secondment or internship) at the organisation, **pre-approval** of the inclusion for consideration of such a person must be **obtained from the board** before proceeding with the recruitment/employment process.

Charitable contributions/Donations

Requests from public officials for donations to specific charities or non-profit organisations, even if well-known, may be considered bribes if the donation is made to improperly influence any act or decision of that official. Any requests for such charitable contributions or donations must be **pre-approved by the board.**

Conference and event sponsorships and field visits

Conference and event sponsorships (and any associated payments) may be considered bribes if made to improperly influence any act or decision of a public official. **Complimentary admissions or discounted registration fees** for public officials to attend conferences or other events organised by the organisation are **generally prohibited** unless it has been agreed that the attendance of the specified public official will, through her/his attendance and participation, advance the objectives of KI. Similarly, where public officials are invited as speakers at such conferences and events, or where a delegation of public officials is invited to visit KI offices, this policy generally prohibits the payment by the organisation of such public officials' travel, meals and accommodation expenses. However, in exceptional cases, KI may approve such expenses and business courtesies if they are permissible under applicable law and meet the other requirements of this policy. This should be determined by the executive committee.

FACILITATION PAYMENTS

Facilitation payments are those made to governmental officials for **routine governmental action** to which KI is legally entitled - such as processing papers, issuing visas and providing phone services. Facilitation payments arise when a public official is ordinarily and commonly required to perform a duty but requires a relatively small “additional” payment to carry out that duty.

Facilitation payments are prohibited under this policy; such payments may be made only in exceptional circumstances when, for, example, an employee is placed under duress and faces potential safety issues or personal harm. Under such circumstances, advice should be sought from KI’s legal adviser and the payment approved by the board. Such payments are accurately described and recorded in KI’s books and records.

THIRD-PARTY INTERMEDIARIES

KI may not make payments through third parties that, if made by the organisation itself, would violate this policy or any applicable anti-bribery and anti-corruption laws. Accordingly, before entering into or renewing contracts with agents, consultants and other third-party intermediaries who represent the organisation in matters that relate to KI’s activities in governmental matters, the relevant contract must be approved by KI’s legal adviser.

Anti-corruption: acceptance of gifts “graft”

Graft refers to the receiving of gifts, favours, hospitality, entertainment and payments from suppliers or anyone connected with the business of the organisation. In its most severe form, graft is known as **bribery**. Employees must understand the serious nature of graft and are aware that anyone found to have contravened the organisation’s graft policy will be subject to disciplinary action, which may result in dismissal.

The policy of KI is that:

No employee or board member may accept a personal gift from a supplier, consultant, client or any other person/organisation connected with the business of the organisation. This applies to a gift in any form, such as money, goods or services, loans at favourable rates and outside the normal course of business of the person/organisation concerned or monetary discounts on prices of items/services purchased, which is offered as an incentive for offering that person/organisation business or other favour. **The exception is small gestures of thanks, such as chocolates, flowers or promotional items, up to approximately R250.** (The latter must be declared – refer the box below.)

All gifts should be regarded as the property of the organisation and declared as such (even the small gestures of thanks referred to above).

If unsolicited gifts are received, these are declared as such to the CEO who must decide if they are **appropriate to customary business practices**. In doing so, the CEO is satisfied that acceptance of the gift will neither compromise the organisation’s future dealings with the supplier in any way, nor **compromise the organisation’s reputation** if there was public disclosure of the facts.

All employees and board members must notify the CEO of any **instances of gift-giving or attempted gift-giving**. The CEO will record the gift in a **register of gifts received** (or attempted gifting), including full details.

Note that it is never permissible to accept a gift in cash or cash equivalent (e.g. shares or other marketable securities) of any amount.

RESPONSIBILITY

The financial authority limits are set in terms of the approved budget and in terms of the amounts set out in approved by the board.

KI is authorised to operate within the limits of the approved budget and the authorisation table. Every employee of the organisation is responsible for ensuring that KI operates within those limits.