

HEIFER INTERNATIONAL
Global Policies and Procedures Manual

Procurement and Contracting Services Policy	Policy Effective Date: TBD – by Oct. 21
	Departments of Origin: Legal Services Department and Enterprise Accounting Department
	Policy Number: GLO.03.01.001

1. PURPOSE

This policy is intended to help Heifer Project International (Heifer) achieve efficiency, transparency, accountability, and legal compliance, and realize savings, in its Procurement process. This goal is achieved, in part, by creating purchasing processes and sourcing strategies that help ensure the acquisition of Goods and/or Services, as defined below, is (a) based upon a transparent, objective, time-effective, and cost-effective decision-making process, and (b) undertaken with an understanding and appreciation for managing risk.

This policy contains only the minimum Procurement-related requirements because many factors, such as particular grants or awards, local laws and customs, and federal regulations governing nonprofit organizations receiving federal funds, may increase or vary these requirements. This policy applies in every country and territory where Heifer operates. If any part of this policy is determined to be invalid or unenforceable pursuant to applicable federal, state, or local law, then the invalid or unenforceable provision will be deemed superseded by a valid, enforceable provision that most closely matches the intent of the original provision, and the remainder of this policy shall continue in force and effect.

2. POLICY

All Procurements shall be in furtherance of Heifer’s charitable mission, and shall be carried out as transparently and competitively as reasonably possible. During the Procurement process, Staff shall consider factors including but not limited to Vendor reputation, Vendor location, price, quality, value, warranty, timing, service after the sale, and payment terms.

3. DEFINITIONS

Contract - a legally enforceable agreement under which Heifer is Procuring.

(a) The key elements of a legally enforceable Contract are described below. Please note that the examples provided within the elements below assume the Procurement process will be followed, including any requirements related to obtaining quotes.

- (i) an **offer** (*Oliver, a Heifer employee authorized to engage photographers, asks Maria, a potential, already-vetted independent contractor: "Will you travel to the Heifer Ranch tomorrow to take photos for a \$500 fee?"*),
- (ii) an **acceptance** (*Maria responds: "Sure Oliver, I can do that."*),
- (iii) **consideration**, also known as the "price of the promise" (*for Heifer this is the \$500, for Maria this is the time, effort, skill, and photos*),
- (iv) **competent and authorized parties** (*Oliver is a Heifer employee authorized to engage photographers; Maria is 18, and of sound mind*),
- (v) **lawful purpose** (*taking photos is not unlawful, although it will require obtaining signed releases from the photo subjects*), and
- (vi) **certainty** (*Oliver says: "Here you go, Maria, here’s your Independent Contractor Agreement containing details of the transaction"*)—Heifer and Maria review, understand, agree, and sign.

(b) Examples of Contracts

- (i) An Independent Contractor Agreement is a Contract.
- (ii) A Purchase Order, which incorporates Purchase Order Terms and Conditions, is a Contract.

- (iii) Other Contracts commonly used at Heifer include Confidentiality Agreements (also known as "NDA(s)"), Livestock Agreements, Memoranda of Understanding, Teaming Agreements, and Relationship Agreements.

(c) Benefits of Written Contracts

- (i) Best opportunity for parties to clearly describe the transaction, with unambiguous words, on paper.
- (ii) Creates an event that forces all parties to focus on the transaction.
- (iii) Eliminates the problems involved in proving the existence of a verbal contract.
- (iv) Increases Efficiency and Understanding
 - 1. Helps future parties understand intent, even when the parties involved in the original transaction are unavailable, or have forgotten details of the transaction.
 - 2. Standard terms and conditions (uniformity) greatly decrease review time.
- (v) Decreases Confusion and Lawsuits
 - 1. Confusion and lawsuits waste valuable time and resources, and direct talent away from productive activities.
 - 2. A well-drafted, complex Contract may take a day to prepare; a lawsuit may take years or even decades to conclude.
 - 3. Written contracts are required by law in certain cases.

Blanket Purchase Order - included within the definition of "Purchase Order" below.

Contract Manager - person charged with the primary management of the Vendor under the applicable Contract.

Contract Signer - person with authority to sign a Contract on Heifer's behalf, in accordance with Heifer's *Signature Approval Authorization Matrices* and other applicable policies and procedures.

Contract Specialist - persons who (a) have been identified as having excellent writing, organization, and negotiation skills, (b) have received contracts training(s) as required by Legal Services, (c) have been formally recognized by Legal Services as a Contract Specialist, and who (d) draft and prepare documents for review by Legal Services. All Contract Specialists will have *Contract review* privileges; while a smaller group will have both *Contract review* privileges and *Contract submission* privileges.

Employee - Any member of Heifer's workforce who is identified as an employee, in accordance with applicable law, by Heifer's Human Resources department.

Goods - all things of value that are existing and movable (other than money).

- (a) Custom Goods: Goods made to the specifications of an individual customer.
- (b) Non-Custom Goods: Goods made to a general standard, often for a general population or general customer base.
- (c) Tangible Goods: Goods capable of being physically possessed, and having value unto themselves (examples are pens, paper, and animals).
- (d) Intangible Goods: Goods not capable of being physically possessed, not having value unto themselves, but instead representing value (examples are stocks, promissory notes, patents, trademarks, and copyrights).

Independent Contractor Agreement - This form of agreement is extremely flexible, and is primarily used for purchasing Services, Custom Goods, and Intangible Goods.

- (a) These agreements typically include the following elements: (i) term; (ii) description of Goods and/or Services; (iii) fees and expenses; (iv) performance standards; (v) confidentiality, indemnification, and insurance clauses; (vi) protection of intellectual property; and (vii) ownership of work product.

- (b) An Independent Contractor Agreement may be used for a *single purchase*, or may be drafted with a longer duration and contemplate *multiple purchases*. Multiple purchases under an Independent Contractor Agreement are normally achieved through the drafting and signing of addenda that are governed and controlled by the applicable Independent Contractor Agreement.

Procurement/Procuring - the acquisition of Goods and/or Services. This term includes all actions necessary for acquiring Goods and/or Services, and may include drafting requests for proposals, submitting requisitions, and inspecting the final Goods and/or Services.

Purchase Order - an order/request for Non-Custom Goods or Tangible Goods, sent by Heifer to a Vendor, containing basic details of the intended transaction (including a description of the Non-Custom Goods or Tangible Goods, the quantity and price of the Non-Custom Goods or Tangible Goods, the delivery date(s), and a Purchase Order number).

- (a) When the Purchase Order and the Purchase Order Terms and Conditions are combined, it forms a Contract that is generally used for purchasing Non-Custom Goods and Tangible Goods.
- (b) A Purchase Order may be used for a *single purchase*.
- (c) A Purchase Order may also be drafted with a longer duration and contemplate *multiple purchases*, and *multiple delivery dates*, up to a pre-determined maximum (referred to as a "Blanket Purchase Order"). Blanket Purchase Orders are normally used (i) when there is a recurring need for certain Goods, or (ii) to achieve pricing benefits. Multiple purchases under a Blanket Purchase Order are normally achieved through multiple Purchase Orders that reference the Blanket Purchase Order.

Purchase Order Terms and Conditions - typically include elements such as: (a) specifications; (b) terms of acceptance; (c) warranties; and (d) terms of cancellation.

Services - a duty, labor, or activity performed by one party for another party (for the purposes of this policy, the term does not include services provided as an employee).

Staff - a general term used to identify Heifer's employees, including but not limited to international employees, contracted employees, temporary and seasonal employees, and interns who qualify as employees.

Vendor - a provider or a potential provider of Goods and/or Services.

4. PROCEDURES

General

Procurements must be completed by an Employee, and in accordance with Heifer's *Procurement Guidelines, Signature Approval Authorization Matrices, Conflict of Interest Policy*, and other applicable processes and procedures.

All Procurements must be formalized and evidenced by a Contract in a format approved by Heifer's Legal Services department. All Contracts must be submitted to Legal Services for review, except for (a) Contracts that Legal Services has exempted, in writing, from review, and (b) Purchase Orders.

To determine the type of Contract you need, please refer to the document entitled "Decision Tree (what type of Contract do I need?)" , located on Legal Services' page on the *Corral*.

Each Contract Specialist, Contract Manager, and Contract Signer shall (a) ensure that all Contracts, except Purchase Orders, are delivered to Legal Services with all required signatures (which may be original, scanned, or electronic signatures). Contract Managers must ensure a Contract is signed **before** paying a Vendor, and must monitor amounts spent

under a Contract to ensure the maximum fees and expenses identified in the Contract are not exceeded. By signing a Contract, the Contract Signer guarantees he/she has complied with this policy.

Violations

Depending upon its severity, a violation of this policy may result in disciplinary or other action including repayment of funds and/or termination. A verbal or written warning is not required before an individual may be disciplined or terminated under this policy.

5. FURTHER INFORMATION

- Procurement Guidelines (if the guidelines conflict with this policy, the policy governs)
- Decision Tree (what type of Contract do I need?)
- Signature Approval Authorization Matrices (*a/k/a Purchasing Signature Authorization Matrices*). These are available for Heifer Headquarters and for our Country Offices.
- Conflict of Interest Policy
- Code of Conduct Policy
- Whistleblower Policy
- Counter-Terrorism Policy
- Petty Cash Policy
- Risk Management Policy
- U.S. Office of Management and Budget (OMB) *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*
- Legal Services' page (https://corral.heifer.org/resources/legal_services)
- Procurement and Contracting Services page (www.heifer.org/procurement)

For general questions related to Procurement or to Purchase Orders, contact Heifer's Procurement Manager at procurement@heifer.org.

For general questions related to Contracts (other than Purchase Orders), contact Legal Services at legalservices@list.heifer.org.

6. HISTORY

Revisions:

N/A

Origin:

TBD